

Registration number: 7693715

# Settlebeck School Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2015

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



# **Settlebeck School Academy Trust**

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## **Settlebeck School Academy Trust**

### **Reference and Administrative Details**

<b>Members</b>	Michael Atkinson David Hunt Eileen Wilberforce (resigned 15 September 2014) Myles Ripley (appointed 15 September 2014)
<b>Governors</b>	Michael Atkinson Julie Calvert Anthony Ashfield Rebecca Hubbard Miles Johnson David Hunt Helen Wilberforce Sally Ingham Patricia Tunna Katharine Thexton (resigned 19 September 2014) Diana Whitfield (appointed 17 June 2015) Paul Whitfield (appointed 17 June 2015) Myles Ripley
<b>Company Secretary</b>	Michael Morrison, Clerk to Governors
<b>Principal</b>	Judith Greene
<b>Senior Management Team</b>	Judith Greene, Principal Karen Grant, Deputy Principal
<b>Principal and Registered Office</b>	Long Lane Sedbergh Cumbria LA10 5AL
<b>Company Registration Number</b>	7693715
<b>Auditors</b>	Stables Thompson & Briscoe Chartered Accountants & Registered Auditors Lowther House Lowther Street Kendal Cumbria LA9 4DX

## **Settlebeck School Academy Trust**

### **Reference and Administrative Details (continued)**

#### **Bankers**

Barclays Bank PLC  
Kendal, Highgate Branch  
9 Highgate  
Kendal  
Cumbria  
LA9 4DF

#### **Solicitors**

Burnetts  
6 Victoria Place  
Carlisle  
Cumbria  
CA1 1ES

## **Settlebeck School Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2015**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

#### **Structure, governance and management**

##### ***Constitution***

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

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

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

##### ***Members' liability***

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

##### ***Trustees' indemnities***

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

##### ***Method of recruitment and appointment or election of Trustees***

The governors are appointed under the terms of the Academy's articles of association as follows:

- The members may appoint up to 10 governors
- A minimum of 2 local parent governors
- Up to 1 LA governor
- Number of staff governors does not exceed one third of the total number of governors
- Any governors elected by the Secretary of State for Education
- Up to 3 co-opted governors

The term of office for all trustees, except the Head Teacher is four years. The Principals term of office runs parallel with her contract of employment. The governors who were in office at 31st August 2015 who served throughout the period, except where shown, are listed on page 1.

##### ***Policies and procedures adopted for the induction and training of Trustees***

The training and induction provided for new governors will depend on the existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and directors of the Charitable Company. As there is normally expected to be only a small number of new governors each year, induction tends to be done informally and is tailored specifically to the individual.

## **Settlebeck School Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2015 (continued)**

#### ***Organisational structure***

As specified in the Memorandum of Association, the governors are responsible for setting general policy, adapting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments. The governors are responsible for the monitoring and performance of the Head Teacher and Senior Team on a regular basis.

The Senior Team members for the Academy are the Head Teacher, the Deputy Head Teacher and the Progress Leaders. These managers control the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. As a group the Senior Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Team always contain a governor. Some spending control is devolved to members of the Senior Team, with limits above which a Senior Manager must countersign.

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

The South Lakes Federation is made up of eight secondary schools, Kendal College and a special school within the South Lakes area. There is close collaboration between all the schools within the Federation and providing an opportunity for curriculum enrichment, access for students to vocational courses and support for gifted and talented students.

#### **Objectives and activities**

##### ***Objects and aims***

The principal object and activity of the charitable company is the operation of the Academy to provide education for students of different abilities between the ages of 11 and 16.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

## **Settlebeck School Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2015 (continued)**

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

The main objective of the Academy during the year ended 31st August 2015 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
  - To raise the standard of educational achievement of all students;
  - To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- 
- To provide value for money for the funds expended;
  - To comply with all appropriate statutory and curriculum requirements;
  - To maintain close links with industry and commerce; and
  - To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Settlebeck School Academy Trust aims to develop individuals to achieve their full potential. As an Academy, it provides education of the highest quality in a well-resourced school. Relationships are constructive, with individuals being valued, nurtured and supported.

This is achieved through developing:

- A trusting open, caring, inclusive friendly and structured atmosphere with comfortable relationships, clear expectations and with every individual valued.
- A focus on learning, guidance and monitoring for all students and staff, both inside and outside the classroom.
- Showing commitment in our work, desire to learn, hard work, a spirit of enquiry and creativity, initiative, high expectations, self-motivation; the desire to achieve.

The curriculum offered is distinctive and personalised.

In Years 7 & 8 we have major focus on ensuring that all students develop core English, Mathematics, Science and ICT skills and the personal, learning and thinking skills to equip them with the competence and confidence to pursue both academic and vocational pathways in the future.

We focus on the development of vocational and work related education.

All students, at any age, are able to access the most appropriate provision offered in the Academy to suit their particular interests and needs.

The Academy enables a common approach to be taken to values and principles, standards, utilisation of management expertise, use of resources, and to the creation of a broad and rich opportunity for young people to achieve their maximum potential.

The Academy also provides enriched provision and integrated services for children and young people in the area, and enables a wide range of services and facilities to be made available to the community which supports and complements the local authority's children's service vision.

#### ***Public benefit***

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

## Settlebeck School Academy Trust

### Trustees' Report for the Year Ended 31 August 2015 (continued)

#### Strategic Report

##### Achievements and performance

Settlebeck School is in its fourth year of operation, changing to Academy status in August 2011. Total student numbers stand at 165. Settlebeck School was judged to be good, with outstanding features, by Ofsted in November 2013.

56% of students gained 5 A\*-C in English and Maths at GCSE, exceeding the school's FFTD target of 53%. 66% achieved 4 levels of progress or better in English, and 50% achieved 4 levels of progress or better in Maths, compared with the national averages of 32 and 29% respectively. These results were the highest in Cumbria.

##### Key financial performance indicators

	Unit	2015	2014
To produce a GAG surplus of at least	1	10,000.00	10,000.00

##### Key non-financial performance indicators

GCSE results in 2016 show 80% 3+ levels of progress in both English and Maths, and a 40% 4+ levels of progress.

Recruitment for year 7 for September 2016 exceeds 30 pupils

##### Going concern

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

##### Principal risks and uncertainties

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more details in the statement on internal control.



## **Settlebeck School Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2015 (continued)**

#### **Strategic Report**

##### **Financial review**

Settlebeck School Academy Trust has produced financial statements for the period from 1st September 2014 – 31st August 2015.

The majority of the Academy's income is obtained from EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from EFA during the year ended 31st August 2015 and the related expenditure are shown as restricted funds in the statement of financial activities.

The Academy received a transfer of fixed assets from the Cumbria County Council on conversion to an Academy. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such assets are shown in the Statement of Financial Activities as restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under Financial Reporting Standard 17, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover. The current percentages used to calculate contributions changed in 2014 and include past deficit contributions.

##### ***Financial and risk management objectives and policies***

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more details in the statement on internal control.

##### ***Reserves policy***

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

##### ***Investment policy***

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

## **Settlebeck School Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2015 (continued)**

#### **Strategic Report**

##### ***Plans for future periods***

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

## **Settlebeck School Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2015 (continued)**

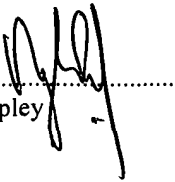
#### **Auditor**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on 2 December 2015 and signed on its behalf by:

.....  
Myles Ripley  
Member



## **Settlebeck School Academy Trust**

### **Governance Statement**

#### **Scope of responsibility**

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

The Governing Body has delegated the day-to-day responsibility to Judith Greene, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Settlebeck School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **Governance**

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
David Hunt	3	4
Michael Atkinson	4	4
Eileen Wilberforce	3	4
Myles Ripley	4	4
Julie Calvert	4	4
Judith Greene	4	4
Anthony Ashfield	1	4
Rebecca Hubbard	1	4
Miles Johnson	4	4
Sally Ingham	4	4
Patricia Tunna	4	4
Diana Whitfield	0	0
Paul Whitfield	0	0
Katharine Thexton	0	1

#### **Governance reviews**

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

## **Settlebeck School Academy Trust**

### **Governance Statement (continued)**

The academy trust currently has 13 governors who are the directors of the Trust and constitute its main Board. The Board usually meets at the end of each term, but with an additional meeting at the beginning of the Autumn Term to deal with the formalities required each year (e.g. appointments to committees). The Board has established committees. These are Pay and Personnel Committee, Policies Committee and Finance and Buildings Committee. Each committee normally meets once a term and consists of six governors appointed by the Board. Each committee has delegated authority to deal with matters within its Terms of Reference, but the Board has the opportunity to review and comment on those decisions.

The board meets on a regular basis to support the life and work of the school, taking information from the subcommittees who have clearly defined delegated powers, and reviewing the work undertaken by them on the board's behalf. As well as complying with their defined role, governors have acted effectively both corporately and individually to monitor, challenge and support the school.

The potential reducing number on roll, due to a reduction in population, continues to present a particular challenge to the school.

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Judith Greene	2	3
Julie Calvert	3	3
Myles Ripley	3	3
David Hunt	2	3
Rebecca Hubbard	1	3
Patricia Tunna	3	3

#### **Review of value for money**

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

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

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

## **Settlebeck School Academy Trust**

### **Governance Statement (continued)**

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Settlebeck School Academy Trust for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

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

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Governing Body has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Anthony Ashfield as responsible officer (RO)

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly 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.

#### **Review of effectiveness**

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

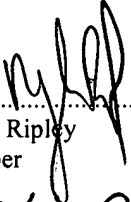
- the work of the responsible officer ;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

## Settlebeck School Academy Trust


### Governance Statement (continued)

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

Approved by order of the members of the Governing Body on 2 December 2015 and signed on its behalf by:



.....  
Myles Ripley  
Member



.....  
Judith Greene  
Accounting officer  
Principal

## **Settlebeck School Academy Trust**

### **Statement on Regularity, Propriety and Compliance**

As accounting officer of Settlebeck School Academy Trust I have considered my responsibility to notify the academy trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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 Governing Body and EFA.

A handwritten signature in black ink, appearing to read 'JK Greene', written over a dotted line.

Judith Greene  
Accounting officer



## **Settlebeck School Academy Trust**

### **Statement of Trustees' Responsibilities**

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 2014 to 2015 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

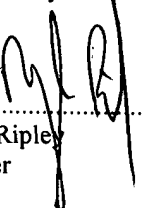
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board on 2 December 2015 and signed on its behalf by:

  
.....  
Myles Ripley  
Member

## **Settlebeck School Academy Trust**

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

We have audited the financial statements of Settlebeck School Academy Trust for the year ended 31 August 2015, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared under the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 15), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

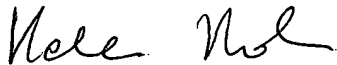
#### **Matters on which we are required to report by exception**

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

**Settlebeck School Academy Trust**

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

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



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

Lowther House  
Lowther Street  
Kendal  
Cumbria  
LA9 4DX

2 December 2015

## **Settlebeck School Academy Trust**

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

In accordance with the terms of our engagement letter dated 22 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Settlebeck School Academy Trust during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

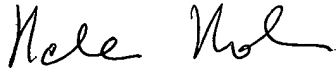
- We obtained information on the Academy's control environment and activities and considered whether these have been complied with the Academies Accounts Direction 2014 to 2015 and whether the activities conformed to the Academy Trust's framework of authorities.
- When testing expenditure the authorisation was checked and the nature of the activity was confirmed as permissible within the Academy Trust's framework of authorities. A review was made of related parties and the register of business interests. This was used to identify any related party transactions.
- Formal representations were obtained from the governing body and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence was not available.

**Settlebeck School Academy Trust**

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....  
Helen Holmes BSc FCA

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

Lowther House  
Lowther Street  
Kendal  
Cumbria  
LA9 4DX

2 December 2015

# Settlebeck School Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £	Total (As restated) 2014 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	5	580	-	585	440
Activities for generating funds	3	31,065	-	-	31,065	15,347
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	4	<u>72,369</u>	<u>1,418,101</u>	<u>-</u>	<u>1,490,470</u>	<u>1,415,469</u>
Total incoming resources		<u>103,439</u>	<u>1,418,681</u>	<u>-</u>	<u>1,522,120</u>	<u>1,431,256</u>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		-	580	-	580	-
<i>Charitable activities:</i>						
Academy's educational operations		15,089	1,440,570	147,125	1,602,784	1,630,637
Governance costs	8	<u>-</u>	<u>40,691</u>	<u>-</u>	<u>40,691</u>	<u>44,119</u>
Total resources expended	6	<u>15,089</u>	<u>1,481,841</u>	<u>147,125</u>	<u>1,644,055</u>	<u>1,674,756</u>
Net incoming/(outgoing) resources before transfers		88,350	(63,160)	(147,125)	(121,935)	(243,500)
Gross transfers between funds		<u>(72,369)</u>	<u>69,970</u>	<u>2,399</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year		15,981	6,810	(144,726)	(121,935)	(243,500)
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	23	<u>-</u>	<u>(23,000)</u>	<u>-</u>	<u>(23,000)</u>	<u>23,000</u>
Net movement in funds/(deficit)		15,981	(16,190)	(144,726)	(144,935)	(220,500)

# **Settlebeck School Academy Trust**

## **Statement of Financial Activities for the Year Ended 31 August 2015** **(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £	Total (As restated) 2014 £
<b>Reconciliation of funds</b>						
Total Funds/(deficit) brought forward at 1 September 2014		<u>14,768</u>	<u>(290,946)</u>	<u>3,935,159</u>	<u>3,658,981</u>	<u>3,879,479</u>
Total Funds/(deficit) carried forward at 31 August 2015		<u>30,749</u>	<u>(307,136)</u>	<u>3,790,433</u>	<u>3,514,046</u>	<u>3,658,979</u>

All of the Academy's activities derive from continuing operations during the above two 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.

# Settlebeck School Academy Trust

(Registration number: 7693715)  
Balance Sheet as at 31 August 2015

	Note	31 August 2015 £	31 August 2014 £
<b>Fixed assets</b>			
Tangible assets	12	3,790,433	3,935,159
<b>Current assets</b>			
Stocks	13	279	483
Debtors	14	50,493	48,329
Cash at bank and in hand		<u>340,358</u>	<u>218,737</u>
		391,130	267,549
Creditors: Amounts falling due within one year	15	<u>(221,517)</u>	<u>(140,729)</u>
Net current assets		<u>169,613</u>	<u>126,820</u>
Total assets less current liabilities		<u>3,960,046</u>	<u>4,061,979</u>
Net assets excluding pension liability		3,960,046	4,061,979
Pension scheme liability	23	<u>(446,000)</u>	<u>(403,000)</u>
Net assets including pension liability		<u><u>3,514,046</u></u>	<u><u>3,658,979</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		138,867	112,053
Restricted fixed asset fund		3,790,433	3,935,159
Restricted pension fund		<u>(446,000)</u>	<u>(403,000)</u>
		3,483,300	3,644,212
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>30,746</u>	<u>14,767</u>
Total funds		<u><u>3,514,046</u></u>	<u><u>3,658,979</u></u>

The financial statements on pages 20 to 43 were approved by the Trustees, and authorised for issue on 2 December 2015 and signed on their behalf by:

.....  
Myles Ripley  
Member



# **Settlebeck School Academy Trust**

## **Cash Flow Statement for the Year Ended 31 August 2015**

	Note	31 August 2015 £	31 August 2014 £
Net cash inflow/(outflow) from operating activities	19	124,020	(101,726)
Capital expenditure and financial investment	20	<u>(2,399)</u>	<u>(1,050)</u>
Increase/(decrease) in cash in the year	21	<u>121,621</u>	<u>(102,776)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year		121,621	(102,776)
Net funds at 1 September 2014		<u>218,737</u>	<u>321,513</u>
Net funds at 31 August 2015		<u>340,358</u>	<u>218,737</u>

All of the cash flows are derived from continuing operations during the above two periods.

## **Settlebeck School Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2015**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

The Academies Accounts Direction 2014 to 2015 has clarified disclosure of catering income and encouraged other income to be distributed under other headings. As a result of this catering income has been re-designated under charitable activities as this is ancillary to the provision of education. Similarly trips and other income where it is also ancillary to education has been moved to charitable activities. This has necessitated a restatement of the comparatives for last year.

##### **Going concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of 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. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

##### ***Sponsorship income***

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

##### ***Donations***

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

## **Settlebeck School Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

#### **1 Accounting policies (continued)**

##### ***Other income***

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

##### ***Donated services and gifts in kind***

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

##### ***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 on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

##### ***Cost of generating funds***

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

##### ***Charitable activities***

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

##### ***Governance costs***

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

## **Settlebeck School Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

#### **1 Accounting policies (continued)**

##### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

Where assets, other than land and buildings were acquired from the predecessor school the original cost to the predecessor school has been estimated. The cost to the Academy has been deemed to be half of that original cost on the basis that on average these assets will be halfway through their original expected life. The depreciation charge to the Academy each year is calculated on the basis of the original cost.

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

##### **Assets**

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

##### **Leased assets**

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

##### **Stock**

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

# **Settlebeck School Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

### **1 Accounting policies (continued)**

#### **Taxation**

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

#### **Pension benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, 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 the notes to the financial statements, 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.

#### **Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

# Settlebeck School Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total (As restated) 31 August 2014 £
Other donations	<u>5</u>	<u>580</u>	<u>585</u>	<u>440</u>

### 3 Activities for generating funds

	Unrestricted funds £	Total 2015 £	Total (As restated) 31 August 2014 £
Hire of facilities and utility recharges	14,397	14,397	15,347
Recharges and reimbursements	1,168	1,168	-
Head Teacher Support	<u>15,500</u>	<u>15,500</u>	<u>-</u>
	<u>31,065</u>	<u>31,065</u>	<u>15,347</u>

### 4 Funding for Academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total (As restated) 31 August 2014 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant	-	1,115,757	1,115,757	1,092,865
Special educational projects	<u>-</u>	<u>4,782</u>	<u>4,782</u>	<u>3,719</u>
	-	1,120,539	1,120,539	1,096,584
<b>Other government grants</b>				
Other DfE	-	255,212	255,212	226,583
<b>Non-government grants and other income</b>				
Non Government 5	<u>72,369</u>	<u>42,350</u>	<u>114,719</u>	<u>92,302</u>

# Settlebeck School Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 4 Funding for Academy's educational operations (continued)

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total (As restated) 31 August 2014 £
Total grants and non-government income	<u>72,369</u>	<u>1,418,101</u>	<u>1,490,470</u>	<u>1,415,469</u>

### 5 Other incoming resources

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total (As restated) 31 August 2014 £
Kendal Bus Income	-	9,758	9,758	8,779
Catering - Receipts - Students	72,369	-	72,369	55,627
Music Tuition Income	-	2,685	2,685	1,107
Educational Visits	<u>-</u>	<u>29,907</u>	<u>29,907</u>	<u>26,789</u>
	<u>72,369</u>	<u>42,350</u>	<u>114,719</u>	<u>92,302</u>

### 6 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2015 £	Total (As restated) 31 August 2014 £
Costs of generating voluntary income	-	-	580	580	-
<b>Academy's educational operations</b>					
Direct costs	958,278	-	131,905	1,090,183	1,129,881
Allocated support costs	<u>181,432</u>	<u>250,722</u>	<u>80,447</u>	<u>512,601</u>	<u>500,756</u>
	1,139,710	250,722	212,352	1,602,784	1,630,637
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>40,691</u>	<u>40,691</u>	<u>44,119</u>
	<u>1,139,710</u>	<u>250,722</u>	<u>253,623</u>	<u>1,644,055</u>	<u>1,674,756</u>

**Settlebeck School Academy Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

**6 Resources expended (continued)**

Net incoming/outgoing resources for the year include:

	<b>31 August 2015 £</b>	<b>31 August 2014 £</b>
Fees payable to auditor - audit	<u>4,000</u>	<u>3,295</u>



# Settlebeck School Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 7 Charitable activities

	<b>Total 2015 £</b>	<b>Total (As restated) 31 August 2014 £</b>
<b>Direct costs - educational operations</b>		
Teaching and educational support staff costs	958,278	1,015,313
Educational supplies	46,158	31,469
Examination fees	11,318	10,335
Staff development	8,893	6,838
Educational consultancy	1,931	9,504
Other direct costs	63,605	56,422
	<u>1,090,183</u>	<u>1,129,881</u>
<b>Support costs - educational operations</b>		
Support staff costs	161,432	150,331
FRS 17 service cost adjustment	20,000	20,000
Depreciation	147,125	148,255
Technology costs	17,067	12,300
Maintenance of premises and equipment	36,631	32,068
Rent, rates and utilities	53,863	49,954
Insurance	13,103	15,281
Recruitment and support	3,044	-
Security and transport	6,315	6,798
Catering	26,492	22,427
Bank interest and charges	1,295	-
Professional fees	7,040	23,258
Other support costs	19,194	20,084
	<u>512,601</u>	<u>500,756</u>
<b>Total direct and support costs</b>	<u><u>1,602,784</u></u>	<u><u>1,630,637</u></u>

# Settlebeck School Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 8 Governance costs

	<b>Total 2015 £</b>	<b>Total (As restated) 31 August 2014 £</b>
Legal and professional fees	1,268	-
<b>Auditors' remuneration</b>		
Audit of financial statements	4,000	3,295
Support costs	35,423	40,824
	<u>40,691</u>	<u>44,119</u>

### 9 Staff

#### Staff costs

	<b>2015 £</b>	<b>31 August 2014 £</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	913,796	980,606
Social security costs	56,407	53,319
Pension costs	149,021	143,477
Supply teacher costs	20,486	8,242
	<u>1,139,710</u>	<u>1,185,644</u>

#### Staff numbers

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

	<b>31 August 2015 No</b>	<b>31 August 2014 No</b>
<b>Charitable Activities</b>		
Teachers	12	12
Administration and support	21	23
Management	2	2
	<u>35</u>	<u>37</u>

## Settlebeck School Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 9 Staff (continued)

##### Higher paid staff

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

	31 August 2015 No	31 August 2014 No
£60,001 - £70,000	<u>1</u>	<u>1</u>

1 (2014 - 1) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £9,258 (2014 - £9,167).

#### 10 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Judith Greene (Principal):

Remuneration: £65,000 - £70,000 (2014 - £60,000 - £65,000)

Employer's pension contributions: £5,000 - £10,000 (2014 - £5,000 - £10,000)

Julie Calvert (Staff Governor):

Remuneration: £20,000 - £25,000 (2014 - £25,000 - £30,000)

Employer's pension contributions: £0 - £5,000 (2014 - £0 - £5,000)

Sally Ingham (Staff Governor):

Remuneration: £45,000 - £50,000 (2014 - £40,000 - £45,000)

Employer's pension contributions: £5,000 - £10,000 (2014 - £5,000 - £10,000)

During the year ended 31 August 2015, travel and subsistence expenses totalling £2,032 (2014 - £2,700) were reimbursed or paid directly to 3 trustees (2014 - 4).

Other related party transactions involving the trustees are set out in note 24.

#### 11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was £800 (2014 - £803).

The cost of this insurance is included in the total insurance cost.

# Settlebeck School Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 12 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2014	4,302,142	74,593	7,500	51,989	4,436,224
Additions	-	-	-	2,399	2,399
Disposals	-	-	-	(2,500)	(2,500)
At 31 August 2015	<u>4,302,142</u>	<u>74,593</u>	<u>7,500</u>	<u>51,888</u>	<u>4,436,123</u>
<b>Depreciation</b>					
At 1 September 2014	398,747	46,032	7,500	48,786	501,065
Charge for the year	129,324	14,940	-	2,861	147,125
Eliminated on disposals	-	-	-	(2,500)	(2,500)
At 31 August 2015	<u>528,071</u>	<u>60,972</u>	<u>7,500</u>	<u>49,147</u>	<u>645,690</u>
<b>Net book value</b>					
At 31 August 2015	<u>3,774,071</u>	<u>13,621</u>	<u>-</u>	<u>2,741</u>	<u>3,790,433</u>
At 31 August 2014	<u>3,903,395</u>	<u>28,561</u>	<u>-</u>	<u>3,203</u>	<u>3,935,159</u>

### 13 Stock

	31 August 2015 £	31 August 2014 £
Catering	<u>279</u>	<u>483</u>

### 14 Debtors

	31 August 2015 £	31 August 2014 £
Trade debtors	29,124	15,324
Prepayments	10,855	27,499
Accrued grant and other income	1,173	1,100
VAT recoverable	4,026	4,281
Other debtors	<u>5,315</u>	<u>125</u>
	<u>50,493</u>	<u>48,329</u>

# Settlebeck School Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 15 Creditors: amounts falling due within one year

	31 August 2015 £	31 August 2014 £
Trade creditors	22,096	11,002
Other taxation and social security	34,185	-
Other creditors	8,215	4,500
Accruals	16,388	24,937
Deferred income	140,633	100,290
	<u>221,517</u>	<u>140,729</u>
		<b>31 August 2015 £</b>

### Deferred income

Deferred income at 1 September 2014	100,290
Resources deferred in the period	140,633
Amounts released from previous periods	<u>(100,290)</u>
Deferred income at 31 August 2015	<u>140,633</u>

Deferred income relates to funding for the Kendal bus, Special Educational Needs and Universal Infant Free School Meals for the period commencing 1st September 2015.

### 16 Funds

	Balance at 1 September 2014 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2015 £
<b>Restricted general funds</b>					
General Annual Grant	84,715	1,043,388	(1,088,380)	72,369	112,092
Other DfE grants	520	259,994	(253,106)	(2,399)	5,009
Other restricted general funds	<u>26,818</u>	<u>115,300</u>	<u>(120,352)</u>	<u>-</u>	<u>21,766</u>
	112,053	1,418,682	(1,461,838)	69,970	138,867
<b>Restricted fixed asset funds</b>					
Restricted fixed asset fund	3,935,159	-	(147,125)	2,399	3,790,433
<b>Restricted pension funds</b>					
Pension reserve	<u>(403,000)</u>	<u>-</u>	<u>(20,000)</u>	<u>(23,000)</u>	<u>(446,000)</u>
Total restricted funds	3,644,212	1,418,682	(1,628,963)	49,369	3,483,300

# Settlebeck School Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 16 Funds (continued)

	Balance at 1 September 2014 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2015 £
<b>Unrestricted funds</b>					
Unrestricted general funds	14,767	103,439	(15,091)	(72,369)	30,746
<b>Total funds</b>	<b>3,658,979</b>	<b>1,522,121</b>	<b>(1,644,054)</b>	<b>(23,000)</b>	<b>3,514,046</b>

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015

### 17 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	3,790,433	3,790,433
Current assets	30,747	360,383	-	391,130
Current liabilities	-	(221,517)	-	(221,517)
Pension scheme liability	-	(446,000)	-	(446,000)
<b>Total net assets</b>	<b>30,747</b>	<b>(307,134)</b>	<b>3,790,433</b>	<b>3,514,046</b>

# Settlebeck School Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 18 Financial commitments

#### *Operating leases*

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

#### **Operating leases which expire:**

	<b>31 August 2015 £</b>	<b>31 August 2014 £</b>
<b>Other</b>		
Within one year	412	-
Within two to five years	-	2,470
	<u>412</u>	<u>2,470</u>

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

	<b>31 August 2015 £</b>	<b>31 August 2014 £</b>
Net expenditure	(121,935)	(243,500)
Depreciation	147,125	148,255
FRS17 service cost adjustment	20,000	20,000
Decrease/(increase) in stocks	204	(141)
(Increase)/decrease in debtors	(2,164)	1,539
Increase/(decrease) in creditors	80,788	(27,880)
Net cash inflow/(outflow) from operating activities	<u>124,018</u>	<u>(101,727)</u>

## Settlebeck School Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 20 Capital expenditure and financial investment

	31 August 2015 £	31 August 2014 £
Purchase of tangible fixed assets	<u>(2,399)</u>	<u>(1,050)</u>

#### 21 Analysis of changes in net funds

	At 1 September 2014 £	Cash flows £	At 31 August 2015 £
Cash at bank and in hand	<u>218,737</u>	<u>121,621</u>	<u>340,358</u>

#### 22 Members' liability

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

#### 23 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

#### Teachers' Pension Scheme

##### Introduction

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

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



## **Settlebeck School Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

#### **23 Pension and similar obligations (continued)**

##### **Valuation of the Teachers' Pension Scheme**

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

The key elements of the valuation and subsequent consultation are:

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

During the 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 period amounted to £117,049 (2014: £121,303).

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

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 £77,000 (2014 - £66,000), of which employer's contributions totalled £60,000 (2014 - £51,000) and employees' contributions totalled £17,000 (2014 - £15,000). The agreed contribution rates for future years are 15.9% per cent for employers and 5.5%-12.5% per cent for employees.

## Settlebeck School Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 23 Pension and similar obligations (continued)

##### Principal actuarial assumptions

	At 31 August 2015 %	At 31 August 2014 %
Rate of increase in salaries	3.80	3.70
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	4.00	4.00
Inflation assumptions (CPI)	2.30	2.20
Commutation of pensions to lump sums	<u>50.00</u>	<u>50.00</u>

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

	At 31 August 2015	At 31 August 2014
<b>Retiring today</b>		
Males retiring today	23.00	23.00
Females retiring today	26.00	26.00
<b>Retiring in 20 years</b>		
Males retiring in 20 years	26.00	26.00
Females retiring in 20 years	<u>29.00</u>	<u>29.00</u>

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

	At 31 August 2015 £	At 31 August 2014 £
Equities	206,000	173,000
Government bonds	72,000	51,000
Other bonds	28,000	22,000
Property	44,000	22,000
Cash	11,000	24,000
Other	<u>31,000</u>	<u>9,000</u>
Total market value of assets	392,000	301,000
Present value of scheme liabilities - funded	<u>(838,000)</u>	<u>(704,000)</u>
Deficit in the scheme	<u>(446,000)</u>	<u>(403,000)</u>

The expected rates of return were:

## Settlebeck School Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 23 Pension and similar obligations (continued)

	At 31 August 2015 %	At 31 August 2014 %
Equities	7.00	7.00
Government bonds	3.00	3.00
Other bonds	4.00	4.00
Property	6.00	6.00
Cash	1.00	1.00
Other	<u>7.00</u>	<u>7.00</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £15,000 (2014 - £32,000).

#### Amounts recognised in the statement of financial activities

	31 August 2015 £	31 August 2014 £
Current service cost	<u>(68,000)</u>	<u>(53,000)</u>
Total operating charge	<u>(68,000)</u>	<u>(53,000)</u>

#### Analysis of pension finance income/(costs)

	31 August 2015 £	31 August 2014 £
Expected return on pension scheme assets	-	13,000
Interest on pension liabilities	<u>(16,000)</u>	<u>(31,000)</u>
Pension finance costs	<u>(16,000)</u>	<u>(18,000)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is (£41,000) (2014 - (£18,000)).

# Settlebeck School Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

### 23 Pension and similar obligations (continued)

#### Movements in the present value of defined benefit obligation

	31 August 2015 £	31 August 2014 £
At 1 September	704,000	614,000
Current service cost	67,000	53,000
Interest cost	30,000	31,000
Employee contributions	17,000	15,000
Actuarial losses/(gains)	20,000	(9,000)
At 31 August	<u>838,000</u>	<u>704,000</u>

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

	31 August 2015 £	31 August 2014 £
At 1 September	301,000	208,000
Expected return on assets	17,000	13,000
Actuarial (losses)/gains	(3,000)	14,000
Employer contributions	60,000	51,000
Employee contributions	17,000	15,000
At 31 August	<u>392,000</u>	<u>301,000</u>

The estimated value of employer contributions for next period is £64,000 (2014 - £51,000).

#### History of experience adjustments

Amounts for the current and previous 3 periods are as follows:

	31 August 2015 £	31 August 2014 £	31 August 2013 £	31 August 2012 £
Present value of scheme liabilities	(838,000)	(704,000)	(614,000)	(518,000)
Fair value of scheme assets	<u>392,000</u>	<u>301,000</u>	<u>208,000</u>	<u>122,000</u>
Deficit in the scheme	<u>(446,000)</u>	<u>(403,000)</u>	<u>(406,000)</u>	<u>(396,000)</u>
			31 August 2015 £	31 August 2014 £
Experience adjustments arising on scheme assets			(3,000)	14,000
Experience adjustments arising on scheme liabilities			-	<u>46,000</u>

Comparative figures have not been restated as permitted by FRS 17.

## **Settlebeck School Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

#### **24 Related party transactions**

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