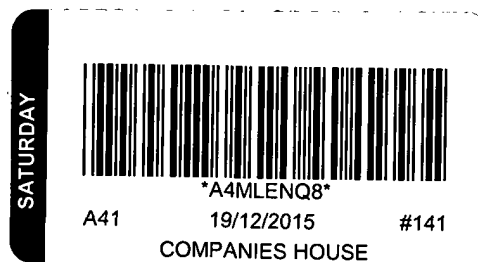


STRANTON ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015



Registered number: 08561049

STRANTON ACADEMY TRUST
(A company limited by guarantee)

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STRANTON ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ DIRECTORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Directors

J Ayre
P Hart
S Henry
G Hunter (resigned 18 December 2014)
E Killeen
N Nottingham
M Sumpter
J Thompson
M Westhorpe
N Horne (appointed 18 December 2014)

Company registered number

08561049

Principal and registered office

Stranton Academy, Southburn Terrace, Hartlepool, TS25 1SQ

Senior management team

N Nottingham, Executive Headteacher
E Killeen, Headteacher

Independent auditors

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

Bankers

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

Solicitors

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

Members

P Hart
M Westhorpe
J Ayre

STRANTON ACADEMY TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The directors present their annual report together with the audited financial statements and auditors' report of Stranton Academy Trust (the academy) for the year to 31 August 2015. The directors confirm that the annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust operates 2 primary academies in Hartlepool. It has a pupil capacity of 350 plus 52 nursery places at Stranton and 210 plus 52 nursery places at Eskdale. There was a roll of 340 (including nursery) at Stranton and 221 (including nursery) at Eskdale in the school census in autumn 2014.

Eskdale changed its name from Owton Manor Primary on 1 September 2014.

Structure, governance and management

• **CONSTITUTION**

Stranton Academy Trust is a charitable company limited by guarantee and exempt charity (registration number 05861049). The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

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

The principal object of the academy is to advance for public benefit education by establishing, maintaining, carry on, managing and developing schools, offering a broad and balanced curriculum, providing education for children of compulsory school age.

• **MEMBERS' LIABILITY**

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

• **METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS**

The initial members of the Multi Academy Trust were nominated by the Governing Body of Stranton Primary School. The number of Trustees as set out in the Articles of Association and Funding Agreement shall not be less than 3.

Subject to Articles 48-49, the Company shall have the following directors:

- Up to 10 directors appointed under Article 50
- the Chief Executive Officer, where one is appointed;
- a minimum of 2 parent directors appointed under Articles 53-56D.

The company may also have any co opted director appointed under Article 58.

The management of the academy is the responsibility of the directors who are elected and co opted under the terms of the Trust deed.

STRANTON ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

● **POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS**

During the year 2014/15 the directors held three meetings.

Following their appointment/election all new trustees/directors/governors will receive an induction to their role from Chair of Trustees and Executive Headteacher. This will include a tour of the Academy and the opportunity to meet members of the Senior Leadership Team, staff and pupils.

Training and induction will be dependent on their existing experience. Stranton Academy is committed to providing training opportunities so as to enable directors to undertake their role more effectively, and provides them with copies of policies, procedures, minutes, accounts, budgets, plans and other documentation.

● **ORGANISATIONAL STRUCTURE**

The Stranton Academy Trust is made up of a board of directors. Each school within the trust has its own separate governing body and a further sub committee for finance each having their own delegated powers. The Headteacher of each school also has delegated powers.

● **RISK MANAGEMENT**

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

Objectives and Activities

● **OBJECTS AND AIMS**

- (a) The principal object and activity is the operation of The Stranton Academy Trust to provide to primary education services for children between the ages of 2 and 11.
- (b) The Stranton Academy Trust aims to improve the lives of children and young people through education.
- (c) Through the use of our community centre actively encourage local community involvement with our schools.

● **OBJECTIVES, STRATEGIES AND ACTIVITIES**

- (a) The Academy Trust was set up on 1 July 2013 in order improve the educational lives of the pupils attending the Trust.
- (b) The initial objective was to ensure a smooth transition from Local Authority Schools to an Academy Trust. In doing this the Trust was determined to maintain the ethos, values, standards and achievements of both Stranton Primary School and Eskdale Primary School whilst at the same time continually working to improve standards. In our second year following conversion we have maintained the same ethos and continued to work towards improving standards and achievements.

Our Vision and Values

In the Stranton Academy Trust, we have:

- No excuses
- No limits
- ...and only the highest of ambitions

STRANTON ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

To enable us to prepare children to reach their ambitions and dreams in life, we promise to:

- Provide the very best learning experiences for our children
- Provide the very best learning environments for our children to be taught in
- Provide equal opportunity – all children who attend our academies will succeed.
- Work together to develop the very best practice for our children to benefit from
- Raise the expectations for our children and the wider community we serve.
- Develop the 'whole child'
- Inspire our children to achieve the very best.

Our Trust is based on the core values of:

Hard work
Determination
Grit
Ambition

● **ACTIVITIES FOR ACHIEVING OBJECTIVES**

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

- Have access to a broad, balanced and engaging curriculum.
- Have access to a wide range of extra-curricular activities – both academic and sporting.
- Have the opportunity to undertake visits that enrich children's learning.
- Use our school buildings to offer programmes and opportunities for parents and wider family members.
- Achieve academic excellence.

● **PUBLIC BENEFIT**

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

STRANTON ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Strategic report

Achievements and performance

• **GOING CONCERN**

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

• **KEY FINANCIAL PERFORMANCE INDICATORS**

The following financial KPI's have been set:

Attainment in line or above national.

Progress in line or above national.

Successful Ofsted inspection.

To set a balanced budget and to not overspend within the year.

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

A balanced budget was set at the beginning of the year. Due to changes in pupil and staffing numbers (as further described in risks and uncertainties) there were some significant fluctuations to these budgets however adequate funds were obtained to meet these needs, including additional capital funding to expand the school, and overall the Trust has stayed within funding limits and made a surplus for the year.

STRANTON ACADEMY TRUST
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Early Years

	Stranton	Eskdale Academy
% of children achieving a Good Level of development (GLD)		73%

Year 1 Phonic screening

(National)	Stranton	Eskdale Academy
% of Y1 children passing standard	81% (77%)	80% (77%)

Key Stage 1

	Reading		Writing		Maths	
(National)	Stranton	Eskdale	Stranton	Eskdale	Stranton	Eskdale
Level 2+	82% (90%)	93% (90%)	87% (88%)	93% (88%)	90% (93%)	93% (93%)
Level 2b+	76% (82%)	85% (82%)	84% (72%)	74% (72%)	87% (82%)	78% (82%)
Level 3+	26% (32%)	33% (32%)	24% (18%)	19% (18%)	29% (26%)	30% (26%)

Key Stage Two

	Reading		Writing		Maths	
	Stranton	Eskdale	Stranton	Eskdale	Stranton	Eskdale
Level 4+	91% (89%)	81% (80%)	87% (87%)	86% (87%)	93% (87%)	90% (87%)
Level 5+	33% (48%)	19% (48%)	36% (36%)	38% (36%)	36% (41%)	33% (41%)

OFSTED Inspections

Stranton Primary School	Outstanding	July 2012
Eskdale Academy	Good	April 2015

STRANTON ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

● **INVESTMENT POLICY AND PERFORMANCE**

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

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

● **PRINCIPAL RISKS AND UNCERTAINTIES**

Due to the location of both schools – within some of the most highly deprived wards in the UK; both schools have high levels of inward and outward pupil mobility – making staffing projections almost impossible. Across both schools last year, over 80 new children were enrolled – meaning additional in-year staffing appointments and building work to increase capacity.

Additional to this, some pupils taken on roll mid-year come with specific learning, social, emotional and behavioural difficulties which require 1:1 adult support. For all the Local Authority contribute towards this cost, there is still a shortfall each school has to pick up. This is impossible to predict at the start of the school/financial year.

● **RESERVES POLICY**

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

● **FINANCIAL REVIEW**

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

Capital grants of £191k were received in the year and these have been used to improve the Trust's schools and increase capacity. A grant of £139k was unspent at the year end. These are shown as restricted income in the fixed asset fund.

Total income for the year excluding capital funds was £3,502k and expenditure excluding depreciation and the deficit on the pension scheme transferred on conversion was £3,511k giving a deficit for the year of £9k.

The Trust generates income through lettings to external providers and groups and has a service level agreement with the Children's Services Department of Hartlepool Borough Council to provide services and facilities for 0 to 5 year olds.

All expenditure in the year was in furtherance of the Trust's objectives.

At 31 August 2015 the net book value of fixed assets was £3,159k and the movements in the year are shown in note 14. All assets are used exclusively for providing education and associated support services to pupils of the Trust.

STRANTON ACADEMY TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

The provision of FRS 17 Retirement Benefits have been applied and the deficit has increased by £25k in the year to £443k. Payments to fund the deficit will be made out of future income

At 31 August 2015 the Trust held fund balances of £3,249k being £2,987k restricted funds and £262k of unrestricted funds.

• **FUTURE DEVELOPMENTS**

It is the intention of the Academy Trust to grow steadily over the coming years – taking an additional Academy by July 2016 and a fourth by December 2017. We will however, not be restrained by these plans and take each application on merit.

(END OF STRATEGIC REPORT)

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

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

This report, incorporating the strategic report, was approved by order of the board of directors, as the company directors, on 18 December 2015 and signed on the board's behalf by:


P Hart
Chair of Directors

STRANTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

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

Director	Meetings attended	Out of a possible
J Ayre	3	3
P Hart	3	3
S Henry	2	3
G Hunter	0	0
E Killeen	3	3
N Nottingham	3	3
M Sumpter	0	3
J Thompson	3	3
M Westhorpe	1	3
N Horne	1	3

Governance reviews:

The board of directors is aware that a governance review should be carried out and intend to review their scheme of delegation in 2015-16.

The Finance and Audit Committee has been set up as a sub committee of the main board of Governors in each school. Its purpose was to focus entirely on the financial aspects of the schools.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
J Ayre	1	1
P Hart	1	1
M Westhorpe	0	1

During the year a separate audit committee was formed. Its purpose is to approve academy spend and staffing expenditure.

They are also required to maintain an overview of Trust's governance, risk management, internal controls and value for money framework and will make an annual report to the Trust Board and accounting officer.

STRANTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
J Thompson	1	1
P Raine	1	1

REVIEW OF VALUE FOR MONEY

As accounting officer the Executive Head 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:

- **Collaboration**
The Trust has continued its collaboration work across both the academy and maintained sectors in the town. We have grown on this in order to achieve savings and generate income for the Trust. The Finance Network that was established last year also continues to grow and we are achieving economies of scale by jointly procuring goods and services across the group. Our Executive Head Teacher and other senior teaching staff work nationally with other schools in order to share good practice and improve the educational lives of pupils.
- **Improving Educational outcomes**
The Trust continues to review staffing structures to ensure the pupils of the Trust still receive the best education possible. Pupils needs remain the focus of all staff and we strive for continuous improvement in this area.
- **Maximising Income Generation**
Maimising income generation is a key focus of the finance/ business staff in both schools within the Trust. We continue to make savings or seek alternative sources of income for various projects across the schools. We continue to run community facilities in both schools. This not only benefits the pupils of the Trust by gaining access to out of school activities, it alos offers a range of activities for the wider community. This has a positive impact on employment in the area and healthy lifestyles.
- **Reviewing Controls and managing risk**
The Trust review bank balances and cash flow on a regular basis to ensure resources are effectively managed. Risks are managed through adequate insurance for both schools in the Trust and are reviewed through the risk register.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stranton Academy Trust for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

STRANTON ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

The board of directors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors;
- regular reviews by the 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 board of directors has considered the need for a specific internal audit function and has decided to appoint Hartlepool Borough Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included:

- Administration of the bank account.
- Expenditure system including procurement
- Non grant income
- Payroll

On an annual basis, the internal auditor reports to the board of directors on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

The Internal Auditor did not attend the schools in the year but carried out tests post year end in November 2015 and December 2015. The testing covered the year to 31 August 2015.

The reports are still to be finalised and the key issues to be addressed are review and checking of bank reconciliations and some queries on the procurement process.

The draft report gave the Trust reasonable assurance in one school that the control environment was operating as intended and satisfactory in the other.

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;

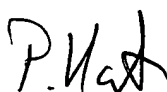
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GOVERNANCE STATEMENT (continued)

- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of directors on 18 December 2015 and signed on its behalf, by:



P Hart
Chair of Directors



N Nottingham
Accounting Officer

STRANTON ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Stranton Academy Trust I have considered my responsibility to notify the academy board of directors 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy board of directors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2014).

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



N Nottingham
Accounting Officer

Date: 18-12-2015

STRANTON ACADEMY TRUST
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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

The directors (who act as governors of Stranton Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the directors' report (including the strategic report) and the financial statements in accordance with the Annual 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 directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to:

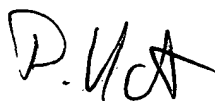
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of directors on 18 December 2015 and signed on its behalf by:



P Hart
Chair of Directors

STRANTON ACADEMY TRUST
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRANTON ACADEMY TRUST

We have audited the financial statements of Stranton Academy Trust for the year ended 31 August 2015 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement, the directors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 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 academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' 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.

UNQUALIFIED OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report, incorporating the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

STRANTON ACADEMY TRUST
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRANTON ACADEMY TRUST

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:

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



Heather O'Driscoll FCA (senior statutory auditor)

for and on behalf of

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX
18 December 2015

STRANTON ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 30 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stranton Academy Trust during the year 1 September 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 Stranton Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stranton Academy Trust and 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 Stranton Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Stranton Academy Trust's funding agreement with the Secretary of State for Education dated 27 June 2013, and the Academies Financial Handbook extant from 1 September 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 2014 to 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 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 EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO STRANTON
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 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Heather O'Driscoll FCA (senior statutory auditor)

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

Date: 18 December 2015

STRANTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2015

		Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
	Note					
INCOMING RESOURCES						
Incoming resources from generated funds:						
Funds transferred from local authority on conversion	2	-	-	-	-	3,089,469
Other voluntary income	2	26,958	-	-	26,958	42,858
Activities for generating funds	3	194,567	-	-	194,567	193,170
Incoming resources from charitable activities	4	-	3,280,697	191,110	3,471,807	3,671,033
TOTAL INCOMING RESOURCES		221,525	3,280,697	191,110	3,693,332	6,996,530
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income	7	68,736	17,471	-	86,207	80,406
Charitable activities	6	222,211	3,165,012	84,244	3,471,467	3,305,709
Governance costs	8	-	37,608	-	37,608	49,965
Other resources expended	9	-	-	-	-	208,000
TOTAL RESOURCES EXPENDED	5	290,947	3,220,091	84,244	3,595,282	3,644,080
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		(69,422)	60,606	106,866	98,050	3,352,450

STRANTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between funds	18	-	(75,712)	75,712	-	-
NET INCOME FOR THE YEAR		(69,422)	(15,106)	182,578	98,050	3,352,450
Actuarial gains and losses on defined benefit pension schemes		-	3,000	-	3,000	(204,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		(69,422)	(12,106)	182,578	101,050	3,148,450
<i>Total funds at 1 September 2014</i>		<i>331,584</i>	<i>(384,055)</i>	<i>3,200,921</i>	<i>3,148,450</i>	<i>-</i>
TOTAL FUNDS AT 31 AUGUST 2015		262,162	(396,161)	3,383,499	3,249,500	3,148,450

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 23 to 43 form part of these financial statements.

STRANTON ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08561049

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	14		3,159,356		3,129,750
CURRENT ASSETS					
Stocks	15	26,000		4,000	
Debtors	16	250,019		132,999	
Cash at bank		437,345		383,354	
		<u>713,364</u>		<u>520,353</u>	
CREDITORS: amounts falling due within one year	17	(180,220)		(83,653)	
NET CURRENT ASSETS			<u>533,144</u>		<u>436,700</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,692,500</u>		<u>3,566,450</u>
Defined benefit pension scheme liability	24	(443,000)		(418,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>3,249,500</u></u>		<u><u>3,148,450</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	18	46,839		33,945	
Restricted fixed asset funds	18	3,383,499		3,200,921	
		<u>3,430,338</u>		<u>3,234,866</u>	
Restricted funds excluding pension liability					
Pension reserve		(443,000)		(418,000)	
		<u></u>		<u></u>	
Total restricted funds			<u>2,987,338</u>		<u>2,816,866</u>
Unrestricted funds	18		<u>262,162</u>		<u>331,584</u>
TOTAL FUNDS			<u><u>3,249,500</u></u>		<u><u>3,148,450</u></u>

The financial statements were approved by the directors, and authorised for issue, on 18 December 2015 and are signed on their behalf, by:

P Hart
Chair of Directors

The notes on pages 23 to 43 form part of these financial statements.

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	20	(23,268)	84,138
Capital expenditure and financial investment	21	77,259	31,608
Cash transferred on conversion to an academy trust		-	267,608
INCREASE IN CASH IN THE YEAR		53,991	383,354

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	53,991	383,354
MOVEMENT IN NET FUNDS IN THE YEAR	53,991	383,354
Net funds at 1 September 2014	383,354	-
NET FUNDS AT 31 AUGUST 2015	437,345	383,354

The notes on pages 23 to 43 form part of these financial statements.

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency.

1.3 Incoming resources

All incoming resources are included in the statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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.

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

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

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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.

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 in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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 are 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's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	20-50 years straight line
Plant & machinery	-	5 years straight line
Computer equipment	-	3 years straight line

STRANTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

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

1.8 Stocks

Stocks are valued at cost and are goods purchased in the summer term for use in the 2015-16 year and IT equipment.

1.9 Taxation

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

1.10 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the academy 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 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 the 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 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.

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Funds transferred from local authority on conversion	-	-	-	3,089,469
Donations	18,667	-	18,667	39,353
Income from trips and visits	8,291	-	8,291	3,102
Donations towards course fees	-	-	-	403
Subtotal	26,958	-	26,958	42,858
Voluntary income	26,958	-	26,958	3,132,327

3. FUNDRAISING INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Catering income	30,249	-	30,249	42,063
Provision of staff	82,834	-	82,834	65,272
Lettings income	65,408	-	65,408	59,368
Receipts from supply teacher insurance claims	14,098	-	14,098	26,467
Other fundraising	1,978	-	1,978	-
	194,567	-	194,567	193,170

STRANTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
DfE/EFA revenue grants				
General annual grant	-	2,322,394	2,322,394	2,500,908
Capital grant	-	153,178	153,178	351,857
Pupil premium	-	453,112	453,112	357,488
Universal free school meals	-	33,525	33,525	-
	-	2,962,209	2,962,209	3,210,253
Other government grants				
National college school leadership	-	30,000	30,000	7,001
Nursery milk income	-	-	-	1,565
Ethnic minority grant	-	-	-	1,290
Early years income	-	268,671	268,671	239,461
High needs income	-	87,596	87,596	109,121
Capital grant	-	37,932	37,932	75,862
Student placements	-	76,399	76,399	26,480
Apprentice grant	-	9,000	9,000	-
	-	509,598	509,598	460,780
	-	3,471,807	3,471,807	3,671,033

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

5. RESOURCES EXPENDED

	Staff costs	Non Pay	Expenditure	Total	Total
	2015	Premises	Other costs	2015	2014
	£	2015	2015	£	£
		£	£		
Costs of generating voluntary income	48,253	4,616	33,338	86,207	80,406
Costs of generating funds	48,253	4,616	33,338	86,207	80,406
Direct costs	2,188,790	-	315,832	2,504,622	2,452,871
Support costs	322,911	260,126	383,808	966,845	852,838
Charitable activities	2,511,701	260,126	699,640	3,471,467	3,305,709
Governance	18,179	-	19,429	37,608	49,965
Other resources expended	-	-	-	-	208,000
	2,578,133	264,742	752,407	3,595,282	3,644,080

STRANTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

6. CHARITABLE ACTIVITIES

	Total funds 2015 £	<i>Total funds 2014 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,835,333	1,852,291
National insurance	126,561	127,325
Pension cost	226,896	236,630
Educational supplies	169,422	111,307
Staff development and training	36,505	9,517
Insurance	34,482	50,541
Other staff costs	30,859	31,978
Educational consultancy	17,500	12,151
HR and advisory services	27,064	21,131
	<u>2,504,622</u>	<u>2,452,871</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	234,187	223,473
National insurance	15,236	16,252
Pension cost	73,488	49,522
Depreciation	84,244	88,222
Catering	179,500	110,730
Postage and telephone	11,768	8,829
Repairs and maintenance	122,404	162,750
Energy costs	69,799	57,449
Rates	32,428	26,962
Cleaning	35,498	67,268
Travel	13,768	10,440
Printing, postage & stationery	36,798	24,298
Trips and activities	9,804	7,589
Bank charges	7,355	367
HR and advisory services	28,973	6,647
Pension finance cost	(14,000)	(9,000)
Other staff costs	21,120	-
Other support costs	4,475	1,040
	<u>966,845</u>	<u>852,838</u>
	<u><u>3,471,467</u></u>	<u><u>3,305,709</u></u>

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

7. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Trips and activities	15,867	17,471	33,338	20,330
Premises costs	4,616	-	4,616	8,888
Wages and salaries	48,253	-	48,253	51,188
	<u>68,736</u>	<u>17,471</u>	<u>86,207</u>	<u>80,406</u>

8. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Governance auditors' remuneration	-	7,950	7,950	7,350
Auditors' non audit fees	-	1,100	1,100	1,450
Legal and professional fees	-	10,379	10,379	7,297
Start up legal fees	-	-	-	18,853
Wages and salaries	-	18,179	18,179	15,015
	<u>-</u>	<u>37,608</u>	<u>37,608</u>	<u>49,965</u>

9. OTHER RESOURCES EXPENDED

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Pension deficit on conversion	-	-	-	208,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,000</u>

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	84,244	88,222
Auditors' remuneration	7,950	7,350
Operating lease rentals:		
- plant and machinery	3,376	2,532
	<u>95,570</u>	<u>98,104</u>

STRANTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	2,076,305	2,098,219
Social security costs	141,797	143,577
Other pension costs (Note 24)	300,384	494,152
	<u>2,518,486</u>	<u>2,735,948</u>
Supply teacher costs	35,999	38,437
Compensation payments	23,648	5,311
	<u><u>2,578,133</u></u>	<u><u>2,779,696</u></u>

b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £23,648 (2014: £5,311). Individually, the payments were: £9,040, £13,839 and £769.

c. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	69	61
Administration and support	13	8
Management	1	1
	<u>83</u>	<u>70</u>

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0
	<u>1</u>	<u>1</u>

STRANTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

11. STAFF (continued)

The above employee participated in the Teachers' Pension Scheme.

Related Party Transactions - Directors' Remuneration and Expenses

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

N Nottingham (Executive Head and director):

Remuneration £70,000 - £75,000 (2014: £65,000 - £70,000)

Employer's pension contributions £10,000 - £15,000 (2014: £5,000 - £10,000)

E Killeen (staff director):

Remuneration £55,000 - £60,000 (2014: £55,000 - £60,000)

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

S Henry (staff director):

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

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 £239 (2014: £170) were reimbursed to 3 (2014: 1) directors.

Other related party transactions involving the directors are set out in note 26.

12. CENTRAL SERVICES

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

- Provision of staff
- IT services

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

13. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,639 (2014 - £2,254). The cost of this insurance is included in the total insurance cost.

STRANTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Plant & machinery £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2014	3,107,153	71,960	38,859	3,217,972
Additions	99,971	13,879	-	113,850
At 31 August 2015	3,207,124	85,839	38,859	3,331,822
Depreciation				
At 1 September 2014	62,479	11,525	14,218	88,222
Charge for the year	55,443	15,848	12,953	84,244
At 31 August 2015	117,922	27,373	27,171	172,466
Net book value				
At 31 August 2015	3,089,202	58,466	11,688	3,159,356
At 31 August 2014	3,044,674	60,435	24,641	3,129,750

Included within long term leasehold property is land at cost of £165,000 (2014 - £165,000), which is not depreciated.

15. STOCKS

	2015 £	2014 £
School supplies	26,000	4,000

16. DEBTORS

	2015 £	2014 £
Trade debtors	81,888	39,320
VAT	53,978	7,753
Prepayments and accrued income	114,153	85,926
	250,019	132,999

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

17. CREDITORS:

Amounts falling due within one year

	2015 £	2014 £
Trade creditors	17,305	5,871
Other creditors	-	509
Accruals and deferred income	162,915	77,273
	<u>180,220</u>	<u>83,653</u>

	£
Deferred income	
Deferred income at 1 September 2014	14,638
Resources deferred during the year	24,473
Amounts released from previous years	<u>(14,638)</u>
Deferred income at 31 August 2015	<u>24,473</u>

At the balance sheet date the academy was holding funds received in advance to fund free school meals in the 2015-2016 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
Unrestricted funds						
General funds	331,584	221,525	(290,947)	-	-	262,162
Restricted funds						
General annual grant	32,424	2,322,394	(2,233,788)	(75,712)	-	45,318
Pupil premium	-	453,112	(453,112)	-	-	-
Higher educational needs	-	87,596	(87,596)	-	-	-
Early years and nursery	-	268,671	(268,671)	-	-	-
Universal free school meals	-	33,525	(33,525)	-	-	-
Teacher training income	-	76,399	(76,399)	-	-	-
National college of school leadership	-	30,000	(30,000)	-	-	-
Start up grant	1,521	-	-	-	-	1,521
Apprentice grant	-	9,000	(9,000)	-	-	-
Pension reserve	(418,000)	-	(28,000)	-	3,000	(443,000)
	<u>(384,055)</u>	<u>3,280,697</u>	<u>(3,220,091)</u>	<u>(75,712)</u>	<u>3,000</u>	<u>(396,161)</u>
Restricted fixed asset funds						
Capital transferred on conversion	2,759,250	-	(59,071)	-	-	2,700,179
Other capital grants	418,252	191,110	(14,203)	-	-	595,159
Capital expenditure from GAG	23,419	-	(10,970)	75,712	-	88,161
	<u>3,200,921</u>	<u>191,110</u>	<u>(84,244)</u>	<u>75,712</u>	<u>-</u>	<u>3,383,499</u>
Total restricted funds	<u>2,816,866</u>	<u>3,471,807</u>	<u>(3,304,335)</u>	<u>-</u>	<u>3,000</u>	<u>2,987,338</u>
Total of funds	<u><u>3,148,450</u></u>	<u><u>3,693,332</u></u>	<u><u>(3,595,282)</u></u>	<u><u>-</u></u>	<u><u>3,000</u></u>	<u><u>3,249,500</u></u>

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

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

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

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

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

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

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

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

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

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

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

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

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £
Stranton Primary School	127,448
Eskdale Primary School	94,083
Trust	87,470
Total before fixed asset fund and pension reserve	309,001
Restricted fixed asset fund	3,383,499
Pension reserve	(443,000)
Total	3,249,500

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

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Stranton Primary School	1,308,031	233,027	116,308	449,334	2,106,700
Eskdale Primary School	876,110	74,940	53,113	301,203	1,305,366
Trust	4,649	33,123	-	12,947	50,719
	<u>2,188,790</u>	<u>341,090</u>	<u>169,421</u>	<u>763,484</u>	<u>3,462,785</u>

SUMMARY OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
General funds	331,584	221,525	(290,947)	-	-	262,162
Restricted funds	(384,055)	3,280,697	(3,220,091)	(75,712)	3,000	(396,161)
Restricted fixed asset funds	3,200,921	191,110	(84,244)	75,712	-	3,383,499
	<u>3,148,450</u>	<u>3,693,332</u>	<u>(3,595,282)</u>	<u>-</u>	<u>3,000</u>	<u>3,249,500</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	3,159,356	3,159,356	3,129,750
Current assets	262,162	193,977	257,225	713,364	520,354
Creditors due within one year	-	(147,138)	(33,082)	(180,220)	(83,654)
Provisions for liabilities and charges	-	(443,000)	-	(443,000)	(418,000)
	<u>262,162</u>	<u>(396,161)</u>	<u>3,383,499</u>	<u>3,249,500</u>	<u>3,148,450</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	98,050	3,352,450
Assets inherited on conversion	-	(3,089,469)
Depreciation of tangible fixed assets	84,244	88,222
Capital grants from DfE	(191,109)	(427,719)
Increase in stocks	(22,000)	(4,000)
Increase in debtors	(117,020)	(132,999)
Increase in creditors	96,567	83,653
FRS 17 adjustments	28,000	214,000
Net cash (outflow)/inflow from operations	(23,268)	84,138

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(113,850)	(396,111)
Capital grants from DfE	191,109	427,719
Net cash inflow capital expenditure	77,259	31,608

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	383,354	53,991	-	437,345
Net funds	383,354	53,991	-	437,345

23. CAPITAL COMMITMENTS

At 31 August 2015 the academy had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	134,796	-

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS

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

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 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

The pension costs paid to TPS in the period amounted to £163,912 (2014: £170,095).

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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £136,500, of which employer's contributions totalled £98,000 and employees' contributions totalled £38,500. The agreed contribution rates for future years are 14.6% for employers and 5.5-12.5% for employees.

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

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

	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	912,707	7.50	811,969
Government Bonds	18,853	2.90	18,791
Property	68,758	6.80	53,406
Corporate Bonds	17,744	3.30	43,516
Cash	70,976	1.10	38,571
Other	19,962	7.50	22,747
Total market value of assets	1,109,000		989,000
Present value of scheme liabilities	(1,552,000)		(1,407,000)
Deficit in the scheme	(443,000)		(418,000)

The adoption of FRS 102 in the next accounting period removes the requirement to recognise an expected return on assets item in the SOFA. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 August 2015.

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

The amounts recognised in the balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(1,552,000)	(1,407,000)
Fair value of scheme assets	1,109,000	989,000
	<u>(443,000)</u>	<u>(418,000)</u>
Net liability	(443,000)	(418,000)

The amounts recognised in the statement of financial activities are as follows:

	2015 £	2014 £
Current service cost	(140,000)	(116,000)
Interest cost	(56,000)	(4,000)
	<u>(196,000)</u>	<u>(120,000)</u>
Total	(196,000)	(120,000)
Actual return on scheme assets	(15,000)	91,000

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

	2015 £	2014 £
Opening defined benefit obligation	1,407,000	968,000
Current service cost	140,000	116,000
Contributions by scheme participants	39,000	39,000
Actuarial (Gains)/losses	(88,000)	229,000
Benefits paid	(2,000)	(2,000)
Interest cost	56,000	57,000
	<u>1,552,000</u>	<u>1,407,000</u>
Closing defined benefit obligation	1,552,000	1,407,000

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Fair value on transfer from local authority	989,000	760,000
Actuarial gains and (losses)	(85,000)	25,000
Contributions by employer	98,000	101,000
Contributions by employees	39,000	39,000
Benefits paid	(2,000)	(2,000)
Expected return on assets	70,000	66,000
	<u>1,109,000</u>	<u>989,000</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £201,000 (2014 - £204,000).

The academy expects to contribute £116,395 to its defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	82.30 %	82.10 %
Government bonds	1.70 %	1.90 %
Corporate bonds	1.60 %	4.40 %
Property	6.20 %	5.40 %
Cash	6.40 %	3.90 %
Other	1.80 %	2.30 %

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31 August	- %	5.70 %
Rate of increase in salaries	3.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.00 %	2.10 %
Inflation assumption (CPI)	2.00 %	2.10 %

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

	2015	2014
Retiring today		
Males	23	22.5
Females	25.2	25
Retiring in 20 years		
Males	25.5	24.7
Females	27.8	27.3

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24. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2015 £	2014 £
Defined benefit obligation	(1,552,000)	(1,407,000)
Scheme assets	1,109,000	989,000
Deficit	<u>(443,000)</u>	<u>(418,000)</u>
Experience adjustments on scheme liabilities	88,000	(229,000)
Experience adjustments on scheme assets	<u>(85,000)</u>	<u>25,000</u>

25. OPERATING LEASE COMMITMENTS

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

	2015 £	2014 £
Expiry date:		
Between 2 and 5 years	<u>3,376</u>	<u>-</u>

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a directors has 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.

27. ACCOUNTING PERIOD

The prior period financial statements were prepared from the date of incorporation, 7 June 2013, to 31 August 2014.