

Company Registration Number: 10265276 (England & Wales)

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

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SCALBY LEARNING TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

John Armistead
Deborah Ann Clapham
James Martin
John Scoble

Trustees

Roger James Andrew Cannon, Chair¹
Stephanie Mary Hartley¹
Kerry Hope (resigned 18 December 2019)¹
David McCue, Vice Chair
Shaun David Read (Chief Executive and Accounting Officer)¹
John Riby (appointed 20 May 2020)
John Scoble (resigned 4 September 2019)
John Wilson Senior
James Nicholas Sharples (appointed 20 May 2020)

¹ Member of Finance and Audit Committee

Company registered number

10265276

Company name

Scalby Learning Trust

Principal and registered office

Scalby School
Fieldstead Crescent
Newby
Scarborough
YO12 6TH

Company secretary

Michaela Dennis (appointed 4 September 2019)
Nigel Penn (resigned 16 September 2019)

Executive Team

Shaun David Read, Chief Executive Officer
Michael McCluskie, Head Teacher (Scalby)
Chris Kirkham-Knowles, Head Teacher (Newby)
Cheryl Cappleman, Head Teacher (Friarage)
Michaela Dennis, Finance Director
Dayl Tyler, ICT Manager *

* Not included in key management personnel at Note 10.

SCALBY LEARNING TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditors

Clive Owen LLP
Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

Lloyds Bank plc
1 St Nicholas Street
Scarborough
YO11 2YY

Solicitors

Wrigley's Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

SCALBY LEARNING TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates two primary and one secondary academy (henceforth referred to as schools) in Scarborough. Its schools have a combined pupil capacity of 1,910 and had a roll of 1,769 in the school census in January 2020.

Structure, governance and management

Constitution

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Trust.

The Trustees of Scalby Learning Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Scalby Learning Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Trust has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on Trust business. Further details are provided in note 13.

Method of recruitment and appointment or election of Trustees

All Trustees are appointed by the members. Prior to incorporation, considerable consideration was given to the skill sets that would complement those of the members and would be required of the Trust Board in order to deliver the high standards of governance required by the Trust. Trustees were recruited with knowledge of the locality and with specialisms in secondary and primary education, law, administration, finance and business acumen.

The term of office for any Trustee is four years, save that this time limit shall not apply to the CEO or any post held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

SCALBY LEARNING TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Trustees are given tours of the schools and the chance to meet with staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there will normally only be one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

Governance of the Trust is defined in the Articles of Association together with the funding agreement with the Department of Education.

The Members of the Trust have a wholly strategic view of the Trust and act as a quality control on its work. They ensure the vision and values of the Trust are implemented and its schools provide a productive, safe education within the Trust's budgetary parameters.

During the period the Trust continued to operate a unified management structure. The structure consists of three levels: the Trustees, the School Governors and the Executive Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees have overall responsibility for strategic direction, standards, finance and estates. They ensure the Trust delivers on its aims and provides support and challenge to the Executive Team when required. The annual and revised budgets are set and monitored by the Trustees with support from the Audit Committee.

The Local School Governors are focused upon the interests of the individual school and include parental and staff representatives. Their relationship between the Trustees is outlined in the Scheme of Delegation.

The Executive Team includes the Head Teacher, Deputy Head Teacher, Finance Director, Assistant Head Teachers and Associate Assistant Head Teachers. These managers control the Trust at an executive level implementing the policies laid down by the Trustees and Local School Governors.

Arrangements for setting pay and remuneration of key management personnel

The Trust has a Pay Policy that covers all staff employed by the Trust, irrespective of grade or conditions of service, and this includes key management personnel. The Pay Policy is operated by the Trustees through the Trust Remuneration Committee for Trust employees and the Headteachers and the Pay Review Committees of the Local Governing Bodies of the two academies for all other school staff. Pay and remuneration of the Executive Team is reviewed annually on an individual basis and consideration is given to performance, relevant benchmarking, current responsibilities and parity.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	2
51%-99%	-
100%	-
Percentage of pay bill spent on facility time	£000
Total cost of facility time	8
Total pay bill	8,467
Percentage of total pay bill spent on facility time	0.09 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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Related parties and other connected charities and organisations

Due to the nature of the composition of the Trust Board, drawn from local public and private sector organisations, it is possible that transactions will take place with organisations in which a Trustee or senior member of staff may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's Finance Policy and the Academies Financial Handbook.

Scalby School is a DfE designated teaching school and is a close strategic partner within the Scarborough Teaching School Alliance. The Scalby Teaching School is the secondary arm of the alliance.

Objectives and activities

The principal object and activity of the charitable company is the operation of Scalby Learning Trust to provide education for students of different abilities between the ages of 11 and 16 at Scalby School, between the ages of 4 and 11 at Newby and Scalby Primary School and between the ages of 3 and 11 at Friarage Primary School.

Objects and aims

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 specified, amongst other things, the basis for admitting students and pupils to the academies, the catchment area from which the students and pupils are drawn, and that the curriculums of all three academies should comply with the substance of the national curriculum.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Objects and aims (continued)

In setting the objectives and planning the activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The Trustees aim to provide a diverse educational offer and broad curriculum across all key stages, and this will contribute to students being drawn from further afield and from all backgrounds.

The Scalby Learning Trust in Scarborough aims to improve education in the locality through establishing coherent and collaborative practice across schools and other educational institutions in the area.

The main objective of the Trust during the period ended 31 August 2020 was to achieve the following:

- Strong and improving educational outcomes for its pupils.
- Robust, transparent financial systems that meant the school complied with ESFA regulations and had a healthy budget.
- A safe environment for staff and students by compliance with health & safety and safeguarding regulations.
- To generate additional funding to enable the school to engage in more school improvement work and to help the Trust expand.
- To expand the Trust to include at least one more school so that it increases its positive influence in the area.

Objectives, strategies and activities

The Trust's main objectives are encompassed in its mission statement, which is to improve education in the locality through establishing coherent and collaborative practice across schools and other educational institutions in the area. To this end the objectives and the strategies used to achieve them include:

- Production of detailed school development plans will provide the blueprint to achieve high academic standards.
- Continuous monitoring of teaching and learning through lesson observation, line management meetings and half-termly collection and analysis of student performance and effort data.
- Regular evaluation of the school's performance at Trust, Senior Executive and Governor level in order to check progress against the development plan and maintain a continuous culture of improvement.
- The implementation of a comprehensive weekly training programme for all staff, plus bespoke training for individuals as required to fulfil their current duties or prepare for promotion.
- The development of a literacy strategy for the coastal area led through our Specialist Lead Practitioner for English in collaboration with the Local Authority.
- Collaborative work between our schools and others in the area, such as on the moderation of key stage 2 teacher assessments in primary schools.
- Close liaison with Civica software providers, the Trust's accountants Clive Owen LLP and the NYCC FMS team who have supported the development of our new accounting system to incorporate work with joining schools.
- Collaborative working with the NYCC School HANDS Health & Safety service ensures the school is compliant in terms of meeting H & S regulations.
- The school has worked in consultation with the following bodies to promote improved educational outcomes across the coastal area:
 - The North Yorkshire Coast Opportunity Area (CEO Deputy Chair of partnership board)
 - North Yorkshire County Council School Improvement Service
 - The DfE in terms of potential MAT development.
 - Scarborough Teaching Alliance.
- Scalby School is now an established Teaching School leading the development of secondary CPD on the coast with funding from the Opportunity Area.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 16 and to promote the development of pupils between the ages of 3 and 11.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Public benefit

The Trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the Trust should undertake.

Strategic report

Achievement and performance

Attainment and performance

- Friarage School joined the Trust in September 2019 following them receiving an Inadequate Ofsted judgement in 2018 that led to the school being placed in Special Measures. The school has made excellent all-round progress in 2019/20 up to the national school closure, though internal assessment data still shows the school is performing below national averages at KS2. This is a legacy issue relating to poor teaching lower down the school in the past and current teaching is believed to be consistently good. It will however, take time to overcome deficits in knowledge and skills from the past and for results to increase significantly.
- Newby & Scalby School was rated by Ofsted as 'Good' in January 2018. The assessment results for 2019 were strong and exceeded national averages on all key measures in terms of the expected development of pupils and also showed good progress from KS1 to KS2. Internal data for 2020 up to March 2020 was also strong.
- Scalby School was rated by Ofsted as "Good" in February 2019. The figures below show the attainment and progress at Scalby School in 2019 and 2020.

Scalby School posted very pleasing examination results in the Summer of 2019. They are significantly above national averages on all key benchmarks in terms of both progress and attainment. The 2020 results are also excellent and suggest an improving trend, though this conclusion must be treated with caution as they are based on teacher assessments and not examinations owing to the suspension of exams owing to the Coronavirus pandemic.

Other indications of performance

Both Scalby and Newby & Scalby schools are over-subscribed on entry, showing that they both enjoy excellent reputations in the locality and beyond.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievement and performance (continued)

Key performance indicators

1. Educational outcomes for 2019 were of a very high standard and well above national averages.
 - Progress 8 0.5
 - Attainment 8 5.0
 - 71% of students achieving a standard pass or above in English and mathematics.
 - 53% of students achieving a strong pass or above in English and mathematics.
2. Educational outcomes for 2020 were of a very high standard and well above national averages.
 - Progress 8 0.66
 - Attainment 8 54.1
 - 80% of students achieving a standard pass or above in English and mathematics.
 - 68% of students achieving a strong pass or above in English and mathematics.
3. The school budgets were in surplus.
External audits evidence that all three schools are financially compliant with ESFA regulations.
4. NYCC Health & Safety inspections show the schools are compliant and also adhere to the NYCC guidelines re: safeguarding.
5. Both Scalby and Newby & Scalby have collaborated with other local primary and secondary schools in terms of both literacy and numeracy development.
6. Scalby School leads on the Opportunity Area's literacy strategy and CPD programme.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the 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.

Financial

The Trustees recognise the importance of maintaining a balanced budget and building reserves and have taken the necessary action to ensure that an effective financial plan is in place.

During the financial period to 31 August 2020 the Trust has controlled and managed its total expenditure to ensure that it operated within the funding available through the General Annual Grant and devolved funds as appropriate. The Trust currently has a healthy surplus, but remains mindful of the need to ensure that its schools operate within their financial means. This will mean that the CEO and FD will engage with the SRMSAT review process to assess Trust expenditure and all schools will engage in a staffing review exercise in the Autumn term to ensure that they break even for September 2021. At present, the financial projections for all the schools are sound for 2021, though Scalby will incur a planned in-year deficit following the need to recruit experienced staff in key areas at extra cost. This is offset by its large surplus, accumulated with such needs in mind.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievement and performance (continued)

Financial review

Most of the Trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2020, total recurrent grant funding from DfE/ESFA together with other incoming resources totalling £16,199,000 was in excess of total expenditure of £10,757,000. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £676,000. The in-year surplus excluding restricted fixed assets and pension reserves was £239,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trusts objectives.

At 31 August 2020 the net book value of fixed assets was £21,097,000 and movements in tangible and intangible fixed assets are shown in note 14 and 15 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £4,185,000 recognised on the Balance Sheet.

The Trust held fund balances at 31 August 2020 of £18,507,000 comprising £21,139,000 restricted fixed asset funds, £256,000 of restricted general funds, £4,185,000 deficit on the pension reserves and £1,297,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2020 was £1,553,000.

Reserves policy

The Trustees review the level of reserves regularly throughout the year to provide flexibility and certainty in future planning. The minimum level of reserves for the ongoing needs of the Trust is reviewed by the Trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trust's current level of free reserves are in surplus by £1,297,000. The policy approved by Trustees, after academy conversion, is that reserves should exceed one month's General Annual Grant funding of £648,000 and therefore the Trustees consider that the reserves at their current level are sufficient for the ongoing working capital needs of the Trust. The level of reserves and the reserves policy will continue to be kept under review by the Trustees as the Trust develops and more schools join the Trust. The balance on restricted general funds, excluding pension reserve, plus the balance on unrestricted funds at 31 August 2020 is a net surplus of £1,553,000. The reserves are currently in excess of the reserves policy.

The new academy, Friarage Community Primary School, joined the Trust 1 September 2019 with no surplus balance to transfer into the Trust. The Trust therefore requires the minimum funding reserve of £129,000 to adhere to the reserve policy. The academy was also requiring improvement and may need financial support to manage the transition and therefore reserves in excess of the reserves policy was prudent. Any future academies joining the Trust may also have a similar financial situation, so it is prudent to maintain a slightly higher level of reserves.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

Reserves policy (continued)

Both Scalby School and Newby & Scalby Primary School had work undertaken on the roofs across the year ended 31 August 2019 which overlapped into 31 August 2020. These were all funded projects and attracted grants that for were fully utilised before the 31 August 2020. Newby & Scalby Primary School had further work undertaken on the roofs across the year end 31 August 2020. This was a funded project and attracted grants that were not fully utilised before the 31 August 2020. It is anticipated that further work maybe required and therefore the reserves need to be maintained at a level that could support any further work, taking into account the age of the buildings.

Investment policy

The Trust adopts a very prudent approach to investment. Surplus funds are invested on deposit in interest bearing accounts in UK regulated banks. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Principal risks and uncertainties

The Trust is subject to a number of risks and uncertainties in common with other academies. The Trustees have considered the risks presented to the Trust, have incorporated them within a Risk Register and have implemented policies and systems to mitigate those risks as much as has been reasonably practicable. The following are those risks deemed to be of most serious consequence to the Trust:

- Failure to recruit and retain sufficient students to maintain financial viability
- Changes to central government's educational policy
- Inability to recruit staff and Trustees with the required skills and expertise to meet the strategic aims of the Trust.
- Inability to ensure acceptable academic results
- Decline in educational funding in real terms
- Future of the Local Government Pension Scheme's actuarial losses

The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. It has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area.

Careful attention is paid to the consideration of new schools joining the Trust and appropriate due diligence work is undertaken to inform decisions about whether to admit a school. The Trust is focussed on ensuring that it grows sustainably and with due consideration for building the necessary capacity to function effectively.

Disabled Persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of each academy's premises where appropriate. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

Fundraising

The Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods

Strategic Objectives for 2020-23

The following objectives set in 2020 have been reviewed by the Trust Board, will be reviewed annually and remain current.

- Outstanding academic achievement for all youngsters educated in the Trust.
- A broad range of educational experiences for all youngsters in the Trust.
- For all Trust schools to be graded 'good' or 'outstanding' by Ofsted.
- Financial stability for the Trust that facilitates school improvement.
- The implementation of a trust wide ICT strategy.
- The implementation of a trust wide catering strategy.
- The implementation of a trust wide caretaking strategy.
- The implementation of a trust wide cleaning strategy.
- To maximise consistency and ensure high quality of operation across the trust and its schools through the appointment of a compliance officer who reviews induction processes, policies and health & safety protocols according to a pre-determined schedule.
- To provide effective CPD to ensure the development of staff across the Trust.
- To maintain and continue to develop a highly effective Trust Board with a clear strategy for the development of the Trust.
- To maintain and develop links with key stakeholders at a local, regional and national level in order to enhance the performance of the Trust and contribute to educational dialogue with the intention of improving educational provision.

Key actions in 2020/21 to meet the strategic objectives approved by the Trust Board in September 2020:

- Ensure learning outcomes are as strong as possible across the Trust's schools.
- Continue the improvement strategy at Friarage School and plan for its continued development beyond 2021.
- Continue to develop Trust wide policies to ensure that the schools within it meet statutory regulations and the Trust operates in a consistent way as an employer.
- Continue to develop teaching and learning across the Trust through collaborative working.
- Develop the Trust's finance system to support the schools as efficiently as possible.
- Seek to expand the number of schools in the Trust where this will support its strategic aims.
- Continue to source funding opportunities for the work of the Trust.
- Promote the work of the Trust through raising its media profile, particularly with the local press.
- Consider and plan the staffing requirements of the Trust for 2020 and beyond in line with its strategic priorities including the appointment of a Compliance Officer and Relationships Officer.

Disclosure of information to auditors

Insofar as the Trustees are aware:

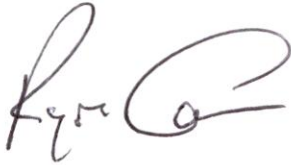
- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Disclosure of information to auditors (continued)

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 9 December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Roger Cannon', with a large, stylized flourish at the end.

Roger Cannon
Chair

SCALBY LEARNING TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Scalby Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees 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 Board of Trustees has formally met 8 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Roger James Andrew Cannon, Chair	7	8
Stephanie Mary Hartley	6	8
Kerry Hope	1	2
David McCue, Vice Chair	7	8
Shaun David Read (Chief Executive and Accounting Officer)	8	8
John Riby	3	3
John Scoble	1	1
John Wilson Senior	5	8
James Nicholas Sharples	3	3

Changes in the Board of Trustees are noted on page 1.

The Trustees established the Finance and Audit Committee to maintain oversight of the Trust's governance, risk management, internal control and value for money framework.

Attendance during the year at meetings was as follows. * member

	Meetings attended	Out of a possible
John Armistead, Chair*	4	4
Roger James Andrew Cannon	3	4
Stephanie Mary Hartley	1	4
Kerry Hope	1	2
Shaun David Read (Chief Executive and Accounting Officer)	4	4

SCALBY LEARNING TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the 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 appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Undertaking a review of the separate Human Resources Contracts to agree one contract for all three schools from 1 September 2019 and one for Data Protection Officer Services.
- Undertaking a review of the roles undertaken by the Finance Director prior to their retirement and restructuring the Trust Finance Team. A Finance Manager has been employed to manage the preparation of monitoring and budget reports for all academies within the Trust and a new Finance Director is in post. This has allowed restructuring the roles and the pay, appropriate to the levels of responsibility within the expanding Trust.
- Undertaking a review of the Information Technology needs of the Trust to support all the academies and employed a Trust IT Lead to evaluate the IT needs, contracts and support currently in place to develop a Trust plan to support and integrate IT across all sites.
- Both Scalby School and Newby and Scalby Primary School had successful applications to the Condition Improvement Fund and have had work completed on the roofs of both sites during August and September 2019.

Monthly monitoring reports are prepared by the Finance Director and reviewed with the Chief Executive and any necessary remedial action is taken to address significant variances that may otherwise have an impact on the budget out-turn. Monitoring Reports are reviewed by the Local Governing Body and the Trustees. Significant surplus cash balances are converted into deposits and interest bearing accounts to maximise interest-earning potential.

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 on-going process designed to identify and prioritise the risks to the achievement of 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 Scalby Learning Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The 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 Board of Trustees
- regular reviews by the Finance and Audit 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
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The Trust has sought tenders for the provision of internal audit services for the financial year 2020/21 to separate the role in line with revised FRC Ethical Standard (15 March 2020).

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of petty cash/ expenses procedures
- Testing of income
- Testing of the accounting systems and management information produced
- Review of Governor appointments/resignations and declarations of interest
- Review of gifts and hospitality & honorarium/ex gratia payments
- Review of information technology strategy
- Review of fixed assets
- Review of VAT and Corporation tax position

On a termly basis, the external auditors report to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The internal assurance work has been delivered to a planned schedule and has highlighted a number of minor control issues which have been addressed as necessary.

Review of effectiveness

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

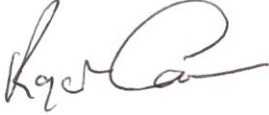
- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control 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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on their behalf by:



Roger James Andrew Cannon
Chairman



Shaun David Read
Accounting Officer

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Scalby Learning Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the 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 2019.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

At the beginning of year the Trust unwittingly purchased services from a company owned by an individual who was a Trustee at the time. Castle Employment Agency Ltd supplied agency staff and costs of £12,162 were incurred by the Trust prior to me becoming aware of the breaches of rule 5.35 of the Academies Financial Handbook 2019, including the 'at cost' rule. At that time the Trustee resigned and the Trust wrote to the ESFA to advise them of the breaches.

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

Shaun David Read
Accounting Officer
Date: 9 December 2020



SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also 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 published by the Education and Skills 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:

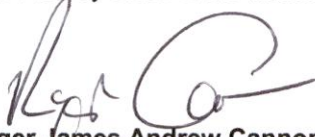
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 ;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 DfE/ESFA 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 of Trustees and signed on its behalf by:


Roger James Andrew Cannon
Chairman
Date: 9 December 2020

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SCALBY LEARNING TRUST**

Opinion

We have audited the financial statements of Scalby Learning Trust (the 'Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SCALBY LEARNING TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SCALBY LEARNING TRUST (CONTINUED)**

Responsibilities of Trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable Trust'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 charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Beaumont BA(Hons) BFP FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants and Statutory Auditors
140 Coniscliffe Road

Darlington
County Durham
DL3 7RT

9 December 2020

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SCALBY
LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Scalby Learning Trust during the year 1 September 2019 to 31 August 2020 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 Scalby Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Scalby Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Scalby Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Scalby Learning Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Scalby Learning Trust's funding agreement with the Secretary of State for Education dated 22 August 2016 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SCALBY
LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes;

- Review of Trust Board and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Trustees and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SCALBY
LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

At the beginning of year the Trust unwittingly purchased services from a company owned by an individual who was a Trustee at the time. Castle Employment Agency Ltd supplied agency staff and costs of £12,162 were incurred by the Trust prior to the Accounting Officer becoming aware of the breaches of rule 5.35 of the Academies Financial Handbook 2019, including the 'at cost' rule. At that time the Trustee resigned and the Trust wrote to the ESFA to advise them of the breaches.

In the course of our work, nothing further has come to our attention which suggests in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP
Reporting Accountant

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 9 December 2020

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:					
Donations and capital grants:					
3 Other donations and capital grants	88	(648)	3,388	2,828	659
Charitable activities:					
Funding for the academy trust's educational operations	269	9,344	-	9,613	7,782
Teaching schools	-	287	-	287	168
Other trading activities	177	-	-	177	183
Investments	6 11	-	-	11	6
Total income	<u>545</u>	<u>8,983</u>	<u>3,388</u>	<u>12,916</u>	<u>8,798</u>
Expenditure on:					
Charitable activities:					
Academy trust educational operations	363	9,687	554	10,604	8,430
Other charitable activities	-	-	(66)	(66)	-
Teaching schools	-	153	-	153	115
Total expenditure	<u>363</u>	<u>9,840</u>	<u>488</u>	<u>10,691</u>	<u>8,545</u>
Net income/ (expenditure)	<u>182</u>	<u>(857)</u>	<u>2,900</u>	<u>2,225</u>	<u>253</u>
Transfers between funds					
20	-	(132)	132	-	-
Net movement in funds before other recognised gains/(losses)	<u>182</u>	<u>(989)</u>	<u>3,032</u>	<u>2,225</u>	<u>253</u>
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes					
28	-	(813)	-	(813)	(667)
Net movement in funds	<u>182</u>	<u>(1,802)</u>	<u>3,032</u>	<u>1,412</u>	<u>(414)</u>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Note					
Reconciliation of funds:					
Total funds brought forward	1,115	(2,127)	14,890	13,878	14,292
Net movement in funds	182	(1,802)	3,032	1,412	(414)
Total funds carried forward	<u>1,297</u>	<u>(3,929)</u>	<u>17,922</u>	<u>15,290</u>	<u>13,878</u>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 10265276

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	14	10	2
Tangible assets	15	17,870	14,576
		<u>17,880</u>	<u>14,578</u>
Current assets			
Stocks	16	3	3
Debtors	17	619	1,254
Cash at bank and in hand		1,411	962
		<u>2,033</u>	<u>2,219</u>
Creditors: amounts falling due within one year	18	(438)	(593)
		<u>1,595</u>	<u>1,626</u>
Net current assets		<u>1,595</u>	<u>1,626</u>
Total assets less current liabilities		<u>19,475</u>	<u>16,204</u>
Net assets excluding pension liability		<u>19,475</u>	<u>16,204</u>
Defined benefit pension scheme liability	28	(4,185)	(2,326)
Total net assets		<u><u>15,290</u></u>	<u><u>13,878</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	20	17,922	14,890
Restricted income funds	20	256	199
		<u>18,178</u>	<u>15,089</u>
Restricted funds excluding pension asset	20	18,178	15,089
Pension reserve	20	(4,185)	(2,326)
		<u>13,993</u>	<u>12,763</u>
Total restricted funds	20	<u>13,993</u>	<u>12,763</u>
Unrestricted income funds	20	1,297	1,115
		<u>15,290</u>	<u>13,878</u>
Total funds		<u><u>15,290</u></u>	<u><u>13,878</u></u>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 10265276

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 25 to 59 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

A handwritten signature in black ink, appearing to read 'Roger Cannon', with a large, stylized flourish at the end.

Roger Cannon
Chairman
Date: 9 December 2020

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	22	579	446
Cash flows from investing activities	23	(130)	(242)
Change in cash and cash equivalents in the year		449	204
Cash and cash equivalents at the beginning of the year		962	758
Cash and cash equivalents at the end of the year	24, 25	<u>1,411</u>	<u>962</u>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Trust has provided the goods or services.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income (continued)

• **Transfer on conversion**

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

1.4 Expenditure

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

• **Charitable activities**

These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Intangible assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over 4 years.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.6 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Depreciation is provided on the following bases:

Leasehold land and buildings	- Straight line over 20 years / 50 years
Furniture and equipment	- Straight line over 10 years / 5 years
Computer equipment	- Straight line over 4 years

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

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Liabilities and Provisions

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.10 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 Taxation

The 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 Conversion to an academy trust

The conversion from a state maintained school to a Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Friarage Community Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Valuation of property - As the ESFA have not yet carried out a land and buildings valuation for the property on conversion, the Trustees have considered the other options available to them and have chosen to use the insurance valuation of land and buildings provided by North Yorkshire County Council prior to conversion. A third party valuation was considered but was not the Trustees preferred option since the cost of such an exercise was deemed to be greater than the benefit that would have been derived from it. The Trustees were also aware that such a third party valuation could have been materially different to that provided by the ESFA and were concerned with regard to the treatment of any difference that may arise between the two valuations.

Any material difference arising between the insurance valuation and the forthcoming ESFA valuation will be assessed and, should the need arise in future financial statements, a prior year adjustment may be made to reflect the ESFA valuation.

Further details of the transaction are set out in note 26.

1.14 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 funders where the asset acquired or created is held for a specific purpose.

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

1.15 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Defined benefit pension scheme liability – The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pension liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation and Amortisation – Depreciation and Amortisation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation and amortisation charge during the year was £555,000.

3. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Donations					
Inherited on conversion	70	(648)	3,310	2,732	-
	<u>70</u>	<u>(648)</u>	<u>3,310</u>	<u>2,732</u>	<u>-</u>
Donations	18	-	-	18	4
Capital Grants	-	-	78	78	655
	<u>18</u>	<u>-</u>	<u>78</u>	<u>96</u>	<u>659</u>
Total 2020	<u>88</u>	<u>(648)</u>	<u>3,388</u>	<u>2,828</u>	<u>659</u>
Total 2019	<u>4</u>	<u>-</u>	<u>655</u>	<u>659</u>	

SCALBY LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Funding for the Trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,773	7,773	6,290
Sponsor Capacity Grant	-	61	61	150
Pupil Premium	-	502	502	285
PE and Sport Premium	-	39	39	20
UIFSM	-	63	63	63
Rates	-	31	31	27
Year 7 Catch Up	-	-	-	14
Teachers' pay grant	-	104	104	57
Other DfE Group grants	-	340	340	81
	-	8,913	8,913	6,987
Other Government grants				
SEN	-	149	149	135
Early Years Funding	-	61	61	-
Local Authority grants	-	165	165	77
Other Government grants	-	15	15	-
	-	390	390	212
Exceptional Government funding				
Coronavirus exceptional support	-	20	20	-
	-	20	20	-
Other funding				
Non Government grants	-	21	21	-
Student Trips	22	-	22	223
Student Catering	247	-	247	360
	269	21	290	583
Other funding	269	9,344	9,613	7,782
Total 2019	583	7,199	7,782	

The Trust has been eligible to claim additional funding in the year from Government support schemes in response to the coronavirus outbreak. The funding received is shown above under "Exceptional Government funding".

SCALBY LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Funding for the Trust's educational operations (continued)

The funding received for coronavirus exceptional support covers £20,000 of additional costs related to PPE and cleaning. These costs are included in notes 7 and 8 below as appropriate.

5. Income from other trading activities

	Academy's educational operations 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from facilities and services	9	9	9
Non student catering income	12	12	15
Receipts from Supply Teacher Insurance claims	13	13	9
Other Income	143	143	150
	<u>177</u>	<u>177</u>	<u>183</u>
Total 2019	<u>183</u>	<u>183</u>	

6. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Investment income	<u>11</u>	<u>11</u>	<u>6</u>
Total 2019	<u>6</u>	<u>6</u>	

SCALBY LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000	Total 2019 £000
Academy's educational operations:					
Direct costs	7,026	-	502	7,528	6,012
Allocated support costs	1,357	874	779	3,010	2,418
Teaching school	84	6	63	153	115
	<u>8,467</u>	<u>880</u>	<u>1,344</u>	<u>10,691</u>	<u>8,545</u>
Total 2019	<u>6,483</u>	<u>738</u>	<u>1,324</u>	<u>8,545</u>	

In 2020 of the total expenditure £363,000 (2019 : £651,000) was to unrestricted funds, £9,840,000 (2019 : £7,493,000) was to restricted funds and £488,000 (2019 : £401,000) was to restricted fixed asset funds.

There were no individual transactions exceeding £5,000 for:

- Compensation
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments made in the period.

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Academy's educational operations	<u>7,528</u>	<u>3,010</u>	<u>10,538</u>	<u>8,430</u>
Total 2019	<u>6,012</u>	<u>2,418</u>	<u>8,430</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Academy's educational operations 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Staff costs	7,026	7,026	5,364
Educational supplies	293	293	449
Examination fees	78	78	71
Staff development	31	31	31
Technology costs	77	77	59
Educational consultancy	8	8	12
Staff expenses	10	10	20
Transport	3	3	4
Other costs	2	2	2
	<u>7,528</u>	<u>7,528</u>	<u>6,012</u>
Total 2019	<u>6,012</u>	<u>6,012</u>	

SCALBY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Academy's educational operations 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Net interest cost on pension scheme	50	50	33
Staff costs	1,357	1,357	1,054
Depreciation and amortisation	488	488	401
Staff development	10	10	-
Technology costs	73	73	61
Staff expenses	4	4	6
Supply insurance	45	45	21
Maintenance of premises	188	188	159
Cleaning	94	94	80
Other premises costs	22	22	19
Energy	108	108	92
Rent & rates	31	31	27
Insurance	32	32	28
Catering	289	289	261
Operating leases	11	11	13
Other costs	191	191	145
Governance costs	17	17	18
	<u>3,010</u>	<u>3,010</u>	<u>2,418</u>
Total 2019	<u>2,418</u>	<u>2,418</u>	

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Operating lease rentals	11	13
Depreciation of tangible fixed assets	554	400
Amortisation of intangible assets	1	1
Fees paid to auditors for:		
- audit	14	10
- other services	3	8
	<u>583</u>	<u>432</u>

SCALBY LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	6,001	4,656
Social security costs	552	421
Pension costs	1,693	1,128
	<u>8,246</u>	<u>6,205</u>
Agency staff costs	140	240
Staff restructuring costs	81	38
	<u>8,467</u>	<u>6,483</u>

Included in pension costs is a debit of £348,000 (2019: £287,000) relating to the pension deficit actuarial adjustment and a debit of £39,000 past service cost.

Staff restructuring costs comprise:

	2020 £000	2019 £000
Severance payments	81	33
Other restructuring costs	-	5
	<u>81</u>	<u>38</u>

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	97	71
Administration & Support	131	114
Management	12	10
	<u>240</u>	<u>195</u>

c. Higher paid staff

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

SCALBY LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. Staff (continued)

c. Higher paid staff (continued)

	2020 No.	2019 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	-
	3	4

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Executive Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £437,000 (2019 £331,000).

11. Central services

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

- Financial services
- Legal and professional services
- Administration
- Others as arising

The Trust charges for these services on the following basis:

Flat rate of 3% of GAG allocations.

The actual amounts charged during the year were as follows:

	2020 £000	2019 £000
Scalby School	124	93
Newby and Scalby Primary School	45	34
Friarage Community Primary School	46	-
Total	215	127

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the 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. The value of Trustees' remuneration and other benefits was as follows:

		2020	2019
		£000	£000
S D Read, Chief Executive and Accounting Officer	Remuneration	45 - 50	45 - 50
	Pension contributions paid	0 - 5	0 - 5

During the year ended 31 August 2020, expenses totalling £339 were reimbursed or paid directly to 3 Trustees (2019 - £313 to 1 Trustee).

13. 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 Trust business. The insurance provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

14. Intangible assets

	Computer software £000
Cost	
At 1 September 2019	3
Additions	9
At 31 August 2020	12
Amortisation	
At 1 September 2019	1
Charge for the year	1
At 31 August 2020	2
Net book value	
At 31 August 2020	10
At 31 August 2019	2

SCALBY LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

15. Tangible fixed assets

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2019	15,127	134	365	15,626
Additions	338	37	97	472
Acquired on conversion	3,284	-	26	3,310
	<u>18,749</u>	<u>171</u>	<u>488</u>	<u>19,408</u>
At 31 August 2020	18,749	171	488	19,408
Depreciation				
At 1 September 2019	757	73	220	1,050
Charge for the year	398	21	69	488
	<u>1,155</u>	<u>94</u>	<u>289</u>	<u>1,538</u>
At 31 August 2020	1,155	94	289	1,538
Net book value				
At 31 August 2020	<u>17,594</u>	<u>77</u>	<u>199</u>	<u>17,870</u>
At 31 August 2019	<u>14,370</u>	<u>61</u>	<u>145</u>	<u>14,576</u>

16. Stocks

	2020 £000	2019 £000
Catering	3	3
	<u>3</u>	<u>3</u>

17. Debtors

	2020 £000	2019 £000
Trade debtors	19	3
Other debtors	6	4
Prepayments and accrued income	275	378
VAT recoverable	19	69
Short term cash investments	300	800
	<u>619</u>	<u>1,254</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	66	204
Other taxation and social security	50	24
Other creditors	36	37
Accruals and deferred income	286	328
	438	593
	438	593

19. Deferred income

	2020 £000	2019 £000
Deferred income at 1 September 2019	83	198
Resources deferred during the year	74	83
Amounts released from previous periods	(83)	(198)
Deferred income at 31 August 2020	74	83
	74	83

Deferred income relates to rates funding, UIFSM income and other income received in advance of the academic year 2020/21.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General Funds	1,115	545	(363)	-	-	1,297
Restricted general funds						
General Annual Grant (GAG)	-	7,773	(7,631)	(85)	-	57
Pupil Premium	-	502	(502)	-	-	-
Sponsor Capacity Grant	140	61	(154)	(47)	-	-
Other DfE/ESFA grants	6	577	(571)	-	-	12
SEN funding	-	149	(149)	-	-	-
Other Government grants	-	261	(261)	-	-	-
Other grants	-	21	(21)	-	-	-
Teaching school	53	287	(153)	-	-	187
Pension reserve	(2,326)	(648)	(398)	-	(813)	(4,185)
	<u>(2,127)</u>	<u>8,983</u>	<u>(9,840)</u>	<u>(132)</u>	<u>(813)</u>	<u>(3,929)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	135	37	(34)	-	-	138
Capital expenditure from GAG	66	-	(32)	85	-	119
Legacy assets	13,872	3,310	(381)	-	-	16,801
CIF	817	41	(41)	-	-	817
EIG/SUG	-	-	-	47	-	47
	<u>14,890</u>	<u>3,388</u>	<u>(488)</u>	<u>132</u>	<u>-</u>	<u>17,922</u>
Total Restricted funds	<u>12,763</u>	<u>12,371</u>	<u>(10,328)</u>	<u>-</u>	<u>(813)</u>	<u>13,993</u>
Total funds	<u><u>13,878</u></u>	<u><u>12,916</u></u>	<u><u>(10,691)</u></u>	<u><u>-</u></u>	<u><u>(813)</u></u>	<u><u>15,290</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

20. Statement of funds (continued)

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

The General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

The Sponsor Capacity Grant is funding supplied for help with the costs of conversion and improvement of schools joining the Trust.

Other DfE/ESFA grants relate to the PE Teachers Grant, the Teacher Pay Grant and the Teachers Pension Grant must be spent on PE and Sports curriculum costs and teachers' salaries respectively. Universal Infant Free School Meals funding is also included within other DfE/ESFA grants, and must be spent on costs relating to the provision of meals to pupils.

SEN funding is additional funding for pupils with special educational needs.

Other Government grants relates to funding received from Local Authorities for the provision of early years and high needs services.

Other grants relate to additional fundings from Government support schemes in response to the Coronavirus outbreak, and must be spent on additional measures to mitigate the risk of the spread of Coronavirus.

Teaching school income is additional funding from The Teaching Agency for Schools out of funds made available by the Secretary of State for Education and Skills. The monies are for the provision of teacher training and can be put towards the facilities and services necessary for such activity.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 28.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £000	2019 £000
Scalby School	1,082	1,008
Newby and Scalby Primary School	252	144
Friarage Community Primary School	135	-
Central Trust	84	162
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,553	1,314
Restricted fixed asset fund	17,922	14,890
Pension reserve	(4,185)	(2,326)
	<hr/>	<hr/>
Total	15,290	13,878
	<hr/> <hr/>	<hr/> <hr/>

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000	Total 2019 £000
Scalby School	3,885	945	195	736	5,761	6,049
Newby and Scalby Primary School	1,283	130	55	322	1,790	1,942
Friarage Community Primary School	1,393	230	43	290	1,956	-
Central Trust	465	136	-	95	696	153
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Trust	7,026	1,441	293	1,443	10,203	8,144
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds					
General Funds	990	776	(651)	-	1,115
Restricted general funds					
General Annual Grant (GAG)	3	6,290	(6,293)	-	-
Pupil Premium	-	285	(285)	-	-
Sponsor Capacity Grant	-	150	(10)	-	140
Other DfE/ESFA grants	2	262	(258)	-	6
SEN funding	-	212	(212)	-	-
Other Government grants	-	168	(115)	-	53
Pension reserve	(1,339)	-	(320)	(667)	(2,326)
	<u>(1,334)</u>	<u>7,367</u>	<u>(7,493)</u>	<u>(667)</u>	<u>(2,127)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	38	114	(17)	-	135
Capital expenditure from GAG	93	-	(27)	-	66
Legacy assets	14,214	-	(342)	-	13,872
CIF	291	541	(15)	-	817
	<u>14,636</u>	<u>655</u>	<u>(401)</u>	<u>-</u>	<u>14,890</u>
Total Restricted funds	<u>13,302</u>	<u>8,022</u>	<u>(7,894)</u>	<u>(667)</u>	<u>12,763</u>
Total funds	<u><u>14,292</u></u>	<u><u>8,798</u></u>	<u><u>(8,545)</u></u>	<u><u>(667)</u></u>	<u><u>13,878</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	17,870	17,870
Intangible fixed assets	-	-	10	10
Current assets	1,299	692	42	2,033
Creditors due within one year	(2)	(436)	-	(438)
Provisions for liabilities and charges	-	(4,185)	-	(4,185)
Total	<u>1,297</u>	<u>(3,929)</u>	<u>17,922</u>	<u>15,290</u>

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	14,576	14,576
Intangible fixed assets	-	-	2	2
Current assets	1,340	295	584	2,219
Creditors due within one year	(225)	(96)	(272)	(593)
Provisions for liabilities and charges	-	(2,326)	-	(2,326)
Total	<u>1,115</u>	<u>(2,127)</u>	<u>14,890</u>	<u>13,878</u>

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22. Reconciliation of net income to net cash flow from operating activities

	2020 £000	2019 £000
Net income for the period (as per Statement of Financial Activities)	2,225	253
Adjustments for:		
Amortisation	1	1
Depreciation	488	400
Dividends, interest and rents from investments	(11)	(9)
Capital grants from DfE and other capital income	(78)	(402)
Defined benefit pension scheme cost less contributions payable	348	287
Defined benefit pension scheme finance cost	50	33
Fixed assets inherited on conversion	(3,310)	-
Decrease/(increase) in debtors	373	(296)
(Decrease)/increase in creditors	(155)	182
Pension deficit inherited on conversion	648	-
Decrease/(increase) in stock	-	(3)
Net cash provided by operating activities	579	446

23. Cash flows from investing activities

	2020 £000	2019 £000
Dividends, interest and rents from investments	11	9
Purchase of intangible assets	(9)	-
Purchase of tangible fixed assets	(472)	(353)
Short term cash investments	-	(300)
Capital grants from DfE Group	340	402
Net cash used in investing activities	(130)	(242)

24. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	911	712
Notice deposits (less than 3 months)	500	250
Total cash and cash equivalents	1,411	962

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25. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	962	449	1,411
	962	449	1,411
	962	449	1,411

26. Conversion to an academy trust

On 1 September 2019 Friarage Community Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Scalby Learning Trust from North Yorkshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	3,284	3,284
Other tangible fixed assets	-	-	26	26
Current assets				
Cash - representing budget surplus on LA funds	70	-	-	70
Pension scheme liability	-	(648)	-	(648)
Net assets/(liabilities)	70	(648)	3,310	2,732
	70	(648)	3,310	2,732

27. Capital commitments

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	239	291
	239	291
	239	291

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28. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £894,000 (2019 - £484,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

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28. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £565,000 (2019 - £443,000), of which employer's contributions totalled £455,000 (2019 - £357,000) and employees' contributions totalled £ 110,000 (2019 - £86,000). The agreed contribution rates for future years are 20.5 - 22.5 per cent for employers and 5.5 - 8.5 per cent for employees.

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

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.45 - 3.65	3.35
Rate of increase for pensions in payment/inflation	2.20 - 2.40	2.10
Discount rate for scheme liabilities	1.60 - 1.70	1.80-1.90
Inflation assumption (CPI)	2.20 - 2.40	2.10
Commutation of pensions to lump sums	75.00	75.00

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

	2020 Years	2019 Years
Retiring today		
Males	21.8	21.9
Females	23.9	25.1
Retiring in 20 years		
Males	23.5	23.6
Females	25.7	26.9

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(195)	(101)
Discount rate -0.1%	195	104
Mortality assumption - 1 year increase	(317)	(169)
Mortality assumption - 1 year decrease	324	172
CPI rate +0.1%	140	39
CPI rate -0.1%	(140)	(39)

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28. Pension commitments (continued)

Share of scheme assets

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

	2020 £000	2019 £000
Equities	2,702	1,553
Government bonds	913	521
Property	301	204
Cash and other liquid assets	165	124
Other	484	282
Total market value of assets	<u>4,565</u>	<u>2,684</u>

The actual return on scheme assets was £503,000 (2019 - £132,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £000	2019 £000
Current service cost	(797)	(484)
Past service cost	(6)	(160)
Interest income	70	64
Interest cost	(120)	(97)
Total amount recognised in the Statement of Financial Activities	<u>(853)</u>	<u>(677)</u>

Changes in the present value of the defined benefit obligations were as follows:

	2020 £000	2019 £000
At 1 September	5,010	3,400
Upon Conversion	1,586	-
Current service cost	797	484
Interest cost	120	97
Employee contributions	110	86
Actuarial losses	1,246	735
Benefits paid	(125)	48
Past service costs	6	160
At 31 August	<u>8,750</u>	<u>5,010</u>

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28. Pension commitments (continued)

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2020 £000	2019 £000
At 1 September	2,684	2,061
Upon Conversion	938	-
Interest income	70	64
Actuarial gains	433	68
Employer contributions	455	357
Employee contributions	110	86
Benefits paid	(125)	48
At 31 August	4,565	2,684

29. Operating lease commitments

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Within 1 year	7	11
Between 1 and 5 years	7	5
	14	16

30. Related party transactions

Owing to the nature of the Trust 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 the Trustee have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Income Related Party Transactions

Northstead Community Primary School - a School in which Stephanie Mary Hartley (a Trustee) is a Governor:

- The Trust provided services to the school totalling £900 (2019: £Nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £Nil).

Scarborough Sixth Form College - a College in which Michael McCluskie (the Head teacher at Scalby School) is a Governor:

- The Trust provided services to the school totalling £448 (2019: £Nil) during the period. An amount of £448 was outstanding at 31 August 2020 (2019: £Nil).

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Related party transactions (continued)

Expenditure Related Party Transactions

North Yorkshire Business and Education Partnership Limited - a company in which Shaun David Read (a Trustee) is a Director:

- The Trust purchased work experience services from the company totalling £Nil (2019: £480) during the period. There were no amounts outstanding at 31 August 2020 (2019: £Nil).
- The Trust made the purchase at arms' length in accordance with its financial regulations, which Shaun David Read neither participated in, nor influenced.
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2019.

Association of School and College Leader - a company in which Shaun David Read (a Trustee) is a Member:

- The Trust purchased work experience services from the company totalling £3,000 (2019: £3,000) during the period. There were amounts outstanding at 31 August 2020 of £Nil (2019: £1,000).
- The Trust made the purchase at arms' length in accordance with its financial regulations, which Shaun David Read neither participated in, nor influenced.
- In entering into the transaction the Trust complied with the requirements of the Academies Financial Handbook 2019.
- The company is a not for profit organisation and therefore the element above £2,500 has been provided 'at no more than cost' .

Grimsby Institute - a company in which Roger James Andrew Cannon (a Trustee) is a Governor:

- The Trust purchased services from the company totalling £3,000 (2019: £3,000) during the period. There were no amounts outstanding at 31 August 2020 (2019: £Nil).
- The Trust made the purchase at arms' length in accordance with its financial regulations, which Roger James Andrew Cannon neither participated in, nor influenced.
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2019.
- The company is a not for profit organisation and therefore the element above £2,500 has been provided 'at no more than cost' .

Castle Employment Agency Ltd - a company in which Kerry Hope (a Trustee) is a Director:

- The Trust purchased services from the company totalling £12,000 (2019: £Nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £Nil).
- The Trust made the purchase at arms' length in accordance with its financial regulations, which Kerry Hope neither participated in, nor influenced.
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2019.
- The company is a not for profit organisation and therefore the element above £2,500 has been provided 'at no more than cost'

Scarborough Museums Trust - a trust in which John Armistead (a Member) is a Trustee:

- The Trust purchased services from the company totalling £426 (2019: £Nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £Nil).
- The Trust made the purchase at arms' length in accordance with its financial regulations, which John Armistead neither participated in, nor influenced.
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2019.

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Related party transactions (continued)

Carolyn Read - Spouse of Shaun David Read (a Trustee) :

- The Trust purchased services from the Carolyn Read totalling £636 (2019: £Nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £Nil).
- The Trust made the purchase at arms' length in accordance with its financial regulations, which Shaun David Read never participated in, nor influenced.
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2019.

Beverley McCue, spouse of David McCue, a Trustee, is employed by the Trust as School Business Manager of Newby & Scalby Primary School. Beverley McCue's appointment was made in open competition before David McCue was a Trustee and David McCue was not involved in the decision making process regarding appointment. Beverley McCue is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Trustee.

Sarah McCluskie, spouse of Michael McCluskie, a Trustee, is employed by the Trust as Head of French at Scalby School. Sarah McCluskie's appointment was made in open competition before Michael McCluskie was a Trustee and Michael McCluskie was not involved in the decision making process regarding appointment. Sarah McCluskie is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Trustee.

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NOTES TO THE FINANCIAL STATEMENTS
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31. Teaching school trading account

	2020 £000	2020 £000	2019 £000	2019 £000
Income				
Direct income				
Other ESFA Revenue	68		66	
Local Authority	163		100	
	<u>231</u>		<u>166</u>	
Total direct income				
Other income				
Sundry Income	56		2	
Total income		287		168
Expenditure				
Direct expenditure				
Staff Development	34		15	
Other Costs	21		1	
	<u>55</u>		<u>16</u>	
Total direct expenditure				
Other expenditure				
Other staff costs	84		65	
Maintenance expense	6		4	
Travel expense	1		1	
Other costs	7		27	
Auditors fees	-		2	
	<u>98</u>		<u>99</u>	
Total other expenditure				
Total expenditure		153		115
		<u>134</u>		<u>53</u>
Surplus from all sources				
Teaching school balances at 1 September 2019		53		-
		<u>187</u>		<u>53</u>
Teaching school balances at 31 August 2020		<u><u>187</u></u>		<u><u>53</u></u>