

Company Registration Number: 10265276 (England and Wales)

**SCALBY LEARNING TRUST**  
(A Company Limited by Guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**Members**

J Scoble  
J Armistead  
K Hope (resigned 19 September 2018)  
S Richings  
J W Senior  
J Martin (appointed 19 September 2018)

**Trustees**

J Scoble, Chairman  
R J A Cannon<sup>1</sup>  
S M Hartley<sup>1</sup>  
K Hope (appointed 14 September 2018)  
D McCue (appointed 7 November 2018)  
P R Noble (resigned 7 November 2018)<sup>1</sup>  
S D Read, Chief Executive and Accounting Officer  
J W Senior

<sup>1</sup> Member of 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**

N F Penn

**Executive team**

S D Read, Chief Executive and Accounting Officer  
M McCluskie, Head Teacher, Scalby School  
C Knowles, Head Teacher, Newby and Scalby Primary School  
N F Penn, Finance Director

**Independent auditors**

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

**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**Advisers (continued)**

**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**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates 1 primary and 1 secondary academies in Scarborough, North Yorkshire. Its academies have a combined pupil capacity of 1,380 and had a roll of 1,404 in the school census on 17 May 2018.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the 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 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 academy business. Further details are provided in note 12.

### **Method of Recruitment and Appointment or Election of Trustees**

All Trustees are appointed by the members. Since incorporation, considerable consideration has been given to the skill sets that complement those of the members and existing Trustees in order to deliver the high standards of governance required by the Trust. Trustees are 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 Chief Executive 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.

### **Policies and Procedures 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 a tour of the academy and the chance to meet with staff and students. 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.



**SCALBY LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**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, setting out the vision and values and ensuring they are delivered.

During the year the Trust continued to operate a unified management structure. The structure consists of three levels: the Trustees, the Local School Governors and the Senior Leadership Teams of each academy. 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 standards finance and estates. They ensure the Trust delivers on its aims and provide support and challenge to the Local Governing Bodies 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 academies and include parental and staff representatives. Their relationship between the Trustees is outlined in the Scheme of Delegation.

The Executive team comprises the Chief Executive, Finance Director and the Head Teachers of each academy. The Senior Leadership Teams within each academy include the Head Teacher, Deputy Head Teacher, Business Manager and Assistant Head Teachers. These managers control the academies 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 Head Teachers and the Pay Review Sub-Committee of the Local Governing Bodies of the two academies for all other school staff. Pay and remuneration of the Senior Leadership Team is reviewed annually on an individual basis and consideration is given to performance, relevant benchmarking, current responsibilities and parity.

**SCALBY LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**Trade union facility time**

**Relevant union officials**

|   |   |
|---|---|
| Number of employees who were relevant union officials during the year | 3 |
| Full-time equivalent employee number                                  | 3 |

**Percentage of time spent on facility time**

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0%                 | -                   |
| 1%-50%             | 3                   |
| 51%-99%            | -                   |
| 100%               | -                   |

**Percentage of pay bill spent on facility time**

|   | £000      |   |
|---|-----------|---|
| Total cost of facility time                         | 7,476     |   |
| Total pay bill                                      | 4,630,223 |   |
| Percentage of total pay bill spent on facility time | 0.16      | % |

**Paid trade union activities**

|   |   |   |
|---|---|---|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | - | % |
|---|---|---|

Both academies within the Trust subscribe to the Professional Association Facilities Arrangement brokered by North Yorkshire County Council. The cost of these arrangements to the Trust during the year was £1,648.

**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. Details of related party transactions during the year are included within note 26 of the Financial Statements.

**SCALBY LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**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 4 and 16.

**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 to the Academy, the catchment area from which the students are drawn, and that the curriculums should comply with the substance of the national curriculum

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 year ended 31 August 2018 was to achieve the following:

- Strong educational outcomes for its students, well above the national averages.
- 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.



**SCALBY LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**OBJECTIVES AND ACTIVITIES (continued)**

**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 a detailed school development plan 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 each school's performance at senior leadership 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 creation of paid Associate Assistant Headteacher and Project Leader roles to increase leadership capacity and provide wider experience to staff.
- 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 on the development of Science teaching in conjunction with the lead practitioner for science for the town.
- Collaborative work with primary schools on the development of maths teaching in Scarborough led by the Head of the Mathematics Faculty at Scalby School.
- Close liaison with Civica software, the Trust's accountants Clive Owen LLP and the NYCC FMS team has 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 Trust has worked in consultation with the following bodies to promote improved educational outcomes across the coastal area:
  - The North Yorkshire Coast Opportunity Area (CEO on partnership board)
  - North Yorkshire County Council School Improvement Service
  - The DfE in terms of potential MAT development.
  - Scarborough Teaching Alliance.
- The Trust has sought to increase its capacity to work with other schools through a successful Teaching School application.
- Part of a successful collaborative coastal bid for SSIF funding to develop teaching and learning.

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 4 and 11.

**SCALBY LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**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**

**Achievements and Performance**

The Trust has had a successful year in respect of both financial results and academic results as shown below. It also made good progress against all its aims and objectives, most notably in achieving its aim of expanding the Trust with another school and gaining £74,000 of MDIF funding from the DFE.

**a) 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 2018 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. Both schools within the Trust possess a budget surplus. However, both schools also project budgets where expenditure exceeds income and the Trust is focused on ensuring that break even budgets will be achieved by September 2020 in both schools.

**b) Attainment and Progress**

Newby & Scalby School were rated by Ofsted as 'Good' in January 2018. The assessment results for 2018 were a significant improvement on 2017 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.

**Key Performance Indicators**

**KS1**

Reading 85% at expected standard

Writing 83% at expected standard

Maths 82% at expected standard

**KS2**

Reading 82% at expected standard

SPaG 82% at expected standard

Writing 90% at expected standard

Maths 82% at expected standard

Combined reading/writing and maths at expected standard 73% and national average 64%.

**SCALBY LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**Achievements and Performance (continued)**

Scalby School was rated by Ofsted as "Good" in April 2012. The figures below show the attainment and progress at Scalby School.

Scalby School posted another very pleasing set of examination results in the Summer of 2018. They are significantly above national averages on all key benchmarks in terms of both progress and attainment.

**Key Performance Indicators - Educational**

Educational outcomes for 2018 were of a very high standard and well above national averages.

Progress 8 0.46

Attainment 8 49.56

EBacc with strong passes 35%

73% of students achieving a standard pass or above in English and mathematics.

57% of students achieving a strong pass or above in English and mathematics.

**Key Performance Indicators - Financial**

1. The school budgets were both in surplus. External audits evidence that both schools are financially compliant with EFA regulations.
2. NYCC Health & Safety inspections show the Trust is compliant and it also adheres to the NYCC guidelines re: safeguarding.
3. Both schools have collaborated with other local primary and secondary schools in terms of both literacy and numeracy development.
4. The Trust lead on the Opportunity Area's literacy strategy.
5. The Trust was successful in its applications for Teaching School status in May 2018.
6. The Trust secured £350,000 worth of funding from the Opportunity Area fund to lead the secondary CPD strategy to September 2020.
7. The Trust is part of the successful SSIF 'Crafting Learning Conversations' project for which funding for two SLE's has been secured.
8. The Trust secured £74,000 worth of MDIF funding for 18-19 to develop the MAT.

**Other indicators of performance:**

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

**Going Concern**

After making appropriate enquiries, the Board of Trustees has 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 Accounting Policies.



**SCALBY LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**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 2018 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.

In addition, when Newby and Scalby Primary School joined the Trust upon its conversion, the Trust inherited fixed assets of £4,700,000 and a general reserve of £146,000.

During the year ended 31 August 2018, total recurrent grant funding from DfE/ESFA together with other incoming resources amounted £10,994,000 (including inherited on conversion assets of £4,639,000) exceeded total expenditure of £6,687,000. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £(125,000). The in-year surplus excluding restricted fixed assets and pension reserves was £156,000.

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

At 31 August 2018 the net book value of fixed assets was £14,626,000 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 £1,339,000 recognised on the balance sheet.

The Trust held fund balances at 31 August 2018 of £14,292,000 comprising £5,000 of restricted general funds, £14,636,000 of restricted fixed asset funds, £(1,339,000) of restricted pension funds and £990,000 of unrestricted funds.

**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 £990,000. The policy approved by Trustees, after academy conversion, is that reserves should exceed one month's General Annual Grant funding of £524,000 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.

**SCALBY LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**FINANCIAL REVIEW (continued)**

**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 academy premises. 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.



**SCALBY LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**PLANS FOR FUTURE PERIODS**

**Strategic Objectives for 2017-20**

The following objectives set in 2017 have been reviewed by the Trust board in July 2018 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.
- Efficient operational infrastructure across the Trust to support school improvement, such as a Trust wide ICT strategy.
- To provide effective CPD to ensure the development of staff across the Trust.
- To create a highly effective Executive Leadership Team who work together for the benefit of all schools in 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.

Key actions in 2018/19 to meet the strategic objectives approved by the Trust board in July 2018:

- 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, particularly in mathematics and science.
- Develop the Trust's finance system to support the schools as efficiently as possible while allowing them to maintain significant autonomy.
- Seek to expand the number of schools in the Trust where this will support its strategic aims.
- Apply to establish a new free school on the North Scarborough housing development with a start date of 2022.
- Develop the public profile of the Trust through the inception of a new visual identity and creation of a dedicated Trust web-site.
- 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 2019 and beyond.

**Governance Review**

In the light of a second school joining the Trust, governance arrangements have been reviewed alongside the scheme of delegation. This has resulted in changes for 2018/19 to the composition of Members, Trustees and Scalby School LGB in order to provide representation from Newby and Scalby School beyond their LGB and also to enhance the business and finance acumen at Trust level. Given the importance of managing the budget in an austere financial climate, the Audit Committee is to widen its brief to ensure greater financial oversight and has become the Finance and Audit Committee and a Remuneration Committee has also been established to address the different needs of a two school MAT with a CEO payable by the Trust.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13 December 2018 and signed on its behalf by:



**J Scoble**  
**Chairman**

**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**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.

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 9 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 |
|--|-------------------|-------------------|
| J Scoble, Chairman                               | 9                 | 9                 |
| R J A Cannon                                     | 5                 | 9                 |
| S M Hartley                                      | 9                 | 9                 |
| P R Noble  | 9                 | 9                 |
| S D Read, Chief Executive and Accounting Officer | 9                 | 9                 |
| J W Senior                                       | 3                 | 9                 |

There is no separate Finance Committee and therefore the financial oversight of the Trust is through the Trustees and the Audit Committee.

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

Membership of the Audit Committee and attendance at meetings in the period was as follows:

Attendance at meetings in the year was as follows:

| Trustee                | Meetings attended | Out of a possible |
|------------------------|-------------------|-------------------|
| J Armistead (Chairman) | 3                 | 3                 |
| R J A Cannon           | 0                 | 3                 |
| S M Hartley            | 3                 | 3                 |
| P R Noble              | 1                 | 3                 |



**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 Cleaning contract at Scalby School and subsequently terminating the contract held by North Yorkshire County Council on 31 March 2018. All staff employed under that contract, that wished to move across to the Trust, were employed by the Trust from 1 April 2018 and contracts for procurement of cleaning materials were established by the Trust. The anticipated annual savings of this exercise are approximately £15,000.
- Undertaking a full review of the Catering contract held by North Yorkshire County Council at Scalby School, and giving notice to terminate that contract with effect from 31 August 2018. The anticipated annual savings of bringing this contract in-house, are expected to exceed £30,000.
- Reviewing Grounds Maintenance contracts in both academies, carrying out a competitive tendering exercise and transferring the contracts to a new supplier. The savings anticipated for Newby and Scalby Primary School are likely to be in the region of £4,000 per year, and although the exercise was cost-neutral for Scalby School, there has been a noticeable improvement in the quality of service to both academies.
- Negotiating Trust-wide contracts for the supply of Human Resources and Data Protection Officer services.

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 ongoing 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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**SCALBY LEARNING TRUST**  
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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 Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment guidelines);
- delegation of authority and segregation of duties; and
- identification and management of risks.

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

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

- Testing Census Data and related systems and procedures
- Testing HR & Staffing systems
- Testing Data Protection systems and new systems, procedures and documentation to accommodate the new General Data Protection Regulations
- Review of IT systems
- Review of Risk management and the adequacy of Trust insurance
- Review of regularity and compliance systems

On a termly basis, the auditor reports to the Board of Trustees, through the Audit Committee on the operation of the systems of control and on the discharge of the Board of 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.



**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**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:

- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 13 December 2016 and signed on their behalf, by:



**J Scoble**  
**Chairman**



**S D 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 academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2017.

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



**S D Read**  
**Accounting Officer**

Date: 13 December 2016

**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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 Annual Accounts Direction issued by the Education & 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 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 13 December 2018 and signed on its behalf by:



**J Scoble**  
**Chairman**

**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 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, 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 2015 and the Academies Accounts Direction 2017 to 2018 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 2018 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 2015 and the Academies Accounts Direction 2017 to 2018 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**

**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. 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.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, 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.



**SCALBY LEARNING TRUST**  
(A Company Limited by Guarantee)

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

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

This report is made solely to the 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 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 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) 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  
13 December 2018

**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 1 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 the 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 the 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 the 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the 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.

**SCALBY LEARNING TRUST**  
(A Company Limited by Guarantee)

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

**Approach (continued)**

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Responsible Officer reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Governors;
- 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; and
- Review an instance of gifts/hospitality to ensure in line with policy.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have 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

13 December 2018



**SCALBY LEARNING TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

|  | Note | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Restricted<br>fixed asset<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|--|------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| <b>INCOME FROM:</b>  |      |                                       |                                     |  |                                |                                |
| Donations & capital grants:  |      |                                       |                                     |  |                                |                                |
| Transfer from local authority on conversion                                | 2    | 146                                   | (207)                               | 4,700  | 4,639                          | 10,102                         |
| Other donations and capital grants   | 2    | 3                                     | -                                   | 98   | 101                            | 314                            |
| Charitable activities  | 3    | -                                     | 5,993                               | -  | 5,993                          | 5,401                          |
| Other trading activities   | 4    | 257                                   | -                                   | -  | 257                            | 147                            |
| Investments  | 5    | 4                                     | -                                   | -  | 4                              | 3                              |
| <b>TOTAL INCOME</b>  |      | <u>410</u>                            | <u>5,786</u>                        | <u>4,798</u>                                       | <u>10,994</u>                  | <u>15,967</u>                  |
| <b>EXPENDITURE ON:</b>   |      |                                       |                                     |  |                                |                                |
| Charitable activities  |      | 198                                   | 6,123                               | 366  | 6,687                          | 5,792                          |
| <b>TOTAL EXPENDITURE</b>   | 7    | <u>198</u>                            | <u>6,123</u>                        | <u>366</u>   | <u>6,687</u>                   | <u>5,792</u>                   |
| <b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>                         |      |                                       |                                     |  |                                |                                |
| Transfers between Funds  | 18   | 212                                   | (337)                               | 4,432  | 4,307                          | 10,175                         |
|  |      | -                                     | (57)                                | 57   | -                              | -                              |
| <b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b> |      |                                       |                                     |  |                                |                                |
|  |      | 212                                   | (394)                               | 4,489  | 4,307                          | 10,175                         |
| Actuarial gains/(losses) on defined benefit pension schemes                | 24   | -                                     | 335                                 | -  | 335                            | (525)                          |
| <b>NET MOVEMENT IN FUNDS</b>   |      | <u>212</u>                            | <u>(59)</u>                         | <u>4,489</u>                                       | <u>4,642</u>                   | <u>9,650</u>                   |
| <b>RECONCILIATION OF FUNDS:</b>  |      |                                       |                                     |  |                                |                                |
| Total funds brought forward  |      | 778                                   | (1,275)                             | 10,147   | 9,650                          | -                              |
| <b>TOTAL FUNDS CARRIED FORWARD</b>   |      | <u><u>990</u></u>                     | <u><u>(1,334)</u></u>               | <u><u>14,636</u></u>                               | <u><u>14,292</u></u>           | <u><u>9,650</u></u>            |



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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

|  | Note | 2018          |               | 2017          |               |
|--|------|---------------|---------------|---------------|---------------|
|  |      | £000          | £000          | £000          | £000          |
| <b>FIXED ASSETS</b>                                    |      |               |               |               |               |
| Intangible assets                                      | 14   |               | 3             |               | -             |
| Tangible assets  | 15   |               | 14,623        |               | 10,147        |
|  |      |               | <u>14,626</u> |               | <u>10,147</u> |
| <b>CURRENT ASSETS</b>                                  |      |               |               |               |               |
| Debtors  | 16   | 158           |               | 174           |               |
| Cash at bank and in hand                               |      | 1,258         |               | 1,045         |               |
|  |      | <u>1,416</u>  |               | <u>1,219</u>  |               |
| <b>CREDITORS:</b> amounts falling due within one year  | 17   | (411)         |               | (380)         |               |
| <b>NET CURRENT ASSETS</b>                              |      |               | 1,005         |               | 839           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>           |      |               | 15,631        |               | 10,986        |
| Defined benefit pension scheme liability               | 24   |               | (1,339)       |               | (1,336)       |
| <b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b> |      |               | <u>14,292</u> |               | <u>9,650</u>  |
| <b>FUNDS OF THE ACADEMY</b>                            |      |               |               |               |               |
| Restricted income funds:                               |      |               |               |               |               |
| Restricted income funds                                | 18   | 5             |               | 61            |               |
| Restricted fixed asset funds                           | 18   | 14,636        |               | 10,147        |               |
| Restricted income funds excluding pension liability    |      | <u>14,641</u> |               | <u>10,208</u> |               |
| Pension reserve  |      | (1,339)       |               | (1,336)       |               |
| Total restricted income funds                          |      |               | 13,302        |               | 8,872         |
| Unrestricted income funds                              | 18   |               | 990           |               | 778           |
| <b>TOTAL FUNDS</b>                                     |      |               | <u>14,292</u> |               | <u>9,650</u>  |

The financial statements on pages 25 to 52 were approved by the Trustees, and authorised for issue, on 13 December 2018 and are signed on their behalf, by:



**J Scoble**  
**Chairman**

**SCALBY LEARNING TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

|  | Note | 2018<br>£000 | 2017<br>£000 |
|--|------|--------------|--------------|
| <b>Cash flows from operating activities</b>            |      |              |              |
| Net cash provided by operating activities              | 20   | 110          | 411          |
| <b>Cash flows from investing activities:</b>           |      |              |              |
| Dividends, interest and rents from investments         |      | 4            | 3            |
| Purchase of intangible fixed assets                    |      | (3)          | -            |
| Purchase of tangible fixed assets                      |      | (142)        | (309)        |
| Capital grants from DfE Group                          |      | 98           | 254          |
| Cash transferred on conversion to an academy trust     |      | 146          | 686          |
| <b>Net cash provided by investing activities</b>       |      | <b>103</b>   | <b>634</b>   |
| <b>Change in cash and cash equivalents in the year</b> |      | <b>213</b>   | <b>1,045</b> |
| Cash and cash equivalents brought forward              |      | 1,045        | -            |
| <b>Cash and cash equivalents carried forward</b>       | 21   | <b>1,258</b> | <b>1,045</b> |

**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**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 historical 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Scalby Learning Trust constitutes a public benefit entity as defined by FRS 102.

**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.



**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

Where assets are received by the 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.

**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.

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

All expenditure is inclusive of irrecoverable VAT.

**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.5 INTANGIBLE FIXED ASSETS AND AMORTISATION**

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.

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised 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 incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. 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 on the following bases:

|                        |   |                                       |
|------------------------|---|---------------------------------------|
| Leasehold property     | - | Straight line over 50 years           |
| Furniture and fixtures | - | 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 incorporating Income and Expenditure Account.

**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.



**SCALBY LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**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.

**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 basis 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 16. 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 costs as detailed in note 17. 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 instruments.

**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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.12 PENSIONS**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.12 PENSIONS (continued)**

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 incorporating Income and Expenditure Account 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.

**1.13 CONVERSION TO AN ACADEMY TRUST**

The conversion from a state maintained school to an academy 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 Newby and Scalby 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 50% of 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 22.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**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 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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 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.

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

Critical areas of judgment:

Depreciation – Depreciation 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 charge during the year was £366,000.

Land – Land is held under a 125 year lease from North Yorkshire County Council. These assets are included on the balance sheet of the Trust due to the significant risks and rewards of ownership belonging to the Trust, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the Trust could use them without major modification.

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 50% of 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.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

|   | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Restricted<br>fixed asset<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Transfer from local authority on conversion | 146                                   | (207)                               | 4,700  | 4,639                          | 10,102                         |
| General donations                           | 3                                     | -                                   | -  | 3                              | 60                             |
| Capital Grants                              | -                                     | -                                   | 98   | 98                             | 254                            |
| <b>Subtotal</b>                             | <b>3</b>                              | <b>-</b>                            | <b>98</b>  | <b>101</b>                     | <b>314</b>                     |
|   | 149                                   | (207)                               | 4,798  | 4,740                          | 10,416                         |
| <b>Total 2017</b>                           | <b>746</b>                            | <b>(744)</b>                        | <b>10,414</b>                                      | <b>10,416</b>                  |                                |

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

|                                | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|--------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| <b>DfE/ESFA grants</b>         |                                       |                                     |                                |                                |
| General Annual Grant (GAG)     | -                                     | 5,551                               | 5,551                          | 5,030                          |
| Pupil Premium                  | -                                     | 243                                 | 243                            | 225                            |
| Other DfE/ESFA Grants          | -                                     | 57                                  | 57                             | 31                             |
|                                | -                                     | 5,851                               | 5,851                          | 5,286                          |
| <b>Other government grants</b> |                                       |                                     |                                |                                |
| SEN                            | -                                     | 72                                  | 72                             | 47                             |
| Other Government Grants        | -                                     | 70                                  | 70                             | 68                             |
|                                | -                                     | 142                                 | 142                            | 115                            |
|                                | -                                     | 5,993                               | 5,993                          | 5,401                          |
| <b>Total 2017</b>              | <b>-</b>                              | <b>5,401</b>                        | <b>5,401</b>                   |                                |

**SCALBY LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**4. OTHER TRADING ACTIVITIES**

|                 | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|-----------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Sundry income   | 98                                    | -                                   | 98                             | 62                             |
| Rental income   | 1                                     | -                                   | 1                              | -                              |
| School Trips    | 104                                   | -                                   | 104                            | 33                             |
| Catering income | 54                                    | -                                   | 54                             | 52                             |
|                 | <u>257</u>                            | <u>-</u>                            | <u>257</u>                     | <u>147</u>                     |
| Total 2017      | <u>147</u>                            | <u>-</u>                            | <u>147</u>                     |                                |

**5. INVESTMENT INCOME**

|                   | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|-------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Investment income | 4                                     | -                                   | 4                              | 3                              |
|                   | <u>3</u>                              | <u>-</u>                            | <u>3</u>                       |                                |
| Total 2017        | <u>3</u>                              | <u>-</u>                            | <u>3</u>                       |                                |

**SCALBY LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**6. CHARITABLE ACTIVITIES**

|                                       | <b>2018</b> | 2017        |
|---------------------------------------|-------------|-------------|
|                                       | <b>£000</b> | £000        |
| <b>DIRECT COSTS</b>                   |             |             |
| Wages and salaries                    | 3,423       | 2,881       |
| National insurance                    | 318         | 277         |
| Pension cost                          | 629         | 546         |
| Educational supplies                  | 85          | 128         |
| Examination fees                      | 69          | 89          |
| Staff development                     | 23          | 30          |
| Technology costs                      | 58          | 51          |
| Educational consultancy               | 3           | 6           |
| Travel and subsistence                | 14          | 15          |
| Other direct costs                    | 283         | 218         |
|                                       | <hr/>       | <hr/>       |
| Sub total                             | 4,905       | 4,241       |
|                                       | <hr/>       | <hr/>       |
| <b>SUPPORT COSTS</b>                  |             |             |
| Wages and salaries                    | 484         | 435         |
| National insurance                    | 31          | 27          |
| Pension costs                         | 130         | 65          |
| Depreciation                          | 366         | 322         |
| Net interest cost on pension scheme   | 32          | 27          |
| Technology costs                      | 43          | 22          |
| Recruitment and support               | 30          | 11          |
| Maintenance of premises and equipment | 148         | 204         |
| Cleaning                              | 122         | 142         |
| Rates                                 | 36          | 28          |
| Energy                                | 68          | 59          |
| Insurance                             | 25          | 22          |
| Transport                             | 5           | 5           |
| Catering                              | 106         | 53          |
| Occupancy costs                       | 17          | 17          |
| Bank interest and charges             | 4           | 4           |
| Other support costs                   | 114         | 87          |
| Governance costs                      | 21          | 21          |
|                                       | <hr/>       | <hr/>       |
| Sub total                             | 1,782       | 1,551       |
|                                       | <hr/>       | <hr/>       |
|                                       | <hr/>       | <hr/>       |
| Total                                 | 6,687       | 5,792       |
|                                       | <hr/> <hr/> | <hr/> <hr/> |

**SCALBY LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**7. EXPENDITURE**

|                                   | <b>Staff costs<br/>2018<br/>£000</b> | <b>Premises<br/>2018<br/>£000</b> | <b>Other costs<br/>2018<br/>£000</b> | <b>Total<br/>2018<br/>£000</b> | <b>Total<br/>2017<br/>£000</b> |
|-----------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------|--------------------------------|
| Academy's educational operations: |                                      |                                   |                                      |                                |                                |
| Direct costs                      | 4,370                                | -                                 | 535                                  | 4,905                          | 4,241                          |
| Support costs                     | 645                                  | 694                               | 443                                  | 1,782                          | 1,551                          |
|                                   | <u>5,015</u>                         | <u>694</u>                        | <u>978</u>                           | <u>6,687</u>                   | <u>5,792</u>                   |
| Total 2017                        | <u>4,231</u>                         | <u>693</u>                        | <u>868</u>                           | <u>5,792</u>                   |                                |

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. NET INCOME/(EXPENDITURE)**

This is stated after charging:

|   | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|---|----------------------|----------------------|
| Depreciation of tangible fixed assets:  |                      |                      |
| - owned by the charity                  | 366                  | 322                  |
| Auditors' remuneration - audit          | 10                   | 10                   |
| Auditors' remuneration - other services | 4                    | 4                    |
| Operating lease rentals                 | <u>11</u>            | <u>11</u>            |



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Wages and salaries                                 | 3,731        | 3,156        |
| Social security costs                              | 349          | 304          |
| Operating costs of defined benefit pension schemes | 759          | 611          |
|  | <u>4,839</u> | <u>4,071</u> |
| Supply staff costs                                 | 174          | 160          |
| Staff restructuring costs                          | 2            | -            |
|  | <u>5,015</u> | <u>4,231</u> |

Included in operating costs of defined benefit schemes is a debit of £99,000 (2017: £40,000) relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

|                    | 2018<br>£000 | 2017<br>£000 |
|--------------------|--------------|--------------|
| Severance payments | <u>2</u>     | <u>-</u>     |

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs is a non-statutory/non-contractual severance payment totalling £2,000 (2017: £ Nil).

**c. Staff numbers**

The average number of persons employed by the academy during the period was as follows:

|                          | 2018<br>No. | 2017<br>No. |
|--------------------------|-------------|-------------|
| Teachers                 | 73          | 58          |
| Administration & Support | 97          | 61          |
| Management               | 10          | 7           |
|                          | <u>180</u>  | <u>126</u>  |

**d. Higher paid staff**

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

|                                | 2018<br>No. | 2017<br>No. |
|--------------------------------|-------------|-------------|
| In the band £60,001 - £70,000  | 3           | 1           |
| In the band £70,001 - £80,000  | 1           | 0           |
| In the band £90,001 - £100,000 | 0           | 1           |

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**9. STAFF COSTS (continued)**

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £338,000 (2017: £468,000) for the period.

**10. CENTRAL SERVICES**

No central services were provided by the academy trust to its academies during the year and no central charges arose. Scalby School incurred all costs in relation to the Multi-Academy Trust during the year.

**11. TRUSTEES' REMUNERATION AND EXPENSES**

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

|  |                            | 2018<br>£000 | 2017<br>£000 |
|--|----------------------------|--------------|--------------|
| S D Read, (Chief Executive and Accounting Officer) | Remuneration               | 60-65        | 95-100       |
|  | Pension contributions paid | 5-10         | 15-20        |

During the year ended 31 August 2018, expenses totalling £753 (2017 - £1,000) were reimbursed to 1 Trustee (2017 - 1).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

**13. NET INTEREST COST ON PENSION SCHEME**

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Interest income on pension scheme assets | 36           | 16           |
| Interest on pension scheme liabilities   | (68)         | (43)         |
|  | <u>(32)</u>  | <u>(27)</u>  |

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**14. INTANGIBLE FIXED ASSETS**

|                        | <b>Computer<br/>Software<br/>£000</b> |
|------------------------|---------------------------------------|
| <b>COST</b>            |                                       |
| At 1 September 2017    | -                                     |
| Additions              | 3                                     |
|                        | 3                                     |
| At 31 August 2018      | 3                                     |
| <b>CARRYING AMOUNT</b> |                                       |
| At 31 August 2018      | 3                                     |
|                        | 3                                     |
| At 31 August 2017      | -                                     |

**15. TANGIBLE FIXED ASSETS**

|                        | <b>Leasehold<br/>property<br/>£000</b> | <b>Furniture and<br/>fixtures<br/>£000</b> | <b>Computer<br/>equipment<br/>£000</b> | <b>Total<br/>£000</b> |
|------------------------|--|--|--|-----------------------|
| <b>COST</b>            |  |  |  |                       |
| At 1 September 2017    | 10,128                                 | 93   | 248                                    | 10,469                |
| Additions              | 67                                     | 18   | 57                                     | 142                   |
| Transfer on conversion | 4,674                                  | 7  | 19                                     | 4,700                 |
|                        | 14,869                                 | 118  | 324                                    | 15,311                |
| At 31 August 2018      | 14,869                                 | 118  | 324                                    | 15,311                |
| <b>DEPRECIATION</b>    |  |  |  |                       |
| At 1 September 2017    | 198                                    | 24   | 100                                    | 322                   |
| Charge for the year    | 252                                    | 26   | 88                                     | 366                   |
|                        | 450                                    | 50   | 188                                    | 688                   |
| At 31 August 2018      | 450                                    | 50   | 188                                    | 688                   |
| <b>NET BOOK VALUE</b>  |  |  |  |                       |
| At 31 August 2018      | 14,419                                 | 68   | 136                                    | 14,623                |
| At 31 August 2017      | 9,930                                  | 69   | 148                                    | 10,147                |

**16. DEBTORS**

|                                | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|--------------------------------|----------------------|----------------------|
| VAT repayable                  | 41                   | 52                   |
| Other debtors                  | 2                    | 13                   |
| Prepayments and accrued income | 115                  | 109                  |
|                                | 158                  | 174                  |



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                      | <b>2018</b> | <b>2017</b> |
|--------------------------------------|-------------|-------------|
|                                      | <b>£000</b> | <b>£000</b> |
| Trade creditors                      | 59          | 261         |
| Other taxation and social security   | 22          | -           |
| Other creditors                      | 16          | 8           |
| Accruals and deferred income         | 314         | 111         |
|                                      | <b>411</b>  | <b>380</b>  |
|                                      | <b>411</b>  | <b>380</b>  |
|                                      | <b>2018</b> | <b>2017</b> |
|                                      | <b>£000</b> | <b>£000</b> |
| <b>DEFERRED INCOME</b>               |             |             |
| Deferred income at 1 September 2017  | 51          | -           |
| Resources deferred during the year   | 198         | 51          |
| Amounts released from previous years | (51)        | -           |
| Deferred income at 31 August 2018    | <b>198</b>  | <b>51</b>   |
|                                      | <b>198</b>  | <b>51</b>   |

Deferred income related to Devolved Formula Capital which straddles the academic year end, school trip income for school trips which have taken place after the academic year end, and Teaching School income received in advance of the academic year 2018/19.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**18. STATEMENT OF FUNDS**

|                                     | Balance at 1<br>September<br>2017<br>£000 | Income<br>£000 | Expenditure<br>£000 | Transfers<br>in/out<br>£000 | Gains/<br>(Losses)<br>£000 | Balance at<br>31 August<br>2018<br>£000 |
|-------------------------------------|---|----------------|---------------------|-----------------------------|----------------------------|---|
| <b>UNRESTRICTED FUNDS</b>           |   |                |                     |                             |                            |   |
| General Funds                       | 778                                       | 410            | (198)               | -                           | -                          | 990                                     |
| <b>RESTRICTED FUNDS</b>             |   |                |                     |                             |                            |   |
| General Annual Grant (GAG)          | 61  | 5,551          | (5,552)             | (57)                        | -                          | 3                                       |
| Pupil Premium                       | -   | 243            | (243)               | -                           | -                          | -                                       |
| Other DfE/ESFA grants               | -   | 57             | (55)                | -                           | -                          | 2                                       |
| Other Government grants             | -   | 142            | (142)               | -                           | -                          | -                                       |
| Pension reserve                     | (1,336)                                   | (207)          | (131)               | -                           | 335                        | (1,339)                                 |
|                                     | <u>(1,275)</u>                            | <u>5,786</u>   | <u>(6,123)</u>      | <u>(57)</u>                 | <u>335</u>                 | <u>(1,334)</u>                          |
| <b>RESTRICTED FIXED ASSET FUNDS</b> |   |                |                     |                             |                            |   |
| DfE/ESFA capital grants             | 253                                       | 98             | (22)                | -                           | -                          | 329                                     |
| Capital expenditure from GAG        | 50  | -              | (14)                | 57                          | -                          | 93                                      |
| Inherited on conversion             | 9,844                                     | 4,700          | (330)               | -                           | -                          | 14,214                                  |
|                                     | <u>10,147</u>                             | <u>4,798</u>   | <u>(366)</u>        | <u>57</u>                   | <u>-</u>                   | <u>14,636</u>                           |
| Total restricted funds              | <u>8,872</u>                              | <u>10,584</u>  | <u>(6,489)</u>      | <u>-</u>                    | <u>335</u>                 | <u>13,302</u>                           |
| Total of funds                      | <u>9,650</u>                              | <u>10,994</u>  | <u>(6,687)</u>      | <u>-</u>                    | <u>335</u>                 | <u>14,292</u>                           |

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 trust 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.

Other DfE/ESFA Grants relate to Universal Infant Free School Meals Grant to provide free school meals for infants, rates relief and PE Grant to make additional and sustainable improvements to the quality of physical education.

Other Government grants, including SEN are received from North Yorkshire City Council to cover Special Education Needs.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 24.

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.

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**18. STATEMENT OF FUNDS (continued)**

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

|   | <b>Total<br/>2018<br/>£000</b> | <b>Total<br/>2017<br/>£000</b> |
|---|--------------------------------|--------------------------------|
| Scalby School                                     | 849                            | 839                            |
| Newby and Scalby Primary School                   | 146                            | -                              |
|   | <hr/>                          | <hr/>                          |
| Total before fixed asset fund and pension reserve | 995                            | 839                            |
| Restricted fixed asset fund                       | 14,636                         | 10,147                         |
| Pension reserve                                   | (1,339)                        | (1,336)                        |
|   | <hr/>                          | <hr/>                          |
| Total   | <u>14,292</u>                  | <u>9,650</u>                   |

**ANALYSIS OF ACADEMIES BY COST**

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

|                                    | <b>Teaching<br/>and<br/>educational<br/>support staff<br/>costs<br/>£000</b> | <b>Other<br/>support staff<br/>costs<br/>£000</b> | <b>Educational<br/>supplies<br/>£000</b> | <b>Other costs<br/>excluding<br/>depreciation<br/>£000</b> | <b>Total<br/>2018<br/>£000</b> | <b>Total<br/>2017<br/>£000</b> |
|------------------------------------|--|---|--|--|--------------------------------|--------------------------------|
| Scalby School                      | 3,823  | 599   | 78                                       | 1,068  | 5,568                          | 5,470                          |
| Newby and Scalby<br>Primary School | 547  | 46  | 7  | 153  | 753                            | -                              |
|                                    | <hr/>  | <hr/>   | <hr/>                                    | <hr/>  | <hr/>                          | <hr/>                          |
|                                    | <u>4,370</u>   | <u>645</u>  | <u>85</u>                                | <u>1,221</u>   | <u>6,321</u>                   | <u>5,470</u>                   |



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**18. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

|                                     | Balance at<br>6 July 2016<br>£000 | Income<br>£000 | Expenditure<br>£000 | Transfers<br>in/out<br>£000 | Gains/<br>(Losses)<br>£000 | Balance at 31<br>August 2017<br>£000 |
|-------------------------------------|-----------------------------------|----------------|---------------------|-----------------------------|----------------------------|--------------------------------------|
| <b>GENERAL FUNDS</b>                |                                   |                |                     |                             |                            |                                      |
| General Funds                       | -                                 | 836            | (118)               | -                           | -                          | 718                                  |
| School Funds                        | -                                 | 60             | -                   | -                           | -                          | 60                                   |
|                                     | <u>-</u>                          | <u>896</u>     | <u>(118)</u>        | <u>-</u>                    | <u>-</u>                   | <u>778</u>                           |
| <b>RESTRICTED FUNDS</b>             |                                   |                |                     |                             |                            |                                      |
| General Annual Grant<br>(GAG)       | -                                 | 5,030          | (4,914)             | (55)                        | -                          | 61                                   |
| Other DfE/ESFA grants               | -                                 | 256            | (256)               | -                           | -                          | -                                    |
| Other Government grants             | -                                 | 115            | (115)               | -                           | -                          | -                                    |
| Pension reserve                     | -                                 | (744)          | (67)                | -                           | (525)                      | (1,336)                              |
|                                     | <u>-</u>                          | <u>4,657</u>   | <u>(5,352)</u>      | <u>(55)</u>                 | <u>(525)</u>               | <u>(1,275)</u>                       |
| <b>RESTRICTED FIXED ASSET FUNDS</b> |                                   |                |                     |                             |                            |                                      |
| DfE/ESFA capital grants             | -                                 | 254            | (1)                 | -                           | -                          | 253                                  |
| Capital expenditure from<br>GAG     | -                                 | -              | (5)                 | 55                          | -                          | 50                                   |
| Inherited on conversion             | -                                 | 10,160         | (316)               | -                           | -                          | 9,844                                |
|                                     | <u>-</u>                          | <u>10,414</u>  | <u>(322)</u>        | <u>55</u>                   | <u>-</u>                   | <u>10,147</u>                        |
| Total restricted funds              | <u>-</u>                          | <u>15,071</u>  | <u>(5,674)</u>      | <u>-</u>                    | <u>(525)</u>               | <u>8,872</u>                         |
| Total of funds                      | <u>-</u>                          | <u>15,967</u>  | <u>(5,792)</u>      | <u>-</u>                    | <u>(525)</u>               | <u>9,650</u>                         |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|  | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Restricted<br>fixed asset<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Intangible fixed assets                | -                                     | -                                   | 3  | 3                              |
| Tangible fixed assets                  | -                                     | -                                   | 14,623   | 14,623                         |
| Current assets                         | 1,079                                 | 327                                 | 10   | 1,416                          |
| Creditors due within one year          | (89)                                  | (322)                               | -  | (411)                          |
| Provisions for liabilities and charges | -                                     | (1,339)                             | -  | (1,339)                        |
|  | <u>990</u>                            | <u>(1,334)</u>                      | <u>14,636</u>                                      | <u>14,292</u>                  |

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

|  | Unrestricted<br>funds<br>2017<br>£000 | Restricted<br>funds<br>2017<br>£000 | Restricted<br>fixed asset<br>funds<br>2017<br>£000 | Total<br>funds<br>2017<br>£000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets                  | -                                     | -                                   | 10,147   | 10,147                         |
| Current assets                         | 1,146                                 | 73                                  | -  | 1,219                          |
| Creditors due within one year          | (368)                                 | (12)                                | -  | (380)                          |
| Provisions for liabilities and charges | -                                     | (1,336)                             | -  | (1,336)                        |
|  | <u>778</u>                            | <u>(1,275)</u>                      | <u>10,147</u>                                      | <u>9,650</u>                   |

**20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Net income for the year (as per Statement of Financial Activities) | 4,307        | 10,175       |
| <b>Adjustment for:</b>   |              |              |
| Depreciation charges   | 366          | 322          |
| Dividends, interest and rents from investments                     | (4)          | (3)          |
| Decrease/(increase) in debtors                                     | 16           | (174)        |
| Increase in creditors  | 31           | 380          |
| Capital grants from DfE and other capital income                   | (98)         | (254)        |
| Defined benefit pension scheme cost less contributions payable     | 99           | 40           |
| Defined benefit pension scheme finance cost                        | 32           | 27           |
| Pension deficit inherited on conversion                            | 207          | 744          |
| Fixed assets inherited on conversion                               | (4,700)      | (10,160)     |
| Cash inherited on conversion                                       | (146)        | (586)        |
| <b>Net cash provided by operating activities</b>                   | <u>110</u>   | <u>411</u>   |

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**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

|              | <b>2018</b><br><b>£000</b> | 2017<br>£000 |
|--------------|----------------------------|--------------|
| Cash in hand | 1,258                      | 1,045        |
| Total        | <u>1,258</u>               | <u>1,045</u> |

**22. CONVERSION TO AN ACADEMY TRUST**

On 14 March 2018 Newby and Scalby 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 Newby and Scalby Primary School 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 headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - 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 incorporating Income and Expenditure Account.

|   | <b>Unrestricted<br/>funds<br/>£000</b> | <b>Restricted<br/>funds<br/>£000</b> | <b>Restricted<br/>fixed asset<br/>funds<br/>£000</b> | <b>Total<br/>funds<br/>£000</b> |
|---|--|--------------------------------------|--|---------------------------------|
| Tangible fixed assets                   |  |                                      |  |                                 |
| Leasehold land and buildings            | -                                      | -                                    | 4,674  | 4,674                           |
| Tangible fixed assets                   | -                                      | -                                    | 26   | 26                              |
| Other assets                            | 12                                     | -                                    | -  | 12                              |
| Budget surplus on LA funds              | 168                                    | -                                    | -  | 168                             |
| LGPS pension deficit                    | -                                      | (207)                                | -  | (207)                           |
| Other identified assets and liabilities | (34)                                   | -                                    | -  | (34)                            |
| Net assets                              | <u>146</u>                             | <u>(207)</u>                         | <u>4,700</u>   | <u>4,639</u>                    |

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**23. CAPITAL COMMITMENTS**

At 31 August 2018 the Trust had capital commitments as follows:

|   | <b>2018</b><br><b>£000</b> | 2017<br>£000 |
|---|----------------------------|--------------|
| Contracted for but not provided in these financial statements | <u>-</u>                   | <u>61</u>    |



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. PENSION COMMITMENTS**

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by North Yorkshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £404,000 (2017 - £372,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-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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**24. PENSION COMMITMENTS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £316,000 (2017 - £284,000), of which employer's contributions totalled £256,000 (2017 - £239,000) and employees' contributions totalled £60,000 (2017 - £45,000). The agreed contribution rates for future years are 22.5% for employers and 8.5% for employees.

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

Principal actuarial assumptions for Scalby School:

|  | <b>2018</b> | 2017    |
|--|-------------|---------|
| Discount rate for scheme liabilities                 | 2.80 %      | 2.50 %  |
| Rate of increase in salaries                         | 3.35 %      | 3.35 %  |
| Rate of increase for pensions in payment / inflation | 2.10 %      | 2.10 %  |
| Inflation assumption (CPI)                           | 2.10 %      | 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 55 are:

|                      | <b>2018</b> | 2017 |
|----------------------|-------------|------|
| Retiring today       |             |      |
| Males                | 22.9        | 22.8 |
| Females              | 26.4        | 26.3 |
| Retiring in 20 years |             |      |
| Males                | 25.1        | 25.0 |
| Females              | 28.7        | 28.6 |

Principal actuarial assumptions for Newby and Scalby Primary School:

|  | <b>2018</b> | 2017 |
|--|-------------|------|
| Discount rate for scheme liabilities                 | 2.80 %      | -    |
| Rate of increase in salaries                         | 3.25 %      | -    |
| Rate of increase for pensions in payment / inflation | 2.00 %      | -    |
| Inflation assumption (CPI)                           | 2.00 %      | -    |
| Commutation of pensions to lump sums                 | 75.00 %     | -    |

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

|                      | <b>2018</b> | 2017 |
|----------------------|-------------|------|
| Retiring today       |             |      |
| Males                | 22.9        | -    |
| Females              | 26.4        | -    |
| Retiring in 20 years |             |      |
| Males                | 25.1        | -    |
| Females              | 28.7        | -    |

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**24. PENSION COMMITMENTS (continued)**

| Sensitivity analysis                   | At 31 August<br>2018<br>£000 | At 31 August<br>2017<br>£000 |
|--|------------------------------|------------------------------|
| Discount rate +0.1%                    | 3,331                        | 2,352                        |
| Discount rate -0.1%                    | 3,470                        | 2,447                        |
| Mortality assumption - 1 year increase | 3,303                        | 2,328                        |
| Mortality assumption - 1 year decrease | 3,498                        | 2,471                        |
| CPI rate +0.1%                         | 3,443                        | 2,429                        |
| CPI rate -0.1%                         | 3,357                        | 2,370                        |

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

|                              | Fair value at<br>31 August<br>2018<br>£000 | Fair value at<br>31 August<br>2017<br>£000 |
|------------------------------|--|--|
| Equities                     | 1,251                                      | 705  |
| Government bonds             | 334  | 136  |
| Corporate bonds              | -  | 32   |
| Property                     | 163  | 86   |
| Cash and other liquid assets | 6  | 5  |
| Other                        | 307  | 99   |
|                              | <hr/>                                      | <hr/>                                      |
| Total market value of assets | 2,061                                      | 1,063                                      |
|                              | <hr/>                                      | <hr/>                                      |

The actual return on scheme assets was £173,000 (2017 - £121,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

|                      | 2018<br>£000 | 2017<br>£000 |
|----------------------|--------------|--------------|
| Current service cost | (355)        | (239)        |
| Interest income      | 36           | 16           |
| Interest cost        | (68)         | (43)         |
|                      | <hr/>        | <hr/>        |
| Total                | (387)        | (266)        |
|                      | <hr/>        | <hr/>        |

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**24. PENSION COMMITMENTS (continued)**

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

|                                    | <b>2018</b><br><b>£000</b> | <b>2017</b><br><b>£000</b> |
|------------------------------------|----------------------------|----------------------------|
| Opening defined benefit obligation | 2,399                      | -                          |
| Upon conversion                    | 669                        | 1,447                      |
| Current service cost               | 355                        | 239                        |
| Interest cost                      | 68                         | 43                         |
| Employee contributions             | 60                         | 45                         |
| Actuarial (gains)/losses           | (198)                      | 630                        |
| Benefits paid                      | 47                         | (5)                        |
|                                    | <u>3,400</u>               | <u>2,399</u>               |
| Closing defined benefit obligation | <u>3,400</u>               | <u>2,399</u>               |

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

|                                     | <b>2018</b><br><b>£000</b> | <b>2017</b><br><b>£000</b> |
|-------------------------------------|----------------------------|----------------------------|
| Opening fair value of scheme assets | 1,063                      | -                          |
| Upon conversion                     | 462                        | 703                        |
| Interest income                     | 36                         | 16                         |
| Actuarial gains                     | 137                        | 105                        |
| Employer contributions              | 256                        | 199                        |
| Employee contributions              | 60                         | 45                         |
| Benefits paid                       | 47                         | (5)                        |
|                                     | <u>2,061</u>               | <u>1,063</u>               |
| Closing fair value of scheme assets | <u>2,061</u>               | <u>1,063</u>               |

**25. OPERATING LEASE COMMITMENTS**

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

|                         | <b>2018</b><br><b>£000</b> | <b>2017</b><br><b>£000</b> |
|-------------------------|----------------------------|----------------------------|
| <b>AMOUNTS PAYABLE:</b> |                            |                            |
| Within 1 year           | 11                         | 11                         |
| Between 1 and 5 years   | 15                         | 27                         |
|                         | <u>26</u>                  | <u>38</u>                  |
| Total                   | <u>26</u>                  | <u>38</u>                  |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transaction

North Yorkshire Business and Education Partnership Limited - a company in which S D Read (a trustee) is a director.

- The Trust purchased work experience services from the company totalling £2,000 (2017: £Nil) during the period.

There were no amounts outstanding at 31 August 2018 (2017: £Nil).

- The Trust made the purchase at arms' length in accordance with its financial regulations, which S D Read neither participated in, nor influenced.

- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2017.

C Read, spouse of S D Read, Trustee, is employed by the Trust as an exam invigilator. C Read's appointment was made in open competition and S D Read was not involved in the decision making process regarding appointment. C Read is paid within the normal pay scale of her role and received no special treatment as a result of her relationship to a Trustee.