

Company Registration Number: 10265276 (England & Wales)

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Members**

John Armistead  
Deborah Clapham (appointed 6 February 2019)  
James Martin (appointed 19 September 2018)  
Susan Richings (resigned 12 December 2018)  
John Scoble  
John Senior

**Trustees**

Roger Cannon (appointed Chairman 5 September 2019)<sup>1</sup>  
Stephanie Hartley<sup>1</sup>  
Kerry Hope (appointed 14 September 2018)<sup>1</sup>  
David McCue (appointed 12 December 2018)  
Peter Noble (resigned 14 November 2018)<sup>1</sup>  
Shaun David Read (Chief Executive and Accounting Officer)<sup>1</sup>  
John Scoble, Chairman (resigned 4 September 2019)  
John Senior

<sup>1</sup> Member of Finance and Audit Committee

**Company registered number**

10265276

**Company name**

Scalby Learning Trust

**Principal and registered office**

Scalby School  
Fieldstead Crescent  
Newby  
Scarborough  
YO12 6TH

**Company secretary**

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

**Senior Executive team**

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

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Independent auditors**

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

**Bankers**

Lloyds Bank plc  
1 St Nicholas Street  
Scarborough  
YO11 2YY

**Solicitors**

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

**SCALBY LEARNING TRUST**  
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**TRUSTEE REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operated one primary and one secondary academy (henceforth referred to as schools) in Scarborough during the period. The two academies have a combined pupil capacity of 1,437 and had a roll of 1,398 in the school census in May 2019. Friarage Community Primary School joined the trust on 1 September 2019 as a sponsored school.

### **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 Limited 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 Trust business. Further details are provided in note 13 .

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

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

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

#### **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 tours of the schools and the chance to meet with staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there will normally only be one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

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**TRUSTEE REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Organisational Structure**

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

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

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

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

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

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

**Arrangements for setting pay and remuneration of key management personnel**

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

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

**Percentage of time spent on facility time**

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

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

	£000
Total cost of facility time	2
Total pay bill	6,483
Percentage of total pay bill spent on facility time	0.03%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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**SCALBY LEARNING TRUST**  
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**TRUSTEE REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Related Parties and other Connected Charities and Organisations**

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

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

**Objectives and Activities**

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

**Objects and Aims**

In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specified, amongst other things, the basis for admitting students and pupils to the schools, the catchment area from which the students and pupils are drawn, and that the curriculums of both schools 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 period ended 31 August 2019 was to achieve the following:

- Strong educational outcomes for its students, well above the national averages.
- Robust, transparent financial systems that meant the schools 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 schools 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.

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**TRUSTEE REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Objectives, Strategies and Activities**

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

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

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 16 and to promote the development of pupils between the ages of 4 and 11.

**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.



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**TRUSTEE REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic Report**

The Trust has had another 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, notably taking on a third school for the start of the 2019/20 academic year and engaging in meaningful collaborative work in mathematics and science between its schools, funded through the MDIF grant.

**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 2019 the Trust has controlled and managed its total expenditure to ensure that it operated within the funding available through the General Annual Grant and devolved funds as appropriate. The Trust currently has a healthy surplus, but remains mindful of the need to ensure that its schools operate within their financial means. This will mean that the CEO and FD will engage with the SRMSAT review process to assess trust expenditure and all schools will engage in a staffing review exercise in the Autumn term to ensure that they break even for September 2020.

**Attainment and Progress**

Newby and Scalby School were rated by Ofsted as 'Good' in January 2018. The assessment results for 2019 were strong and exceeded national averages on all key measures in terms of the expected development of pupils and also showed good progress from KS1 to KS2.

**Key Performance Indicators**

**KS1**

- Reading 83% at expected standard
- Writing 77% at expected standard
- Maths 95% at expected standard

**KS2**

- Reading 87% at expected standard
- SPaG 94% at expected standard
- Writing 97% at expected standard
- Maths 95% at expected standard
- Combined reading/writing and maths at expected standard 84% and national average 65%.

Scalby School was rated by Ofsted as "Good" in February 2019. 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 2019. They are significantly above national averages on all key benchmarks in terms of both progress and attainment.

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**TRUSTEE REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Key Performance Indicators**

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

**Other indicators of performance:**

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

Friarage Community Primary School joined the trust on 1 September 2019 as a sponsored school. It had been placed in Special Measures in October 2018 owing to poor academic performance over a number of years. The Trust has been engaged in improvement work in the school since April 2019 and is already making a positive impact on academic standards, behaviour, leadership and governance.

**Going Concern**

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

**Financial 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 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the year ended 31 August 2019, total recurrent grant funding from DfE/ESFA together with other incoming resources amounted to £8,798,000 was exceeded by total expenditure of £8,545,000. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £1,000. The in-year surplus excluding restricted fixed assets and pension reserves was £319,000.

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

At 31 August 2019 the net book value of fixed assets was £14,578,000 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.

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**TRUSTEE REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Financial Review (continued)**

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 £2,326,000 recognised on the balance sheet.

The Trust held fund balances at 31 August 2019 of £13,878,000 comprising £12,763,000 of restricted funds, including £2,326,000 deficit on the pension reserves and £1,115,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2019 was £1,314,000

**Reserves Policy**

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

The Trust's current level of free reserves are in surplus by £1,115,000. 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. The balance on restricted general funds, excluding pension reserve, plus the balance on unrestricted funds at 31 August 2019 is a net surplus of £1,314,000.

The reserves are currently in excess of the reserves policy.

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

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

**Investment Policy**

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

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**TRUSTEE REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**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.

**Fundraising**

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

**Plans for Future Periods**

**Strategic Objectives for 2017-20**

**The following objectives set in 2017 have been reviewed by the Trust board annually and remain current. The three year strategic plan will be reviewed in 2020.**

- 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 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.

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**TRUSTEE REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Key actions in 2019/20 to meet the strategic objectives approved by the Trust board in September 2019:**

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

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are 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 11 December 2019 and signed on its behalf by:



R Cannon  
Chairman

**SCALBY LEARNING TRUST**  
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**GOVERNANCE STATEMENT**

**Scope of responsibility**

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

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 7 times during the year.

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

Trustee	Meetings attended	Out of a possible
Roger Cannon	4	7
Stephanie Hartley	5	7
Kerry Hope	5	7
David McCue	5	5
Peter Noble	3	3
Shaun David Read (Chief Executive and Accounting Officer)	7	7
John Scoble	7	7
John Senior	6	7

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

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

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
John Armistead (Chairman)	5	5
Roger Cannon	2	5
Stephanie Hartley	2	5
Peter Noble	1	1
Kerry Hope	4	5
Shaun David Read	4	5

**SCALBY LEARNING TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

**Review of value for money**

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

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

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

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Scalby Learning Trust for the year 1 September 2018 to 31 August 2019 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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**GOVERNANCE STATEMENT (CONTINUED)**

**The risk and control framework**

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

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

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

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

- Testing of month end procedures
- Testing of income
- Testing of pupil premium
- Testing of payment procedures
- Testing of website compliance
- Review of budget monitoring
- Review of Finance Policy
- Review of capital purchases and contracts

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

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

**Review of effectiveness**

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

- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.


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




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

**GOVERNANCE STATEMENT (CONTINUED)**

Approved by order of the members of the Board of Trustees on 11 December 2019 and signed on their behalf by:

  
R Cannon  
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 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 2018.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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: 11 December 2019

A handwritten signature in black ink, appearing to be 'S D Read', written over a light blue horizontal line.

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & 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 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 11 December 2019 and signed on its behalf by:



R Cannon  
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 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

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

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

**Responsibilities of Trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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 charitable Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Beaumont BA(Hons) 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

11 December 2019

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

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Scalby Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Scalby Learning Trust's funding agreement with the Secretary of State for Education dated 22 August 2016 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes;

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



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

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in cursive script, appearing to read 'Clive Owen'.

**Clive Owen LLP**

Reporting Accountant  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

Date: 11 December 2019

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>Income from:</b>					
Donations and capital grants:					
Transfer from local authority on conversion	-	-	-	-	4,639
Other donations and capital grants	4	-	655	659	101
Charitable activities:					
Funding for the academy trust's educational operations	583	7,199	-	7,782	6,150
Teaching schools	-	168	-	168	-
Other trading activities	183	-	-	183	100
Investments	6	-	-	6	4
<b>Total income</b>	<u>776</u>	<u>7,367</u>	<u>655</u>	<u>8,798</u>	<u>10,994</u>
<b>Expenditure on:</b>					
Charitable activities:					
Academy trust educational operations	651	7,378	401	8,430	6,687
Teaching schools	-	115	-	115	-
Other expenditure	-	-	-	-	-
<b>Total expenditure</b>	<u>651</u>	<u>7,493</u>	<u>401</u>	<u>8,545</u>	<u>6,687</u>
<b>Net movement in funds before other recognised gains/(losses)</b>	<u>125</u>	<u>(126)</u>	<u>254</u>	<u>253</u>	<u>4,307</u>
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on defined benefit pension schemes	-	(667)	-	(667)	335
<b>Net movement in funds</b>	<u><u>125</u></u>	<u><u>(793)</u></u>	<u><u>254</u></u>	<u><u>(414)</u></u>	<u><u>4,642</u></u>

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**(CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Note					
<b>Reconciliation of funds:</b>					
Total funds brought forward	990	(1,334)	14,636	14,292	9,650
Net movement in funds	125	(793)	254	(414)	4,642
<b>Total funds carried forward</b>	<u>1,115</u>	<u>(2,127)</u>	<u>14,890</u>	<u>13,878</u>	<u>14,292</u>

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


**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	14	2	3
Tangible assets	15	14,576	14,623
		<u>14,578</u>	<u>14,626</u>
<b>Current assets</b>			
Stocks	16	3	-
Debtors	17	1,254	658
Cash at bank and in hand		962	758
		<u>2,219</u>	<u>1,416</u>
Creditors: amounts falling due within one year	18	(593)	(411)
<b>Net current assets</b>		<u>1,626</u>	<u>1,005</u>
<b>Total assets less current liabilities</b>		<u>16,204</u>	<u>15,631</u>
<b>Net assets excluding pension liability</b>		<u>16,204</u>	<u>15,631</u>
Defined benefit pension scheme liability	26	(2,326)	(1,339)
<b>Total net assets</b>		<u><u>13,878</u></u>	<u><u>14,292</u></u>
<b>Funds of the Trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	20	14,890	14,636
Restricted income funds	20	199	5
		<u>15,089</u>	<u>14,641</u>
Restricted funds excluding pension asset	20	15,089	14,641
Pension reserve	20	(2,326)	(1,339)
<b>Total restricted funds</b>	20	<u>12,763</u>	<u>13,302</u>
<b>Unrestricted income funds</b>	20	1,115	990
<b>Total funds</b>		<u><u>13,878</u></u>	<u><u>14,292</u></u>

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

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2019**

The financial statements on pages 24 to 57 were approved by the Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf, by:

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

Roger Cannon  
Chairman

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	22	446	96
<b>Cash flows from investing activities</b>	23	(242)	(383)
<b>Change in cash and cash equivalents in the year</b>		204	(287)
Cash and cash equivalents at the beginning of the year		758	1,045
<b>Cash and cash equivalents at the end of the year</b>	24	<u>962</u>	<u>758</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Scalby Learning Trust meets the definition of a public benefit entity under 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.

**1.3 Income**

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

• **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

• **Donations**

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

• **Other income**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**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 resources expended are inclusive of irrecoverable VAT.

**1.5 Intangible assets**

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

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

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over 3 years.

**1.6 Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets (continued)**

Depreciation is provided on the following bases:

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

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

**1.7 Debtors**

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

**1.8 Cash at bank and in hand**

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

**1.9 Liabilities and Provisions**

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

**1.10 Financial instruments**

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.11 Taxation**

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.13 Fund accounting**

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

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

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

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**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The Trust 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation — 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 £400,000.

Critical areas of judgment:

LGPS Pension - There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £160,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £15,000 which has been assessed to be immaterial to the financial statements.

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.

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**2. Critical accounting estimates and areas of judgment (continued)**

Valuation of property - Land and buildings are valued at 50% of the insurance valuation provided by North Yorkshire County Council prior to conversion. The ESFA have undertaken desktop valuations of the schools which indicate that the values may be circa £2.2million overstated. As the Trustees have had no input into how these valuations were prepared and no site surveys have been undertaken the Trustees will continue to use the historic values.

**3. Income from donations and capital grants**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>Donations</b>				
Transfer from local authority on conversion	-	-	-	4,639
Donations	4	-	4	3
	<u>4</u>	<u>-</u>	<u>4</u>	<u>4,642</u>
Capital Grants	-	655	655	98
	<u>-</u>	<u>655</u>	<u>655</u>	<u>98</u>
<b>Total 2019</b>	<u>4</u>	<u>655</u>	<u>659</u>	<u>4,740</u>
Total 2018	<u>149</u>	<u>4,591</u>	<u>4,740</u>	

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**4. Funding for the Trust's educational operations**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	6,290	6,290	5,551
Pupil Premium	-	285	285	243
PE and Sport Premium Grant	-	20	20	8
UIFSM	-	63	63	28
Rates	-	27	27	21
Other DfE Group grants	-	302	302	-
	-	6,987	6,987	5,851
<b>Other Government grants</b>				
SEN	-	135	135	72
LA Government grants	-	77	77	70
	-	212	212	142
<b>Other funding</b>				
Student Trips	223	-	223	104
Student Catering	360	-	360	53
	583	-	583	157
<b>Total 2019</b>	<b>583</b>	<b>7,199</b>	<b>7,782</b>	<b>6,150</b>
<b>Total 2018</b>	<b>157</b>	<b>5,993</b>	<b>6,150</b>	

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**5. Income from other trading activities**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Hire of facilities	9	9	9
Non student catering income	15	15	1
Receipts from Supply Teacher Insurance claims	9	9	-
Other Income	150	150	90
	183	183	100
	183	183	100

In 2018, of the total income from trading activities, £100,000 was to unrestricted funds and £Nil was to restricted funds.

**6. Investment income**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Investment income	6	6	4
	6	6	4
	6	6	4

In 2018, total investment income of £4,000 was to unrestricted funds.

**7. Expenditure**

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	5,364	-	652	6,016	4,905
Allocated support costs	1,054	734	626	2,414	1,782
Teaching school	65	4	46	115	-
	6,483	738	1,324	8,545	6,687
	6,483	738	1,324	8,545	6,687
Total 2018	5,015	694	978	6,687	
	5,015	694	978	6,687	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Expenditure (continued)**

In 2019 of the total expenditure £651,000 (2018 : £198,000) was to unrestricted funds, £7,493,000 (2018 : £6,123,000) was to restricted funds and £401,000 (2018 : £366,000) was to restricted fixed asset funds.

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

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

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

**8. Analysis of expenditure by activities**

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	6,016	2,414	8,430	6,687
Total 2018	4,905	1,782	6,687	

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**8. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	5,364	4,370
Educational supplies	450	352
Examination fees	71	69
Staff development	31	23
Technology costs	59	58
Educational consultancy	12	3
Staff expenses	11	8
Transport	4	6
Other costs	14	16
	<u>6,016</u>	<u>4,905</u>



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**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	Total funds 2019 £000	Total funds 2018 £000
Net interest cost on pension scheme	33	32
Staff costs	1,054	645
Depreciation	401	366
Staff development	9	15
Technology costs	61	49
Staff expenses	6	10
Supply insurance	21	9
Maintenance of premises	159	148
Cleaning	80	116
Other premises costs	19	21
Energy	92	68
Rent & rates	27	21
RPA fees	28	25
Catering	261	106
Operating lease rentals	13	11
Other costs	110	119
Governance costs	40	21
	<u>2,414</u>	<u>1,782</u>

**9. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	13	11
Depreciation of tangible fixed assets	400	366
Amortisation of intangible assets	1	-
Fees paid to auditors for:		
- audit	10	10
- other services	8	4
	<u>432</u>	<u>391</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	4,656	3,731
Social security costs	421	349
Pension costs	1,128	759
	<u>6,205</u>	<u>4,839</u>
Agency staff costs	240	174
Staff restructuring costs	38	2
	<u>6,483</u>	<u>5,015</u>

Included in pension costs is a debit of £287,000 (2018: £99,000) relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

	2019 £000	2018 £000
Severance payments	33	2
Other restructuring costs	5	-
	<u>38</u>	<u>2</u>

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

Included in staff restructuring costs are a non-statutory/non-contractual severance payments totalling £Nil (2018:£2,000).

**c. Staff numbers**

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

	2019 No.	2018 No.
Teachers	71	73
Administration & Support	114	97
Management	10	10
	<u>195</u>	<u>180</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Staff costs (continued)**

**d. Higher paid staff**

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	3
In the band £70,001 - £80,000	2	1
	2	1

**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 £331,000 (2018: £338,000) for the period.

**11. Central services**

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

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

The Trust charges for these services on the following basis:

Flat rate of 75% of total costs for Scalby School and 25% for Newby and Scalby Primary School.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Scalby School	93	-
Newby and Scalby Primary School	34	-
<b>Total</b>	127	-

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**12. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £000	2018 £000
S D Read, Chief Executive and Accounting Officer	Remuneration	45 - 50	60 - 65
	Pension contributions paid	0 - 5	5 - 10

During the year ended 31 August 2018, expenses totalling £313 (2018 - £763) were reimbursed to 1 Trustee (2018 - 1).

**13. Trustees' and Officers' insurance**

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

**14. Intangible assets**

	Computer software £000
<b>Cost</b>	
At 1 September 2018	3
At 31 August 2019	3
<b>Amortisation</b>	
Charge for the year	1
At 31 August 2019	1
<b>Net book value</b>	
At 31 August 2019	2
At 31 August 2018	3

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Tangible fixed assets**

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 September 2018	14,869	118	324	15,311
Additions	258	16	79	353
Disposals	-	-	(38)	(38)
At 31 August 2019	<u>15,127</u>	<u>134</u>	<u>365</u>	<u>15,626</u>
<b>Depreciation</b>				
At 1 September 2018	450	50	188	688
Charge for the year	307	23	70	400
On disposals	-	-	(38)	(38)
At 31 August 2019	<u>757</u>	<u>73</u>	<u>220</u>	<u>1,050</u>
<b>Net book value</b>				
At 31 August 2019	<u><u>14,370</u></u>	<u><u>61</u></u>	<u><u>145</u></u>	<u><u>14,576</u></u>
At 31 August 2018	<u><u>14,419</u></u>	<u><u>68</u></u>	<u><u>136</u></u>	<u><u>14,623</u></u>

**16. Stocks**

	2019 £000	2018 £000
Catering	<u><u>3</u></u>	<u><u>-</u></u>

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**17. Debtors**

	2019 £000	2018 £000
Trade debtors	3	-
Other debtors	4	2
Prepayments and accrued income	378	115
VAT recoverable	69	41
Short term cash investments	800	500
	1,254	658
	1,254	658

**18. Creditors: Amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	204	59
Other taxation and social security	24	22
Other creditors	37	16
Accruals and deferred income	328	314
	593	411
	593	411

**19. Deferred income**

	2019 £000	2018 £000
Deferred income at 1 September 2018	198	51
Resources deferred during the year	83	198
Amounts released from previous periods	(198)	(51)
<b>Deferred income at 31 August 2019</b>	<b>83</b>	<b>198</b>
	<b>83</b>	<b>198</b>

Deferred income relates to UIFSM income received in advance, 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**  
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**20. Statement of funds**

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

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**20. Statement of funds (continued)**

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

The General Annual Grant (GAG) must be used for the normal running of the 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 Year 7 catch up, Teacher Pay grant, FSM Supplementary grant and PE Sports grant. Year 7 catch up grant is used on costs relating to year 7 pupils. Teacher Pay grant is to cover the annual increase in teachers pay. The FSM Supplementary grant is to be used for pupil free school meals.

SEN relates to special education needs funding from Scarborough Borough Council.

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

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

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

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.



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**20. Statement of funds (continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Scalby School	1,008	849
Newby and Scalby Primary School	144	146
Central Trust	162	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,314	995
Restricted fixed asset fund	14,890	14,636
Pension reserve	(2,326)	(1,339)
	<hr/>	<hr/>
<b>Total</b>	<b>13,878</b>	<b>14,292</b>
	<hr/> <hr/>	<hr/> <hr/>

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
Scalby School	3,970	920	388	771	6,049	5,568
Newby and Scalby Primary School	1,392	107	62	381	1,942	753
Central Trust	2	92	-	59	153	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Trust</b>	<b>5,364</b>	<b>1,119</b>	<b>450</b>	<b>1,211</b>	<b>8,144</b>	<b>6,321</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**20. Statement of funds (continued)**

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Unrestricted funds</b>						
General Funds	778	410	(198)	-	-	990
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	61	5,551	(5,552)	(57)	-	3
Pupil Premium	-	243	(243)	-	-	-
Sponsor Capacity Grant	-	142	(142)	-	-	-
Other DfE/ESFA grants	-	57	(55)	-	-	2
Pension reserve	(1,336)	(207)	(131)	-	335	(1,339)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(1,275)	5,786	(6,123)	(57)	335	(1,334)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	20	25	(7)	-	-	38
Capital expenditure from GAG	50	-	(14)	57	-	93
Legacy assets	9,844	4,700	(330)	-	-	14,214
CIF	233	73	(15)	-	-	291
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	10,147	4,798	(366)	57	-	14,636
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Restricted funds</b>	8,872	10,584	(6,489)	-	335	13,302
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds</b>	9,650	10,994	(6,687)	-	335	14,292
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**21. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

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

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	14,623	14,623
Intangible fixed assets	-	-	3	3
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)
<b>Total</b>	<b>990</b>	<b>(1,334)</b>	<b>14,636</b>	<b>14,292</b>

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

	2019 £000	2018 £000
Net income for the year (as per Statement of Financial Activities)	253	4,307
<b>Adjustments for:</b>		
Amortisation	1	-
Depreciation	400	366
Dividends, interest and rents from investments	(9)	(1)
Capital grants from DfE and other capital income	(402)	(115)
Cash inherited on conversion	-	(146)
Defined benefit pension scheme cost less contributions payable	287	99
Defined benefit pension scheme finance cost	33	32
Fixed assets inherited on conversion	-	(4,700)
Decrease/(increase) in debtors	(296)	16
Increase in creditors	182	31
Pension deficit inherited on conversion	-	207
Decrease/(increase) in stock	(3)	-
<b>Net cash provided by operating activities</b>	446	96

**23. Cash flows from investing activities**

	2019 £000	2018 £000
Dividends, interest and rents from investments	9	1
Purchase of intangible assets	-	(3)
Purchase of tangible fixed assets	(353)	(142)
Short term cash investments	(300)	(500)
Capital grants from DfE Group	402	115
Cash transferred on conversion to an academy trust	-	146
<b>Net cash used in investing activities</b>	(242)	(383)

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**24. Analysis of cash and cash equivalents**

	2019	2018
	£000	£000
Cash in hand	712	258
Notice deposits (less than 3 months)	250	500
<b>Total cash and cash equivalents</b>	<b>962</b>	<b>758</b>

**25. Capital commitments**

	2019	2018
	£000	£000
Contracted for but not provided in these financial statements	291	61
	<b>291</b>	<b>61</b>

**26. Pension commitments**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 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**

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.

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**26. Pension commitments (continued)**

**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 (amended) 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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was prepared for the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £484,000 (2018 - £404,000).

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.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £443,000 (2018 - £316,000), of which employer's contributions totalled £357,000 (2018 - £256,000) and employees' contributions totalled £ 86,000 (2018 - £60,000). The agreed contribution rates for future years are 20.5% - 22.5% for employers and 5.5% - 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.

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**26. Pension commitments (continued)**

**Principal actuarial assumptions**

	2019 %	2018 %
Rate of increase in salaries	3.35	3.25-3.35
Rate of increase for pensions in payment/inflation	2.10	2.00-2.10
Discount rate for scheme liabilities	1.80-1.90	2.80
Inflation assumption (CPI)	2.10	2.00-2.10
Commutation of pensions to lump sums	75.00	75.00

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.9	22.9
Females	25.1	26.4
<i>Retiring in 20 years</i>		
Males	23.6	25.1
Females	26.9	28.7

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	4,909	3,331
Discount rate -0.1%	5,114	3,470
Mortality assumption - 1 year increase	4,841	3,303
Mortality assumption - 1 year decrease	5,182	3,498
CPI rate +0.1%	5,074	3,443
CPI rate -0.1%	4,947	3,357

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**26. Pension commitments (continued)**

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	1,553	1,251
Government bonds	521	334
Property	204	163
Cash and other liquid assets	124	6
Other	282	307
<b>Total market value of assets</b>	<u>2,684</u>	<u>2,061</u>

The actual return on scheme assets was £132,000 (2018 - £173,000).

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

	2019 £000	2018 £000
Current service cost	(484)	(355)
Past service cost	(160)	-
Interest income	64	36
Interest cost	(97)	(68)
<b>Total amount recognised in the Statement of Financial Activities</b>	<u>(677)</u>	<u>(387)</u>

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

	2019 £000	2018 £000
<b>At 1 September</b>	<b>3,400</b>	<b>2,399</b>
Upon Conversion	-	669
Current service cost	484	355
Interest cost	97	68
Employee contributions	86	60
Actuarial losses/(gains)	735	(198)
Benefits paid	48	47
Past service costs	160	-
<b>At 31 August</b>	<u><b>5,010</b></u>	<u><b>3,400</b></u>



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**26. Pension commitments (continued)**

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

	2019 £000	2018 £000
<b>At 1 September</b>	2,061	1,063
Upon Conversion	-	462
Interest income	64	36
Actuarial gains	68	137
Employer contributions	357	256
Employee contributions	86	60
Benefits paid	48	47
	2,684	2,061
<b>At 31 August</b>	2,684	2,061

**27. Net Interest Cost on Pension Scheme**

	2019 £000	2018 £000
Interest income on pension scheme assets	64	36
Interest on pension scheme liabilities	(97)	(68)
	(33)	(32)
	(33)	(32)

**28. Operating lease commitments**

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Within 1 year	11	11
Between 1 and 5 years	5	15
	16	26
	16	26

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**29. Related party transactions**

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

Expenditure Related Party Transactions

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 £480 (2018: £2,000) during the period. There were no amounts outstanding at 31 August 2019 (2018: £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 2018.

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

- The Trust purchased work experience services from the company totalling £3,000 (2018: £1,000) during the period. There were amounts outstanding at 31 August 2019 of £1,000 (2018: £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 2018.
- The company is a not for profit organisation and therefore the element above £2,500 has been provided 'at no more than cost' .

Grimsby Institute - a company in which R Cannon (a Trustee) is a Governor:

- The Trust purchased services from the company totalling £3,000 (2018: £Nil) during the period. There were no amounts outstanding at 31 August 2019 (2018: £Nil).
- The Trust made the purchase at arms' length in accordance with its financial regulations, which R Cannon neither participated in, nor influenced.
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2018.
- The company is a not for profit organisation and therefore the element above £2,500 has been provided 'at no more than cost' .

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

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**30. Teaching school trading account**

	2019 £000	2019 £000	2018 £000	2018 £000
<b>Income</b>				
<b>Direct income</b>				
Other ESFA Revenue	66		-	
Local Authority	100		-	
	<u>166</u>		<u>-</u>	
<b>Total direct income</b>				
<b>Other income</b>				
Sundry Income	2		-	
<b>Total income</b>		168		-
<b>Expenditure</b>				
<b>Direct expenditure</b>				
Staff Development	15		-	
Other Costs	1		-	
	<u>16</u>		<u>-</u>	
<b>Total direct expenditure</b>				
<b>Other expenditure</b>				
Other staff costs	65		-	
Maintenance expense	4		-	
Travel expense	1		-	
Other costs	27		-	
Auditors fees	2		-	
	<u>99</u>		<u>-</u>	
<b>Total other expenditure</b>				
<b>Total expenditure</b>		115		-
<b>Surplus from all sources</b>		53		-
		<u>53</u>		<u>-</u>
<b>Teaching school balances at 31 August 2019</b>		<u><u>53</u></u>		<u><u>-</u></u>