

Company Registration Number: 10265276 (England and Wales)

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 10
Governance Statement	11 - 14
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditors' Report on the Financial Statements	17 - 19
Independent Reporting Accountant's Assurance Report on Regularity	20 - 21
Statement of Financial Activities Incorporating Income and Expenditure Account	22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the Financial Statements	25 - 44

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

S Richings (appointed 6 July 2016)
J Armistead (appointed 6 July 2016)
K Hope (appointed 12 December 2016)
A Newton (appointed 6 July 2016, resigned 12 December 2016)
J Scoble (appointed 6 July 2016)
J W Senior (appointed 6 July 2016)

Trustees

J Scoble, Chairman (appointed 6 July 2016)
R J A Cannon (appointed 6 July 2016)¹
S M Hartley (appointed 6 July 2016)¹
P R Noble (appointed 6 July 2016)¹
S D Read, (Chief Executive and Accounting Officer) (appointed 6 July 2016)
J W Senior (appointed 6 July 2016)

¹ Member of Audit Committee

Company registered number

10265276

Company name

Scalby Learning Trust

Principal and registered office

Fieldstead Crescent
Newby
Scarborough
YO12 6TH

Company secretary

N F Penn

Senior leadership team

S D Read, Chief Executive and Head Teacher
M McCluskie, Deputy Head Teacher
N F Penn, Finance Director
C Robertson, Assistant Head Teacher
M Garfield, Assistant Head Teacher
B Evans (resigned April 2017), Assistant Head Teacher

Independent auditors

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

Bankers

Lloyds Bank plc
1 St Nicholas Street
Scarborough
YO11 2YY

Solicitors

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 6 July 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an academy for pupils aged 11 to 16 serving a catchment area in and around Scarborough, North Yorkshire. It has a pupil capacity of 1,010 and had a roll of 999 in the school census on 18 May 2017.

Structure, governance and management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of Scalby Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Scalby Learning Trust.

Details of the Trustees who served during the period are included in the Reference and administrative details on page 1.

Members' Liability

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

Trustees' Indemnities

The Trust has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

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 Academy 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 Head Teacher or any post held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Organisational Structure

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

The members of the trust have a wholly strategic view of the trust, setting out the vision and values and ensuring they are delivered.

During the period the academy trust continued to operate a unified management structure. The structure consists of three levels: the Trustees, the School Governors and the Senior Leadership 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 standards finance and estates. They ensure the trust delivers on its aims and provide support and challenge to the Senior Leadership 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 focussed 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 Senior Leadership Team includes the Head Teacher, Deputy Head Teacher, Assistant Head Teachers and the Finance Director. 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 Pay Review Sub-Committee. Pay and remuneration of the Senior Leadership Team is reviewed annually on an individual basis and consideration is given to performance, relevant benchmarking, current responsibilities and parity.

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.

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.

Objects and Aims

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.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Objects and Aims (continued)

The main objective of the Trust during the period ended 31 August 2017 was to establish an effective system of governance for the trust so it can achieve the following:

- Strong educational outcomes for its students, well above the national averages.
- Robust, transparent financial systems that meant the school complied with ESFA regulations and had a healthy budget.
- A safe environment for staff and students by compliance with health & safety and safeguarding regulations.
- Improved educational outcomes in the local area either through local schools joining the MAT, or through collaborative work.
- To generate additional funding to enable the school to engage in more school improvement work.

Objectives, Strategies and Activities

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

- Production of a detailed school development plan will provide the blueprint to achieve high academic standards.
- Continuous monitoring of teaching and learning through lesson observation, line management meetings and half termly collection and analysis of student performance and effort data.
- Regular evaluation of the school's performance at senior leadership and governor level in order to check progress against the development plan and maintain a continuous culture of improvement.
- The implementation of a comprehensive weekly training programme for all staff, plus bespoke training for individuals as required to fulfil their current duties or prepare for promotion.
- The creation of paid Associate Assistant Headteacher and Project Leader roles to increase leadership capacity and provide wider experience to staff.
- The development of a literacy strategy for the coastal area led through our Specialist Lead Practitioner for English in collaboration with the Local Authority.
- Collaborative work on the development of Science teaching in conjunction with the lead practitioner for science for the town.
- Collaborative work with primary schools on the development of maths teaching in Scarborough led by the Head of the Mathematics Faculty at Scalby School.
- Close liaison with Civica software, the school's accountants Clive Owen LLP and the NYCC FMS team has supported the development of our new accounting system.
- 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 Scarborough Pledge (CEO on steering committee)
 - The North Yorkshire Coast Opportunity Area (CEO on partnership board)
 - North Yorkshire County Council School Improvement Service
 - The DfE in terms of potential MAT development.
- The school has sought to increase its capacity to work with other schools through the following:
 - Teaching School and Research School applications (unsuccessful for 2017).
- Part of a successful collaborative coastal bid for SSIF funding to develop teaching and learning.

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 academy should undertake.

Strategic Report

Achievements and Performance

The Trust has had a successful year in respect of both financial results and academic results as shown below.

a) Financial

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

This is the first period of operation as an academy trust, and apart from the funds transferred to the Trust upon conversion, most of the Trust's income was obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period, and the associated expenditure, are shown as restricted funds in the statement of financial activities. During the financial period to 31 August 2017 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.

b) Attainment and Progress

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

Scalby School posted the best academic results in its history in the Summer of 2017. They are significantly above national averages on all key benchmarks in terms of both progress and attainment . They demonstrate a significant step forward in the performance of the cohort as a whole and also of key groups such as the more able, SEN students and disadvantaged students.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

1. Educational outcomes for 2017 were of a very high standard and well above national averages.
 - Progress 8 0.6
 - Attainment 8 50.41
 - EBacc with strong passes 37%
 - 77% of students achieving a standard pass or above in English and mathematics.
 - 52% of students achieving a strong pass or above in English and mathematics.
2. NYCC Health & Safety inspections show the school is compliant and it also adheres to the NYCC guidelines re: safeguarding.
3. The school has collaborated with local primary and secondary schools in terms of both literacy and numeracy development.

The school lead on the town's literacy strategy.

4. The school was unsuccessful in its applications for Research school and Teaching School status. Further bids will be considered in 2018.

The school is part of the successful SSIF 'Crafting Learning Conversations' project for which funding for two SLE's has been secured.

The school is participating in a TLIF school improvement project with funding for two teaching and learning coaches.

The CEO is a member of the Opportunity Area partnership board.

Other indicators of performance:

- Student attendance for 2016/17 was over 95%.
- The school is over-subscribed on entry. There were 80 on the waiting list for September 2017.

Going Concern

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Financial Review

Most of the Trust's income is obtained from the 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 period ended 31 August 2017 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.

Upon conversion, the Trust inherited fixed assets of £10,160,000 an inherent pension deficit of £744,000 and a general reserve of £686,000. During the period ended 31 August 2017, total incoming resources amounted to £15,967,000 (including inherited assets of £10,102,000) and total expenditure amounted to £5,792,000. The excess of income over expenditure for the period (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £83,000. As explained in note 22 the pension fund deficit is not a liability which crystallises immediately and does not affect the resources the Trust has to spend on its educational or charitable activities. The Trust successfully submitted a bid for £306,000 to the Condition Improvement Fund to enable it to carry out refurbishment works roofs across the Scalby School site.

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

At 31 August 2017 the net book value of fixed assets was £10,147,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £1,336,000 recognised on the balance sheet.

The Trust held fund balances at 31 August 2017 of £9,650,000 comprising £10,148,000 of restricted fixed asset funds, £60,000 of restricted reserves, £778,000 of unrestricted funds and an LGPS deficit of £1,336,000. The Trustees are satisfied that the financial position of the Trust is good and is in a good position to deal with issues going forward, such as increased staffing costs.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Reserves Policy

The level of reserves is reviewed by the Trustees regularly throughout the year to provide flexibility and certainty in forward planning. This review encompasses the nature of income and expenditure streams, the need to match income with commitments, and the nature of reserves.

The Trust plans to spend the majority of its revenue income each year on the students in its care. However, the Trustees have determined to aim to carry forward reserves at a prudent level designed to cover any delays between the receipt of grants and spending, and to meet the long term cyclical needs of renewal and unforeseen requirements such as emergency maintenance of the buildings.

The academy's current level of free reserves are in surplus by £778,000. The policy approved by Trustees, after academy conversion, is that reserves should exceed one month's General Annual Grant funding £411,000 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.

Investment Policy

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

Principal Risks and Uncertainties

The Trust is subject to a number of risks and uncertainties in common with other academies. The Trustees have considered the risks presented to the Trust, have incorporated them within a Risk Register and have implemented policies and systems to mitigate those risks as much as has been reasonably practicable. The following are those risks deemed to be of most serious consequence to the Academy 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 the academy. The Trust supports recruitment and retention of students and employees with disabilities by adapting the physical environment, by making support resources available and through training and career development.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Plans for Future Periods

In seeking to realise its mission statement and achieve its strategic objectives, the Scalby Learning Trust board are committed to:

- The principle of meaningful educational partnership between primary and secondary schools.
- Expanding the number of schools in the MAT where this enhances the education of youngsters already under the care of the Trust and can realistically improve it in the joining school.
- Sustainable and measured growth as a Trust.
- Collaborative working with other stakeholders and institutions for the benefit of local youngsters whether they are in the Trust or not.

Strategic objectives 2017-2020:

- 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 Leadership Team who work together for the benefit of all schools in the Trust.
- To maintain and continue to develop a highly effective Trust board with a clear strategy for the development of the trust.
- To maintain and develop links with key stakeholders at a local, regional and national level in order to enhance the performance of the Trust.

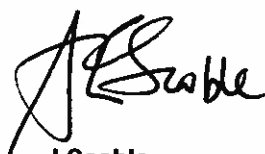
The fundamental aim of the Trust is to improve educational provision in the area through effective collaborative working. Ideally, this will involve schools that join the Trust because coherent, efficient planning will be easier among establishments operating within the same strategic, financial and governance framework.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 6 December 2017 and signed on its behalf by:



J Scoble
Chair of Trustees

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 13 times during the period since incorporation. All of the Trustees were appointed upon incorporation on 6 July 2016. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Scoble, Chairman	13	13
R J A Cannon	9	13
S M Hartley	13	13
P R Noble	12	13
S D Read, (Chief Executive and Accounting Officer)	11	11
J W Senior	7	13

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

The Trustees established the Audit Committee in March 2017 to maintain oversight of the Trust's governance, risk management, internal control and value for money framework.

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

Trustee	Meetings attended	Out of a possible
J Armistead	2	2
R J A Cannon	1	2
S M Hartley	2	2
P R Noble	2	2

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the academy 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 academy'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 academy has delivered improved value for money during the year by:

- Completing a detailed tendering process for the roofing works funded by the Condition Improvement Fund.
- Actively seeking opportunities to bid for additional funding. The Trust is able to make use of £17,000 careers and enterprise resources from development funding to inspire and prepare our students for the world of work.
- Substantially completing the replacement of inefficient lighting throughout the Scalby School site and by using more energy efficient computers and other electrical equipment, has incrementally reduced electricity usage by 34% per year since 2008/09.
- Implementing a new financial recording and reporting system that employs web-based ordering and document scanning, and that has reduced the reliance upon paper-based systems and improved efficiency of purchase ordering and accounts processing.
- Investing time into due diligence procedures to ensure the specific risks for each school hoping to join the Trust are understood.
- Commissioning an independent review of our cleaning services with a view to ensuring the highest quality service at the most economical price.

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Scalby Learning Trust for the period 6 July 2016 to 31 August 2017 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 academy 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 academy's significant risks, that has been in place for the period 6 July 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

The Trustees have considered the need for a specific internal audit function and appointed Clive Owen LLP to carry out internal assurance work. This role includes giving advice on financial matters and performing a range of checks on the Trust's financial, governance and other systems. The internal assurance post-holder reports to the Trustees three times per year, through the Audit Committee, on the operation of the systems of control and on the discharge of Trustees' financial responsibilities.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of Trustee appointments/resignations and declarations of interest;
- Review of information technology strategy;
- Review of information technology strategy;
- Review of fixed assets;
- Review of VAT and Corporation tax position

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 6 December 2017 and signed on their behalf, by:



J Scoble
Chair of Trustees



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 academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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: 6 December 2017

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of Scalby Learning Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 6 December 2017 and signed on its behalf by:



J Scoble
Chair of Trustees

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 for the period ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the period 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 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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 academy'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.

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 Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

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

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 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 academy 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 academy'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 academy's or to cease operations, or have no realistic alternative but to do so.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

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

Auditor's 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 Auditor's 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. The description forms part of our Auditor's report.



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

Co Durham

DL3 7RT

6 December 2017

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 15 February 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Scalby Learning Trust during the period 6 July 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Scalby Learning Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Scalby Learning Trust's funding agreement with the Secretary of State for Education dated 22 August 2016, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 period 6 July 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

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

Approach (continued)

The work undertaken to draw to our conclusion includes;

- Review of governing body and committee minutes;
- Review of termly Responsible Officer reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 6 July 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

6 December 2017

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

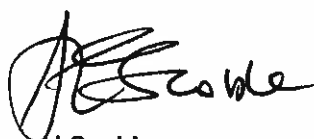
	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
INCOME FROM:					
Donations & capital grants:					
Transfer from local authority on conversion	2	686	(744)	10,160	10,102
Other donations and capital grants	2	60	-	254	314
Charitable activities	3	-	5,401	-	5,401
Other trading activities	4	147	-	-	147
Investments	5	3	-	-	3
TOTAL INCOME		<u>896</u>	<u>4,657</u>	<u>10,414</u>	<u>15,967</u>
EXPENDITURE ON:					
Charitable activities		118	5,352	322	5,792
TOTAL EXPENDITURE	7	<u>118</u>	<u>5,352</u>	<u>322</u>	<u>5,792</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	16	778	(695)	10,092	10,175
		<u>-</u>	<u>(55)</u>	<u>55</u>	<u>-</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
		778	(750)	10,147	10,175
Actuarial losses on defined benefit pension schemes	22	-	(525)	-	(525)
NET MOVEMENT IN FUNDS		<u>778</u>	<u>(1,275)</u>	<u>10,147</u>	<u>9,650</u>
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		<u><u>778</u></u>	<u><u>(1,275)</u></u>	<u><u>10,147</u></u>	<u><u>9,650</u></u>

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

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	2017 £000	£000
FIXED ASSETS			
Tangible assets	13		10,147
CURRENT ASSETS			
Debtors	14	174	
Cash at bank and in hand		1,045	
		<u>1,219</u>	
CREDITORS: amounts falling due within one year	15	(380)	
NET CURRENT ASSETS			<u>839</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,986
Defined benefit pension scheme liability	22		<u>(1,336)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>9,650</u></u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	16	61	
Restricted fixed asset funds	16	10,147	
		<u>10,208</u>	
Restricted income funds excluding pension liability		10,208	
Pension reserve		<u>(1,336)</u>	
Total restricted income funds			8,872
Unrestricted income funds	16		<u>778</u>
TOTAL FUNDS			<u><u>9,650</u></u>

The financial statements on pages 22 to 44 were approved by the Trustees, and authorised for issue, on 6 December 2017 and are signed on their behalf, by:



J Scoble
Chair of Trustees

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000
Cash flows from operating activities		
Net cash provided by operating activities	18	411
Cash flows from investing activities:		
Dividends, interest and rents from investments		3
Purchase of tangible fixed assets		(309)
Capital grants from DfE/ESFA		254
Cash transferred on conversion to an academy trust		686
Net cash provided by investing activities		634
Change in cash and cash equivalents in the period		
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	19	1,045

All of the cash flows are derived from acquisitions in the current financial period.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

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

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long-term leasehold property	-	Straight line over 50 years
Fixtures and fittings	-	Straight line over 10 years / 5 years
Computer equipment	-	Straight line over 4 years

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

1.6 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.

1.7 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.

1.8 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 academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 Taxation

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

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 Conversion to an academy trust

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

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

Valuation of property - As the ESFA have not yet carried out a land and buildings valuation for the property on conversion. The Trustees have considered the other options available to them and have chosen to use 50% of the insurance valuation of land and buildings provided by North Yorkshire County Council prior to conversion. A third party valuation was considered but was not the Trustees preferred option since the cost of such an exercise was deemed to be greater than the benefit that would have been derived from it. The Trustees were also aware that such a third party valuation could have been materially different to that provided by the ESFA and were concerned with regard to the treatment of any difference that may arise between the two valuations.

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

Further details of the transaction are set out in note 20.

1.13 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £322,000

Land – Land is held under a 125 year lease from North Yorkshire County Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, 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 academy could use them without major modification.

Valuation of property - As the ESFA have not yet carried out a land a buildings valuation for the property on conversion. The Trustees have considered the other options available to them and have chosen to use 50% of the insurance valuation of land and buildings provided by North Yorkshire County Council prior to conversion. A third party valuation was considered but was not the Trustees preferred option since the cost of such an exercise was deemed to be greater than the benefit that would have been derived from it. The Trustees were also aware that such a third party valuation could have been materially different to that provided by the ESFA and were concerned with regard to the treatment of any difference that may arise between the two valuations.

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Transfer from local authority on conversion	686	(744)	10,160	10,102
General donations	60	-	-	60
Capital Grants	-	-	254	254
	<u>746</u>	<u>(744)</u>	<u>10,414</u>	<u>10,416</u>

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000
DfE/ESFA grants			
General Annual Grant (GAG)	-	5,030	5,030
Pupil Premium	-	225	225
Other DfE/ESFA Grants	-	31	31
	<u>-</u>	<u>5,286</u>	<u>5,286</u>
Other government grants			
SEN	-	47	47
Other Government Grants	-	68	68
	<u>-</u>	<u>115</u>	<u>115</u>
	<u>-</u>	<u>5,401</u>	<u>5,401</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000
Sundry income	62	-	62
School Trips	33	-	33
Catering income	52	-	52
	<u>147</u>	<u>-</u>	<u>147</u>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. INVESTMENT INCOME

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000
Investment income	3	-	3
	<hr/>	<hr/>	<hr/>

6. CHARITABLE ACTIVITIES

	Total funds 2017 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	2,881
National insurance	277
Pension cost	546
Educational supplies	128
Examination fees	89
Staff development	30
Technology costs	51
Educational consultancy	6
Travel and subsistence	15
Other direct costs	218
	<hr/>
	4,241
	<hr/>
SUPPORT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	435
National insurance	27
Pension cost	65
Depreciation	322
Net interest cost on pension scheme	27
Technology costs	22
Recruitment and support	11
Maintenance of premises and equipment	204
Cleaning	142
Rates	28
Energy	59
Insurance	22
Transport	5
Catering	53
Occupancy costs	17
Bank interest and charges	4
Other support costs	87
Governance costs	21
	<hr/>
	1,551
	<hr/>
	5,792
	<hr/>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. EXPENDITURE

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000
Academy's educational operations:				
Direct costs	3,704	-	537	4,241
Support costs	527	693	331	1,551
	<u>4,231</u>	<u>693</u>	<u>868</u>	<u>5,792</u>

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

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

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

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £000
Depreciation of tangible fixed assets:	
- owned by the charity	322
Auditors' remuneration - audit	10
Auditors' remuneration - other services	4
Operating lease rentals	11
	<u>357</u>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017 £000
Wages and salaries	3,156
Social security costs	304
Operating costs of defined benefit pension schemes	611
	4,071
Supply staff costs	160
	4,231

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

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

	2017 No.
Teachers	64
Administration & Support	62
	126

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

	2017 No.
In the band £60,001 - £70,000	1
In the band £90,001 - £100,000	1

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 £468,000 for the period.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017 £000
S D Read	Remuneration	95-100
	Pension contributions paid	15-20

During the period ended 31 August 2017, expenses totalling £1,000 were reimbursed to 1 Trustee.

11. TRUSTEES' AND OFFICERS' INSURANCE

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

12. NET INTEREST COST ON PENSION SCHEME

	2017 £000
Interest income on pension scheme assets	16
Interest on pension scheme liabilities	(43)
	<hr/>
	(27)
	<hr/> <hr/>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 6 July 2016	-	-	-	-
Additions	239	10	60	309
Transfer on conversion	9,889	83	188	10,160
At 31 August 2017	<u>10,128</u>	<u>93</u>	<u>248</u>	<u>10,469</u>
Depreciation				
At 6 July 2016	-	-	-	-
Charge for the period	198	24	100	322
At 31 August 2017	<u>198</u>	<u>24</u>	<u>100</u>	<u>322</u>
Net book value				
At 31 August 2017	<u>9,930</u>	<u>69</u>	<u>148</u>	<u>10,147</u>

14. DEBTORS

	2017 £000
VAT repayable	52
Other debtors	13
Prepayments and accrued income	109
	<u>174</u>

15. CREDITORS: Amounts falling due within one year

	2017 £000
Trade creditors	261
Other creditors	8
Accruals and deferred income	111
	<u>380</u>
	<u>£000</u>
Deferred income	
Resources deferred during the year	<u>51</u>

Deferred income related to Devolved Formula Capital which straddles the academic year end, and school trip income for school trips which have taken place after the academic year end.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. STATEMENT OF FUNDS

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

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

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

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

SEN and other government grants are received from North Yorkshire City Council to cover Special Education Needs.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

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.

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

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

	2017 £000
Net income for the year (as per Statement of Financial Activities)	10,175
Adjustment for:	
Depreciation charges	322
Dividends, interest and rents from investments	(3)
Increase in debtors	(174)
Increase in creditors	380
Capital grants from DfE and other capital income	(254)
Defined benefit pension scheme cost less contributions payable	40
Defined benefit pension scheme finance cost	27
Pension deficit inherited on conversion	744
Fixed assets inherited on conversion	(10,160)
Cash inherited on conversion	(686)
Net cash provided by operating activities	<u>411</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £000
Cash in hand	1,045
Total	<u>1,045</u>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. CONVERSION TO AN ACADEMY TRUST

On 6 July 2016 Scalby School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Scalby Learning Trust from North Yorkshire City Council for £NIL consideration.

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

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	9,889	9,889
Tangible fixed assets	-	-	271	271
Budget surplus on LA funds	686	-	-	686
LGPS pension deficit	-	(744)	-	(744)
	<u>686</u>	<u>(744)</u>	<u>10,160</u>	<u>10,102</u>

The above net assets include £686,000 that were transferred as cash.

21. CAPITAL COMMITMENTS

At 31 August 2017 the academy had capital commitments as follows:

	2017 £000
Contracted for but not provided in these financial statements	<u>61</u>

22. PENSION COMMITMENTS

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

As described in note 20 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COMMITMENTS (continued)

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £372,000.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £244,000, of which employer's contributions totalled £239,000, and employees' contributions totalled £45,000. The agreed contribution rates for future years are 22.5% for employers and 8.5% for employees.

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

Principal actuarial assumptions:

	2017
Discount rate for scheme liabilities	2.50 %
Rate of increase in salaries	3.35 %
Rate of increase for pensions in payment / inflation	2.10 %
Inflation assumption (CPI)	2.10 %
Commutation of pensions to lump sums	75.00 %

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

	2017
Retiring today	
Males	22.8
Females	26.3
Retiring in 20 years	
Males	25.0
Females	28.6

	At 31 August
	2017
	£000
Sensitivity analysis	
Discount rate +0.1%	2,352
Discount rate -0.1%	2,447
Mortality assumption - 1 year increase	2,328
Mortality assumption - 1 year decrease	2,471
CPI rate +0.1%	2,429
CPI rate -0.1%	2,370

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £000
Equities	705
Government bonds	136
Corporate bonds	32
Property	86
Cash and other liquid assets	5
Other - user input	99
	1,063
	1,063

The actual return on scheme assets was £121,000.

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

	2017 £000
Current service cost	(239)
Interest income	16
Interest cost	(43)
	(266)
	(266)

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

	2017 £000
Upon conversion	1,447
Current service cost	239
Interest cost	43
Employee contributions	45
Actuarial (gains)/losses	630
Benefits paid	(5)
	2,399
	2,399

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COMMITMENTS (continued)

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

	2017 £000
Upon conversion	703
Interest income	16
Actuarial gains/(losses)	105
Employer contributions	199
Employee contributions	45
Benefits paid	(5)
	<hr/>
Closing fair value of scheme assets	1,063
	<hr/> <hr/>

SCALBY LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000
Amounts payable:	
Within 1 year	11
Between 1 and 5 years	27
Total	<u>38</u>

24. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.