

Company Registration No. 08693259 (England and Wales)

**SKELTON PRIMARY SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

# SKELTON PRIMARY SCHOOL

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# SKELTON PRIMARY SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

L Halbert (Chair) (Appointed 1 November 2013)  
C Farrel (Vice Chair) (Appointed 1 November 2013) \*  
E McLeod (Appointed 1 November 2013)  
S Walker (Accounting Officer) (Appointed 1 November 2013) \*  
L Keeler (Appointed 5 February 2014)  
S Dick (Appointed 1 November 2013)  
A Woolf (Appointed 1 November 2013)  
A Oswald (Appointed 1 November 2013)  
J Swainson (Appointed 1 November 2013) \*  
R Lowery (Appointed 1 November 2013) \*  
S Wall (Appointed 1 November 2013 and resigned 12 May 2014)

\* members of the Resource Employment and Finance & Audit committee

### Members

#### Senior management team

|                           |             |
|---------------------------|-------------|
| - Headteacher             | S Walker    |
| - Deputy Headteacher      | A Oswald    |
| - Assistant Headteacher   | N Chapman   |
| - Assistant Headteacher   | A Carson    |
| - Assistant Headteacher   | S Theakston |
| - School Business Manager | D Chadwick  |

#### Company registration number

08693259 (England and Wales)

#### Registered office

Station Lane  
Skelton  
Saltburn by the Sea  
TS12 2LR

#### Independent auditor

Evolution Business and Tax Advisors LLP  
10 Evolution  
Wynyard Park  
Wynyard  
TS22 5TB

#### Bankers

Lloyds Bank plc  
37 Westgate  
Guisborough  
TS14 6BD

# SKELTON PRIMARY SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Solicitors

QualitySolicitors BHP Law LLP  
Kingfisher House  
2 Kingfisher Way  
Preston Farm  
Stockton on Tees  
TS18 3EX

# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT

### ***FOR THE PERIOD ENDED 31 AUGUST 2014***

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The trustees present their annual report together with the audited financial statements of the academy trust (academy) for the period from 17 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The trust operates a three form entry Primary School with two Nurseries, in Skelton-in-Cleveland. The School has a pupil capacity of 630 and had a roll of 589 in the school census in January 2014.

#### **Structure, governance and management**

##### Constitution

The academy 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 academy trust.

The trustees of Skelton Primary School are also the directors of the charitable company for the purposes of company law. 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

Subject to the provisions of the Companies Act 2006 every governor or other officer or auditor of the school trust shall be indemnified out of the assets of the school trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy trust.

##### Method of recruitment and appointment or election of trustees

The members may appoint up to 8 governors. In addition to the governors appointed, the members may appoint staff governors through such process as they may determine. The total number of governors (including the HT) who are employees of the trust shall not exceed one third of the total number of governors. Parent governors will be elected by parents of registered pupils at the trust. A parent governor must be a parent of a pupil at the time when he is elected. In appointing a parent governor the governing body shall appoint a person who is the parent of a registered pupil at the trust; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

##### Policies and procedures adopted for the induction and training of trustees

The governing body has a Service Level Agreement with the Local Authority governing body department, who advise governors and minute meetings. Included in the SLA is a training package for all trustees. A report is given at each governing body meeting on training undertaken.

# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Organisational structure

The Headteacher is the schools Accounting Officer. The school has a Senior Leadership Team (SLT) that is made up of the Headteacher, Deputy Headteacher, Three assistant heads and the School Business Manager. The school also has a management team that consists of the above plus four curriculum team leaders. Decisions and developments on the day to day running of the school are approved at SLT level in line with the school improvement Plan. The Governing Body is made up of 2 sub committees, each committee has a member of the SLT to act in an advisory capacity - each committee has its own remit. Depending on the committee remit decisions can be made at subcommittee or full governing body level. All decisions that have a financial implication are made in line with the School's Finance Handbook. The budget is approved by the Full Governing Body. The Governors are responsible for the strategic management of the school; approving and setting key aspects of the school, including strategic direction, annual budget, recruitment of senior members of staff, policy changes etc. The Head teacher and staff are responsible for the operational management. School policies are developed by senior members of the school staff to reflect both the strategic direction agreed by the Governors and statutory requirements. Policies are approved and adopted by the Governing Body and implemented as procedures by the SLT and Management Team.

### Connected organisations including related party relationships

The School is an associate member of the East Cleveland Co-operative Learning Trust. The trust meets legal requirements and has exclusively charitable objectives. The trust is made up of nine maintained schools and ten associate members including primary, secondary and academies. The trust assists its members in delivering on the trust's legal requirement to promote community cohesion. The co-operative membership dimension also greatly and actively assists this process. Part of the trust's remit is to collaborate and the group collectively seek to purchase goods and services to obtain value for money.

The school has a parent & teacher association called Friends of Skelton Primary School. Friends support the school by fundraising and making links with the local community.

As a single academy the school elected to offer support to a local primary (Lingdale Primary) particularly in the management and delivery of support to children with Special Educational Needs.

The school is a partner in North East Schools Teaching Alliance with four primary/secondary colleagues and that brokers best teaching practice across the local authority.

The school is a member of the School Sport Partnership along with 15 primary schools which coordinates skills and competitive sport.

# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### **Objectives and activities**

#### **Objects and aims**

The principal object and aim of the Trust is the operation of Skelton Primary School to provide education in a safe secure environment to pupils between 3-11.

The aims of the school rest on the following principles and beliefs:

#### ***Moral principles***

*We hope to promote a real sense of community and desire to contribute to the world at large. Children will be encouraged to respect and value all people and celebrate their similarities and differences.*

#### ***The search for excellence***

*Our family members will be given every opportunity to develop their talents to the full. We aim to develop a culture of trust in which individuals are encouraged to take risks in their learning and getting something wrong is seen as an opportunity for growth.*

#### ***A happy school family environment***

*We aim to extend a warm welcome and provide stimulating and challenging learning opportunities for everyone. A constantly improving example of an exciting and enriching curriculum will be promoted offering opportunities for pupils to recognise, develop and share their wide variety of talents and skills within a healthy and safe environment.*

#### ***The uniqueness of the individual***

*All pupils are valued and respected as individuals so that they may be helped to fulfil their unique role in the 21st century. We aim to promote self-esteem and confidence and to celebrate achievement within the school family.*

#### ***The education of the whole person***

*We aim to encourage all members of the community to develop a positive attitude and active involvement in school life. To promote the importance of positive relationships and partnership throughout the school family and beyond.*

# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Objectives, strategies and activities

*Skelton Primary School became an academy on November 1st 2013. It has 620 on role with two nurseries and three form entry in all year groups. Key areas for reflection and celebration in 2013/14 include:*

#### **Child Wellbeing**

- Nurture, counselling, Care Team & inclusion provision

#### **Pupil Leadership**

- Approachable, friendly, open 'spirit' amongst all children from Foundation Stage to Year 6.
- Buddy reading between year groups has been and will continue to be a great success
- Pupil leadership in key areas especially teaching & learning, eco, UNICEF, hospitality and community

#### **Parents**

- Support for our children, encouraging them with family values as well as trying their best in home and at school
- Support for our school in terms of policies and procedures, especially uniform and punctuality and supporting out of hours clubs and attending social functions

#### **Staffing**

- Quality of teaching staff & dynamic of staffing structure nurturing year group identity and development
- Quality of support recognised as very important in all non-teaching staff including classroom support, office and site staff
- Resilience & fantastic support of staff during devastating floods of September & subsequent disruption over two terms
- Networking with local schools within the East Cleveland Cooperative, North East Teaching Alliance

#### **Standards**

- RAISE online data shows VA 2013 of: 101.8 with 15.9pp progress across KS2
- Personalised learning to meet the needs of our young children, a significant percentage of whom join us well below expected levels
- Aspirational in house targets of 4 points progress a year by all groups of learners
- Successful OFSTED 2012

Governors are committed to develop and improve the provision of Skelton Primary School to meet the educational and emotional needs of its pupils, this will be achieved by:-

- Developing skills in early phonics, reading and to further develop reading comprehension
- further extend the value of impact of Teaching & Learning
- Providing further tailored provision for our most *vulnerable or 'invisible pupils in danger of under achievement'*



# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Public benefit

The trustees have considered and adhered to the charity commission's guidance on public benefit. The key public benefit delivered by Skelton Primary School is the maintenance and development of high quality education to its pupils and the support to their families and the whole community.

### **Strategic report**

#### Achievements and performance

The school achieved a good Ofsted report in 2012, since then the school has strived to continue to develop and improve in all areas including the achievement of our pupils, teaching & learning, behaviour and leadership and management. The school is continuing to improve and is looking to become an outstanding school.

#### Key performance indicators

|         | 2 Year Average<br>2013-14<br><br>L4 + | National<br>Average | 2 Year<br>Average<br>2013-14<br><br>L5 + | National<br>Average |
|---------|---------------------------------------|---------------------|--|---------------------|
| Math    | 93%                                   | 85%                 | 44%                                      | 41%                 |
| Reading | 98%                                   | 86%                 | 48%                                      | 44%                 |
| Writing | 96%                                   | 83%                 | 40%                                      | 30%                 |

|         | 2 levels progress | 3 levels progress | 12 point progress + | Value added PP |
|---------|-------------------|-------------------|---------------------|----------------|
| Math    | 100%              | 64%               | 98%                 | 15.9           |
| Reading | 98%               | 64%               | 94%                 | 15.4           |
| Writing | 100%              | 56%               | 98%                 | 17             |

# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

| Progress by G&T:  |          |          | Progress by HA: |          |          | Progress by MA: |          |          |          |
|-------------------|----------|----------|-----------------|----------|----------|-----------------|----------|----------|----------|
|                   | <u>R</u> | <u>W</u> | <u>M</u>        | <u>R</u> | <u>W</u> | <u>M</u>        | <u>R</u> | <u>W</u> | <u>M</u> |
| <u>Y1</u>         | 5.5      | 6        | 5               | 5.4      | 4        | 4.8             | 4.8      | 4.8      | 4.9      |
| <u>Y2</u>         | 6        | 8.8      | 6               | 6        | 6.9      | 5.6             | 4.7      | 5.2      | 6.3      |
| <u>Y3</u>         | 3.5      | 4        | 5               | 3.4      | 3.7      | 4               | 3.1      | 3.4      | 3.3      |
| <u>Y4</u>         | 3.2      | 3.7      | 3.3             | 3        | 5.1      | 3               | 3.6      | 3.8      | 2        |
| <u>Y5</u>         | 4        | 5.3      | 4               | 4        | 5.4      | 3.7             | 3.9      | 3.7      | 3.7      |
| <u>Y6</u>         | 4.2      | 6        | 5.3             | 4.6      | 5.9      | 5.1             | 2.7      | 7        | 5.6      |
| <u>School Ave</u> | 4.4pp    | 5.6pp    | 4.7pp           | 4.4pp    | 5.1pp    | 4.3pp           | 3.8pp    | 4.7pp    | 4.3pp    |

| Progress by LA:   |          |          | Progress by SEN: |          |          |          |
|-------------------|----------|----------|------------------|----------|----------|----------|
|                   | <u>R</u> | <u>W</u> | <u>M</u>         | <u>R</u> | <u>W</u> | <u>M</u> |
| <u>Y1</u>         | 3.4      | 3.4      | 3                | 3.3      | 2.6      | 3.3      |
| <u>Y2</u>         | 4.7      | 4.3      | 5.9              | 4.5      | 3.9      | 5.6      |
| <u>Y3</u>         | 2.4      | 2.8      | 2.8              | 2.8      | 2.5      | 3        |
| <u>Y4</u>         | 2.8      | 4        | 2.2              | 3        | 4.5      | 2.3      |
| <u>Y5</u>         | 2.6      | 4        | 2.6              | 3        | 4.2      | 3.2      |
| <u>Y6</u>         | 6        | 8        | 7.3              | 5.7      | 7.8      | 7        |
| <u>School Ave</u> | 3.7pp    | 4.4pp    | 4pp              | 3.8pp    | 4.2pp    | 4pp      |

# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Free school meals and Pupil Premium:

At Key Stage 1, the gap in attainment has continued to close in Reading and Maths, However, the gap remains in Writing. At Key Stage 2, the gap in attainment has continued to close in Reading, Writing and Maths.

| Points progress           | Y1 PP | Y2PP | Y3PP | Y4PP | Y5PP | Y6PP |
|---------------------------|-------|------|------|------|------|------|
| Sum13-Sum 14 (target 4pp) |       |      |      |      |      |      |
| Reading                   | 4     | 6    | 3    | 3    | 3.3  | 5    |
| Writing                   | 3     | 4    | 3    | 4    | 4    | 8    |
| Maths                     | 3.8   | 6    | 4    | 2    | 3    | 7    |

### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the School 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 note of the financial statements.

# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 AUGUST 2014

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#### Financial review

The principal sources of income are the EFA and the Local Authority. Total income for the 10 month period was £2,243,790 of which £1,687,304 (75%) came from EFA, £96,825 (5%) came from the LA, £296,754 (13%) came from LA revenue surplus on transfer and £162,907 (7%) came from other sources. GAG income is used to fund the following principal expenses:

- Teaching and support within the classrooms
- Non- teaching support for administration, finance, site maintenance
- Staff training
- Operational contracts/SLAs for day to day management
- Educational materials
- Utility services
- Rates

The Key headlines of the School Improvement Plan are to support and improve the following areas:-

- Attainment
- Teaching & Learning
- Behaviour & Safety
- Leadership

These areas will be targeted by investing in

- bespoke staff CPD
- introduction of KS1 Booster sessions
- reading, strategy and resources
- phonic resources
- standardised literacy/numeracy walls and focused learning walks
- LA Assessment training
- Attendance boards and rewards
- Governor training
- Team Leader time
- Team Teach

In respect of the building we have a rolling programme of maintenance and decoration. The exterior of the building has had work carried out to the roof in the KS1 and KS2 building. The whole school building has had its exterior cladding renewed to PVC. The KS1 learning environment has been improved with the installation of suspended ceiling and energy saving LED lights. Plans are still underway to significantly improve the outdoor FS1 + 2 areas and create an exciting natural world environment. We are still in the process of obtaining quotes for the resurface of the KS2 playground.

#### Reserves policy

The budget is accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is simple for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change. It is not anticipated that the annual budget should show a large surplus of funds over expenditure. Irrespective of the carry-forward calculation, it is not deemed responsible to try and build up significant reserves unless there is a particular project that requires savings to fund it over a number of years. School reserves are considered to be sufficient to cope with any unforeseen contingencies.

#### Investment policy and powers

The School does not hold any Investments and will wait to establish a stable cash flow. When governors feel that cash flow is stable, if it is found that the school is able to generate better returns than currently provided in the deposit account, investments will be made by creating termly deposits for longer periods with the school's bankers – Lloyds.

# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Principal risks and uncertainties

The school has carried out a Financial Risk & Control checklist. This checklist is intended to help review levels of internal control with a view to assessing the likelihood/impact of any risk arising from the controls not being in place. The checklist is completed on an annual basis as part of the annual Statement of internal control that is to be signed by the Headteacher, Chair of Governors or Chair of Resource & Finance Committee. Governors have also completed the Financial Management and Governance Self-Assessment which was approved by the EFA with no outstanding actions.

### **Plans for future periods**

**PUPILS** - Confident, motivated children with a clear picture of their role and where they fit as twenty first century young people

**PARENTS** - Further informed on what their children are learning, and how they can help them

**CURRICULUM** - Twenty first century curriculum incorporating life skill and academic rigour preparing the children for the next stage in their education on the journey to a purposeful & rewarding adult life

**STANDARDS** - Secured an outstanding OFSTED status

**COLLABORATIONS** - Working in a number of high quality collaborations, directly impacting on standards for our children

**PERFORMANCE** - meeting & beating our data targets across all key stages

**COMMUNITY** - At the very heart of the community in as extended way as possible

**ENVIRONMENT** - An outstanding learning environment for all. Allowing all expert adults to deliver high quality provision to all learners- especially in standards of teaching

**BESPOKE CPD** - Offering an outstanding bespoke service for all of our staff

**FINANCIALLY** - Better off due to more effective income generation methods & practices

**ICT** – Produce a five year plan to replace equipment

### **Funds held as custodian trustee on behalf of others**

The academy has no funds for which it is acting as custodian trustee.

# SKELTON PRIMARY SCHOOL

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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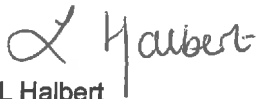
### **Auditor**

In so far 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.

A resolution proposing that Evolution Business and Tax Advisors LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 08 December 2014 and signed on its behalf by:



L Halbert  
Chair

# SKELTON PRIMARY SCHOOL

## GOVERNANCE STATEMENT

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Skelton Primary School 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 Head teacher, 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 Skelton Primary School 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 as described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year of Board of Trustees was as follows:-

| <b>Trustees</b>   | <b>Meetings attended</b> | <b>Out of possible</b> |
|---|--------------------------|------------------------|
| L Halbert (Chair) (Appointed 1 November 2013)               | 3                        | 3                      |
| C Farrel (Vice Chair) (Appointed 1 November 2013)           | 3                        | 3                      |
| E McLeod (Appointed 1 November 2013)                        | 3                        | 3                      |
| S Walker (Accounting Officer) (Appointed 1 November 2013)   | 3                        | 3                      |
| L Keeler (Appointed 5 February 2014)                        | 2                        | 2                      |
| S Dick (Appointed 1 November 2013)                          | 2                        | 3                      |
| A Woolf (Appointed 1 November 2013)                         | 3                        | 3                      |
| A Oswald (Appointed 1 November 2013)                        | 3                        | 3                      |
| J Swainson (Appointed 1 November 2013)                      | 1                        | 3                      |
| R Lowery (Appointed 1 November 2013)                        | 2                        | 3                      |
| S Wall (Appointed 1 November 2013 and resigned 12 May 2014) | 0                        | 2                      |

The Resource Employment and Finance & Audit Committee is a sub-committee of the main board of trustees. In particular the committee will:

# SKELTON PRIMARY SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Finance

- To consider the Academy's indicative funding, notified annually by the EFA, and to assess its implications for the academy, in consultation with the Head Teacher in advance of the financial year, drawing any matters of significance or concern to the attention of the Governing Body.
- To consider and recommend to the governing body acceptance of the academy's budget, at the start of each financial year.
- To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Head Teacher with the stated and agreed aims and objectives of the academy.
- To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- To liaise with and receive reports from the Families and Community Committee, as appropriate, and to make recommendations to that committee about the financial aspects of matters being considered by them.
- To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the Governing Body.
- To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis and in response to reports from the accounting officer/responsible officer, including the implementation of bank account arrangements and, where appropriate to make recommendations to the governing body for improvement.
- To approve the financial statement for filing in accordance with Companies Act and Charity Commission requirements
- To be responsible to the Board for ensuring compliance with the Funding Agreement and all relevant financial regulations relating to the Academy is observed.
- To advise on major financial decisions that may affect the Academy's resources and finances and the risks involved in such decisions including value for money.
- To oversee treasury management and associated risk.
- To advise the Governing Body on other methods of income generation
- Oversee any capital investment programmes and advise the Governing Body as appropriate

### Premises, health and safety

- draw up medium and long term plans relating to the repair, maintenance and development of premises and recommend action to the governing body;
- agree the lettings and charges policy for the use of Academy premises;
- keep the health and safety and emergency procedures and policies under review, ensuring that necessary checks and assessments are carried out and prioritised for action
- seek professional external advice as and when appropriate, inclusive of support offered through service level agreements, to ensure that the academy complies with all current health and safety requirements

### Staffing

- agree the staffing establishment and structure (teaching and non-teaching) at least annually in relation to the budget and the Academy development plan;
- keep under review appropriate staffing policies and procedures - to include grievance, discipline, redundancy, capability, sickness absence; performance management, whistle blowing, pay and conditions of employment and ensure staff are consulted and informed appropriately;
- recommend to the governing body the procedure for filling vacancies and making staff appointments below the Leadership Group;
- monitor the impact of equalities and diversity policies on staff recruitment and retention;
- ensure the Academy complies with the latest requirements in relation to safe recruitment and safeguarding procedures;
- consider any issues referred by the head teacher outside any scheme or policy adopted by the governing body.

The day to day running of the school has been delegated to the Headteacher or his deputy in his absence.

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# SKELTON PRIMARY SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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Attendance at meetings in the period was as follows:

| Trustees  | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| C Farrel (Vice Chair) (Appointed 1 November 2013)         | 2                 | 3               |
| S Walker (Accounting Officer) (Appointed 1 November 2013) | 3                 | 3               |
| J Swainson (Appointed 1 November 2013)                    | 1                 | 3               |
| R Lowery (Appointed 1 November 2013)                      | 2                 | 3               |

Governors completed a skills audit to assess and review its effectiveness. The results were tabled at a meeting on 2nd February, it showed that Governors have the necessary skills to raise school standards. Governors proved to have a wide mix of experience including data handling, budgeting and personal management. Governors have a good knowledge of the school and its structure and are aware of the main challenges the school faces in raising achievement to and beyond, national levels. The Financial Management and Governance Self-Assessment was endorsed by the Resource Employment and Finance Committee on the 14th February, 2014 and will be reviewed annually.

### 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's 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 Skelton Primary School for the year ended 31 August 2014 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 School 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 on-going process for identifying, evaluating and managing the trust's significant risk that has been in place for the period 17th September, 2013 to 31st August, 2014 and up to date approval of the annual report and financial statements. The process will be regularly reviewed by the board of trustees.

### The risk and control framework

The trust's system of internal 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 Resource Employment and Finance Committee of management reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided

- not to appoint an internal auditor. However the trustees have appointed Evolution Business and Tax Advisors LLP, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the school's financial systems. The auditor provides an Internal Assurance report, through the REF Committee on the operation of the systems of control and on the discharge of the board of trustees' responsibilities.

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# SKELTON PRIMARY SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Review of effectiveness

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the management team who have the 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 REF and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 08 December 2014 and signed on its behalf by:



L Halbert  
Chair



S Walker  
Accounting Officer

# SKELTON PRIMARY SCHOOL

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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As accounting officer of Skelton Primary School Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the schools Financial Handbook.

I confirm that I and the academy trust's 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.

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 the EFA.

Approved on 08 December 2014 and signed by:

  
S Walker  
Accounting Officer

# SKELTON PRIMARY SCHOOL

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees (who act as governors of Skelton Primary School 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 published by the Education 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 in the Charities SORP
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

The 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 board of trustees on 08 December 2014 and signed on its behalf by:



L Halbert  
Chair

# SKELTON PRIMARY SCHOOL

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SKELTON PRIMARY SCHOOL

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We have audited the accounts of Skelton Primary School for the period ended 31 August 2014 set out on pages 23 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 issued by the EFA.

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

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees, who are also the directors of Skelton Primary School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 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 in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 issued by the EFA.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial period for which the accounts are prepared is consistent with the accounts.

# SKELTON PRIMARY SCHOOL

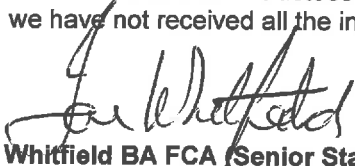
## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SKELTON PRIMARY SCHOOL

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

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

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



**Ian Whitfield BA FCA (Senior Statutory Auditor)**  
**Evolution Business and Tax Advisors LLP**

### **Chartered Accountants**

#### **Statutory Auditor**

10 Evolution  
Wynyard Park  
Wynyard  
TS22 5TB

Dated: 8 December 2014

# SKELTON PRIMARY SCHOOL

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SKELTON PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY

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In accordance with the terms of our engagement letter dated 25 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Skelton Primary School during the period 17 September 2013 to 31 August 2014 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 Skelton Primary School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Skelton Primary School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Skelton Primary School and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Skelton Primary School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Skelton Primary School's funding agreement with the Secretary of State for Education dated 1 November 2013 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014. 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 17 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of termly Internal Assurance reports
- review of governing body and committee minutes
- review of finance and other relevant policies
- review of purchases and expenses on a sample basis
- review of credit and debit card transactions
- review of leases and other agreements

# SKELTON PRIMARY SCHOOL

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SKELTON PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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### 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 17 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



### Reporting Accountant

Evolution Business and Tax Advisors LLP

Dated: 08 December 2014



# SKELTON PRIMARY SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2014

|  | Notes    | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Fixed Asset<br>fund<br>£ | Total<br>2014<br>£ |
|--|----------|----------------------------|--------------------------|--------------------------|--------------------|
| <b>Incoming resources</b>                                  |          |                            |                          |                          |                    |
| <i>Resources from generated funds</i>                      |          |                            |                          |                          |                    |
| - Voluntary income   | 2        | 6,655                      | -                        | -                        | 6,655              |
| - Inherited on conversion                                  | 22       | 228,977                    | (221,722)                | 2,945,000                | 2,952,255          |
| - Activities for generating funds                          | 3        | 89,023                     | -                        | -                        | 89,023             |
| - Investment income  | 4        | 286                        | -                        | -                        | 286                |
| <i>Resources from charitable activities</i>                |          |                            |                          |                          |                    |
| - Funding for educational operations                       | 5        | 6,442                      | 1,774,150                | 9,979                    | 1,790,571          |
| <b>Total incoming resources</b>                            |          | <b>331,383</b>             | <b>1,552,428</b>         | <b>2,954,979</b>         | <b>4,838,790</b>   |
| <b>Resources expended</b>                                  |          |                            |                          |                          |                    |
| <i>Costs of generating funds</i>                           |          |                            |                          |                          |                    |
| - Fundraising trading                                      | 6        | 93,233                     | -                        | -                        | 93,233             |
| <i>Charitable activities</i>                               |          |                            |                          |                          |                    |
| - Educational operations                                   | 7        | 6,442                      | 1,734,061                | 73,029                   | 1,813,532          |
| Governance costs   | 8        | -                          | 37,044                   | -                        | 37,044             |
| <b>Total resources expended</b>                            | <b>6</b> | <b>99,675</b>              | <b>1,771,105</b>         | <b>73,029</b>            | <b>1,943,809</b>   |
| <b>Net incoming/(outgoing) resources before transfers</b>  |          | <b>231,708</b>             | <b>(218,677)</b>         | <b>2,881,950</b>         | <b>2,894,981</b>   |
| Gross transfers between funds                              |          | -                          | (18,854)                 | 18,854                   | -                  |
| <b>Net income/(expenditure) for the period</b>             |          | <b>231,708</b>             | <b>(237,531)</b>         | <b>2,900,804</b>         | <b>2,894,981</b>   |
| <b>Other recognised gains and losses</b>                   |          |                            |                          |                          |                    |
| Actuarial gains/(losses) on defined benefit pension scheme | 17       | -                          | (152,000)                | -                        | (152,000)          |
| <b>Net movement in funds</b>                               |          | <b>231,708</b>             | <b>(389,531)</b>         | <b>2,900,804</b>         | <b>2,742,981</b>   |
| Fund balances at 17 September 2013                         |          | -                          | -                        | -                        | -                  |
| <b>Fund balances at 31 August 2014</b>                     |          | <b>231,708</b>             | <b>(389,531)</b>         | <b>2,900,804</b>         | <b>2,742,981</b>   |

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the financial period above.

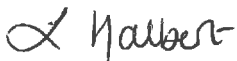
# SKELTON PRIMARY SCHOOL

## BALANCE SHEET

AS AT 31 AUGUST 2014

|  | Notes | 2014           |                  |
|--|-------|----------------|------------------|
|  |       | £              | £                |
| <b>Fixed assets</b>                            |       |                |                  |
| Tangible assets                                | 11    |                | 2,890,824        |
| <b>Current assets</b>                          |       |                |                  |
| Debtors  | 12    | 104,801        |                  |
| Cash at bank and in hand                       |       | 438,295        |                  |
|  |       | <u>543,096</u> |                  |
| Creditors: amounts falling due within one year | 13    | (175,939)      |                  |
| <b>Net current assets</b>                      |       |                | <u>367,157</u>   |
| <b>Total assets less current liabilities</b>   |       |                | <u>3,257,981</u> |
| Defined benefit pension liability              | 17    | (515,000)      |                  |
| <b>Net assets</b>                              |       |                | <u>2,742,981</u> |
| <b>Funds of the academy trust:</b>             |       |                |                  |
| <b>Restricted income funds</b>                 | 15    |                |                  |
| - Fixed asset funds                            |       |                | 2,900,804        |
| - General funds                                |       |                | 125,469          |
| - Pension reserve                              |       |                | (515,000)        |
| <b>Total restricted funds</b>                  |       |                | <u>2,511,273</u> |
| <b>Unrestricted funds</b>                      | 15    |                | <u>231,708</u>   |
| <b>Total funds</b>                             |       |                | <u>2,742,981</u> |

The accounts were approved by order of the board of trustees and authorised for issue on 08 December 2014.



L Halbert  
Chair

Company Number 08693259

# SKELTON PRIMARY SCHOOL

## CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2014

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|   | Notes | 31 August<br>2014<br>£ |
|---|-------|------------------------|
| Net cash inflow/(outflow) from operating activities                                   | 18    | 89,629                 |
| Cash funds transferred on conversion  |       | 357,255                |
| <b>Returns on investments and servicing of finance</b>                                |       |                        |
| Investment income   |       | 286                    |
| <b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b> |       | <u>286</u>             |
|   |       | 447,170                |
| <b>Capital expenditure and financial investments</b>                                  |       |                        |
| Capital grants received   |       | 9,979                  |
| Payments to acquire tangible fixed assets   |       | (18,854)               |
| <b>Net cash flow from capital activities</b>  |       | <u>(8,875)</u>         |
| <b>Increase/(decrease) in cash</b>  | 19    | <u><u>438,295</u></u>  |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2014

---

### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### 1.2 Going concern

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

#### 1.3 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 and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained school to an academy trust have been valued at their fair value being a reasonable estimate of the current market values that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Skelton Primary School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds.

#### 1.4 Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

##### Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the period for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

##### Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

##### Donations

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

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

---

### 1 Accounting policies

(Continued)

#### Other income

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

#### Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

### 1.5 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

#### Charitable activities

These are costs incurred on the academy trust's educational operations.

#### Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

### 1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

|                                  |                        |
|----------------------------------|------------------------|
| Land and buildings               | 50 years straight line |
| Fixtures, fittings and equipment | 5 years straight line  |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

---

### 1 Accounting policies

(Continued)

#### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 Taxation

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

#### 1.9 Pensions benefits

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

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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each period.

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### 1.10 Fund accounting

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

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

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

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

### 2 Voluntary income

|                 | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2014<br>£ |
|-----------------|----------------------------|--------------------------|--------------------|
| Other donations | 6,655                      | -                        | 6,655              |

### 3 Activities for generating funds

|                             | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2014<br>£ |
|-----------------------------|----------------------------|--------------------------|--------------------|
| Cost recharges              | 14,774                     | -                        | 14,774             |
| Catering income             | 54,038                     | -                        | 54,038             |
| Income received from pupils | 705                        | -                        | 705                |
| Educational visits          | 14,929                     | -                        | 14,929             |
| Clubs income                | 4,577                      | -                        | 4,577              |
|                             | 89,023                     | -                        | 89,023             |

### 4 Investment income

|                     | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2014<br>£ |
|---------------------|----------------------------|--------------------------|--------------------|
| Short term deposits | 286                        | -                        | 286                |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

### 5 Funding for the academy trust's educational operations

|                                | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2014<br>£ |
|--------------------------------|----------------------------|--------------------------|--------------------|
| <b>DfE / EFA grants</b>        |                            |                          |                    |
| General annual grant (GAG)     | -                          | 1,513,453                | 1,513,453          |
| Start up grants                | -                          | 25,000                   | 25,000             |
| Capital grants                 | -                          | 9,979                    | 9,979              |
| Other DfE / EFA grants         | -                          | 138,872                  | 138,872            |
|                                | -                          | 1,687,304                | 1,687,304          |
| <b>Other government grants</b> |                            |                          |                    |
| Local authority grants         | -                          | 96,825                   | 96,825             |
| <b>Other funds</b>             |                            |                          |                    |
| Other incoming resources       | 6,442                      | -                        | 6,442              |
| <b>Total funding</b>           | <b>6,442</b>               | <b>1,784,129</b>         | <b>1,790,571</b>   |

### 6 Resources expended

|  | Staff<br>costs<br>£ | Premises<br>& equipment<br>£ | Other<br>costs<br>£ | Total<br>2014<br>£ |
|--|---------------------|------------------------------|---------------------|--------------------|
| <b>Academy's educational operations</b>  |                     |                              |                     |                    |
| - Direct costs                           | 1,266,988           | -                            | 92,452              | 1,359,440          |
| - Allocated support costs                | 218,891             | 98,404                       | 136,797             | 454,092            |
|  | 1,485,879           | 98,404                       | 229,249             | 1,813,532          |
| <b>Other expenditure</b>                 |                     |                              |                     |                    |
| Costs of activities for generating funds | 15,159              | -                            | 78,074              | 93,233             |
| Governance costs                         | -                   | -                            | 37,044              | 37,044             |
|  | 15,159              | -                            | 115,118             | 130,277            |
| <b>Total expenditure</b>                 | <b>1,501,038</b>    | <b>98,404</b>                | <b>344,367</b>      | <b>1,943,809</b>   |

#### Incoming/outgoing resources for the year include:

|                         | 2014<br>£ |
|-------------------------|-----------|
| Fees payable to auditor |           |
| - Audit                 | 6,000     |
| - Other non-audit fees  | 11,124    |



# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

### 7 Charitable activities

|  | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2014<br>£ |
|--|----------------------------|--------------------------|--------------------|
| <b>Direct costs</b>                          |                            |                          |                    |
| Teaching and educational support staff costs | 6,442                      | 1,256,987                | 1,263,429          |
| Technology costs                             | -                          | 14,694                   | 14,694             |
| Educational supplies and services            | -                          | 15,219                   | 15,219             |
| Staff development                            | -                          | 3,559                    | 3,559              |
| Educational consultancy                      | -                          | 24,106                   | 24,106             |
| Other direct costs                           | -                          | 38,433                   | 38,433             |
|  | <u>6,442</u>               | <u>1,352,998</u>         | <u>1,359,440</u>   |
| <b>Allocated support costs</b>               |                            |                          |                    |
| Support staff costs                          | -                          | 218,891                  | 218,891            |
| Depreciation                                 | -                          | 73,029                   | 73,029             |
| Technology costs                             | -                          | 18,138                   | 18,138             |
| Maintenance of premises and equipment        | -                          | 25,375                   | 25,375             |
| Cleaning                                     | -                          | 3,103                    | 3,103              |
| Energy costs                                 | -                          | 21,362                   | 21,362             |
| Rent and rates                               | -                          | 13,096                   | 13,096             |
| Insurance                                    | -                          | 18,976                   | 18,976             |
| Security and transport                       | -                          | 130                      | 130                |
| Catering                                     | -                          | 42,860                   | 42,860             |
| Interest and finance costs                   | -                          | 2,000                    | 2,000              |
| Other support costs                          | -                          | 17,132                   | 17,132             |
|  | <u>-</u>                   | <u>454,092</u>           | <u>454,092</u>     |
| <b>Total costs</b>                           | <u>6,442</u>               | <u>1,807,090</u>         | <u>1,813,532</u>   |

### 8 Governance costs

|                                 | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2014<br>£ |
|---------------------------------|----------------------------|--------------------------|--------------------|
| Legal and professional fees     | -                          | 18,915                   | 18,915             |
| Auditor's remuneration          |                            |                          |                    |
| - Audit of financial statements | -                          | 6,000                    | 6,000              |
| - Other non-audit fees          | -                          | 11,124                   | 11,124             |
| Other governance costs          | -                          | 1,005                    | 1,005              |
|                                 | <u>-</u>                   | <u>37,044</u>            | <u>37,044</u>      |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

### 9 Staff costs

The average number of persons (including senior management team) employed by the academy trust during the period expressed as full time equivalents was as follows:

|                            | 2014<br>Number |
|----------------------------|----------------|
| Teachers and support staff | 50             |
| Administration and support | 3              |
| Management                 | 5              |
|                            | 58             |
|                            | 58             |

#### Costs included within the accounts:

|   | 2014<br>£ |
|---|-----------|
| Wages and salaries                      | 1,207,143 |
| Social security costs                   | 76,733    |
| Other pension costs                     | 178,624   |
|   | 1,462,500 |
| Supply teacher costs                    | 34,979    |
| Staff development and other staff costs | 3,559     |
|   | 1,501,038 |
|   | 1,501,038 |

The number of employees whose annual remuneration was £60,000 or more was:

|                   | 2014<br>Number |
|-------------------|----------------|
| £60,001 - £70,000 | 1              |
|                   | 1              |

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

|                                 |         | 2014  |
|---------------------------------|---------|-------|
| Teachers' Pension Scheme        | Numbers | 1     |
|                                 | £       | 8,756 |
| Local Government Pension Scheme | Numbers | -     |
|                                 | £       | -     |
|                                 |         | -     |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 AUGUST 2014

#### 10 Trustees' remuneration and expenses

The and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the period, no expenses were paid to trustees.

The value of trustees' remuneration was as follows:

|                               |                   |
|-------------------------------|-------------------|
| S Walker (Headteacher)        | £60,001 - £65,000 |
| A Oswald (Deputy Headteacher) | £40,001 - £45,000 |
| A Woolf (Teacher)             | £30,001 - £35,000 |

The above figures cover a ten month period.

Other related party transactions involving the trustees are set out within the related parties note.

#### Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2014 was £1,090.

#### 11 Tangible fixed assets

|                           | Land and<br>buildings | Fixtures,<br>fittings and<br>equipment | Total            |
|---------------------------|-----------------------|--|------------------|
|                           | £                     | £                                      | £                |
| <b>Cost</b>               |                       |  |                  |
| At 17 September 2013      | -                     | -                                      | -                |
| Additions                 | -                     | 18,854                                 | 18,854           |
| Transferred on conversion | 2,800,000             | 145,000                                | 2,945,000        |
|                           | <u>2,800,000</u>      | <u>163,854</u>                         | <u>2,963,854</u> |
| At 31 August 2014         | 2,800,000             | 163,854                                | 2,963,854        |
| <b>Depreciation</b>       |                       |  |                  |
| At 17 September 2013      | -                     | -                                      | -                |
| Charge for the period     | 46,667                | 26,363                                 | 73,030           |
|                           | <u>46,667</u>         | <u>26,363</u>                          | <u>73,030</u>    |
| At 31 August 2014         | 46,667                | 26,363                                 | 73,030           |
| <b>Net book value</b>     |                       |  |                  |
| At 31 August 2014         | <u>2,753,333</u>      | <u>137,491</u>                         | <u>2,890,824</u> |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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|   |                       |
|---|-----------------------|
| <b>12 Debtors</b>   | <b>2014</b>           |
|   | <b>£</b>              |
| VAT recoverable   | 18,264                |
| Prepayments and accrued income                            | 86,537                |
|   | <u>104,801</u>        |
|   | <u><u>104,801</u></u> |
| <br>  |                       |
| <b>13 Creditors: amounts falling due within one year</b>  | <b>2014</b>           |
|   | <b>£</b>              |
| Trade creditors   | 79,770                |
| Taxes and social security costs                           | 27,411                |
| Other creditors   | 8,374                 |
| Accruals  | 22,460                |
| Deferred income   | 37,924                |
|   | <u>175,939</u>        |
|   | <u><u>175,939</u></u> |
| <br>  |                       |
| <b>14 Deferred income</b>                                 | <b>2014</b>           |
|   | <b>£</b>              |
| Deferred income is included within:                       |                       |
| Creditors due within one year                             | 37,924                |
|   | <u>37,924</u>         |
|   | <u><u>37,924</u></u>  |
| <br>  |                       |
| Total deferred income at 17 September 2013                | -                     |
| Amounts credited to the statement of financial activities | -                     |
| Amounts deferred in the period                            | 37,924                |
|   | <u>37,924</u>         |
| <b>Total deferred income at 31 August 2014</b>            | <b>37,924</b>         |
|   | <u><u>37,924</u></u>  |

Deferred income includes Universal Infants Free School Meals funding for the 2014-15 academic year received in advance.

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

### 15 Funds

|  | Balance at 17<br>September<br>2013 | Incoming<br>resources | Resources expended | Gains, losses<br>and transfers | Balance at 31<br>August 2014 |
|--|------------------------------------|-----------------------|--------------------|--------------------------------|------------------------------|
|  | £                                  | £                     | £                  | £                              | £                            |
| <b>Restricted general funds</b>                |                                    |                       |                    |                                |                              |
| General Annual Grant                           | -                                  | 1,513,453             | (1,369,130)        | (18,854)                       | 125,469                      |
| Start up grants                                | -                                  | 25,000                | (25,000)           | -                              | -                            |
| Other DfE / EFA grants                         | -                                  | 138,872               | (138,872)          | -                              | -                            |
| Other government grants                        | -                                  | 96,825                | (96,825)           | -                              | -                            |
| Other restricted funds                         | -                                  | 128,278               | (128,278)          | -                              | -                            |
|  |                                    |                       |                    |                                |                              |
| Funds excluding pensions                       | -                                  | 1,902,428             | (1,758,105)        | (18,854)                       | 125,469                      |
| Pension reserve                                | -                                  | (350,000)             | (13,000)           | (152,000)                      | (515,000)                    |
|  | -                                  | 1,552,428             | (1,771,105)        | (170,854)                      | (389,531)                    |
| <b>Restricted fixed asset funds</b>            |                                    |                       |                    |                                |                              |
| DfE / EFA capital grants                       | -                                  | 9,979                 | -                  | -                              | 9,979                        |
| Inherited fixed asset fund                     | -                                  | 2,945,000             | (70,833)           | -                              | 2,874,167                    |
| Capital expenditure from GAG<br>or other funds | -                                  | -                     | (2,196)            | 18,854                         | 16,658                       |
|  | -                                  | 2,954,979             | (73,029)           | 18,854                         | 2,900,804                    |
| <b>Total restricted funds</b>                  | -                                  | 4,507,407             | (1,844,134)        | (152,000)                      | 2,511,273                    |
| <b>Unrestricted funds</b>                      |                                    |                       |                    |                                |                              |
| General funds                                  | -                                  | 331,383               | (99,675)           | -                              | 231,708                      |
| <b>Total funds</b>                             | -                                  | 4,838,790             | (1,943,809)        | (152,000)                      | 2,742,981                    |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

### 15 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Other DfE/EFA grants includes sports development funding and pupil premium.

Other government grants include funding for pupils with special educational needs and early years funding from the local authority.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

DfE/EFA capital grants represent Devolved Formula Capital receivable during the period which has been carried forward for use in future periods.

The Inherited Fixed Asset Fund reflects the assets acquired on conversion. Depreciation on these assets is charged against this fund.

Capital expenditure has been funded by GAG. Transfers between these funds are reflected in the gains, losses and transfers column.

Unrestricted funds can be used for any purpose, at the discretion of the trustees, within the objectives of the academy trust.

The academy's restricted general and unrestricted funds were £319,179 at 31 August 2014.

### 16 Analysis of net assets between funds

|  | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Fixed asset<br>funds<br>£ | Total funds<br>£ |
|--|----------------------------|--------------------------|---------------------------|------------------|
| <b>Fund balances at 31 August 2014 are represented by:</b> |                            |                          |                           |                  |
| Tangible fixed assets                                      | -                          | -                        | 2,890,824                 | 2,890,824        |
| Current assets   | 231,708                    | 301,408                  | 9,980                     | 543,096          |
| Creditors: amounts falling due within one year             | -                          | (175,939)                | -                         | (175,939)        |
| Defined benefit pension liability                          | -                          | (515,000)                | -                         | (515,000)        |
|  | <u>231,708</u>             | <u>(389,531)</u>         | <u>2,900,804</u>          | <u>2,742,981</u> |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 AUGUST 2014

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#### 17 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

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

#### Teachers' Pension Scheme

##### Introduction

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

##### Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

##### Teachers' Pension Scheme changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

### 17 Pensions and similar obligations

(Continued)

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100 percent basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme, and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 14.6 per cent for employers and 5.5 to 12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £72,000.

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.

|                          | 2014        |
|--------------------------|-------------|
|                          | £           |
| Employer's contributions | 63,000      |
| Employees' contributions | 24,000      |
|                          | <hr/>       |
| Total contributions      | 87,000      |
|                          | <hr/> <hr/> |



# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

### 17 Pensions and similar obligations (Continued)

#### Principal actuarial assumptions

|  | <b>2014</b><br>% |
|--|------------------|
| Rate of increase in salaries             | 3.6              |
| Rate of increase for pensions in payment | 2.1              |
| Discount rate for scheme liabilities     | 3.7              |
| Inflation assumption (CPI)               | 2.1              |

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

|                      | <b>2014</b><br>Years |
|----------------------|----------------------|
| Retiring today       |                      |
| - Males              | 22.9                 |
| - Females            | 25.4                 |
| Retiring in 20 years |                      |
| - Males              | 25.1                 |
| - Females            | 27.7                 |

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

|   | <b>2014</b><br>Expected<br>return<br>% | <b>2014</b><br>Fair value<br>£ |
|---|--|--------------------------------|
| Equities  | 7.5                                    | 655,979                        |
| Government bonds                                    | 2.9                                    | 15,181                         |
| Corporate bonds                                     | 3.3                                    | 35,156                         |
| Cash  | 1.1                                    | 31,161                         |
| Property  | 6.8                                    | 43,146                         |
| Other assets  | 7.5                                    | 18,377                         |
| <b>Total market value of assets</b>                 |  | <b>799,000</b>                 |
| <b>Present value of scheme liabilities - funded</b> |  | <b>(1,314,000)</b>             |
| <b>Net pension asset / (liability)</b>              |  | <b>(515,000)</b>               |

A building block approach is used to determine the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund on the accounting date.

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

| 17 Pensions and similar obligations   | (Continued)        |
|---|--------------------|
| <b>Operating costs and income recognised in the statement of financial activities</b> |                    |
|   | <b>2014</b>        |
|   | <b>£</b>           |
| <b>Financial expenditure/(income)</b>   |                    |
| Expected return on pension scheme assets  | (37,000)           |
| Interest on pension liabilities   | 39,000             |
|   | <u>2,000</u>       |
| <b>Other expenditure/(income)</b>   |                    |
| Current service cost  | 74,000             |
| Past service cost   | -                  |
|   | <u>74,000</u>      |
| <b>Total operating charge/(income)</b>  | <u>76,000</u>      |
| <b>Actuarial gains and losses recognised in the statement of financial activities</b> |                    |
|   | <b>2014</b>        |
|   | <b>£</b>           |
| Actuarial (gains)/losses on assets: actual return less expected                       | (3,000)            |
| Experience (gains)/losses on liabilities  | 155,000            |
| (Gains)/losses arising from changes in assumptions                                    | -                  |
|   | <u>152,000</u>     |
| <b>Total (gains)/losses</b>   | <u>152,000</u>     |
| <b>Cumulative (gains)/losses to date</b>  | <u>152,000</u>     |
| <b>Movements in the present value of defined benefit obligations were as follows:</b> |                    |
|   | <b>2014</b>        |
|   | <b>£</b>           |
| Obligations acquired on conversion  | (1,023,000)        |
| Current service cost  | (74,000)           |
| Interest cost   | (39,000)           |
| Contributions by employees  | (24,000)           |
| Actuarial gains/(losses)  | (155,000)          |
| Benefits paid   | 1,000              |
|   | <u>(1,314,000)</u> |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

### 17 Pensions and similar obligations

(Continued)

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

|                               | 2014<br>£      |
|-------------------------------|----------------|
| Assets acquired on conversion | 673,000        |
| Expected return on assets     | 37,000         |
| Actuarial gains/(losses)      | 3,000          |
| Contributions by employers    | 63,000         |
| Contributions by employees    | 24,000         |
| Benefits paid                 | (1,000)        |
|                               | <u>799,000</u> |

#### History of experience gains and losses:

|  | 2014<br>£        |
|--|------------------|
| Present value of defined benefit obligations | (1,314,000)      |
| Fair value of share of scheme assets         | 799,000          |
|  | <u>(515,000)</u> |
| Experience adjustment on scheme liabilities  | (155,000)        |
| Experience adjustment on scheme assets       | 3,000            |
|  | <u>(152,000)</u> |

### 18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

|   | 2014<br>£     |
|---|---------------|
| Net income                                      | 2,894,981     |
| Capital grants and similar income               | (9,979)       |
| Net deficit/(surplus) transferred on conversion | (2,952,255)   |
| Investment income                               | (286)         |
| FRS17 pension costs less contributions payable  | 11,000        |
| FRS17 pension finance income                    | 2,000         |
| Depreciation of tangible fixed assets           | 73,029        |
| (Increase)/decrease in debtors                  | (104,801)     |
| Increase/(decrease) in creditors                | 175,940       |
|   | <u>89,629</u> |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

|           |   |                |
|-----------|---|----------------|
| <b>19</b> | <b>Reconciliation of net cash flow to movement in net funds</b> | <b>2014</b>    |
|           |   | <b>£</b>       |
|           | <b>Increase/(decrease) in cash</b>                              | 438,295        |
|           | Net funds at 17 September 2013                                  | -              |
|           | <b>Net funds at 31 August 2014</b>                              | <b>438,295</b> |

|           |                                     |  |                   |                             |                              |
|-----------|-------------------------------------|--|-------------------|-----------------------------|------------------------------|
| <b>20</b> | <b>Analysis of net funds</b>        |  |                   |                             |                              |
|           | <b>At 17<br/>September<br/>2013</b> | <b>Transferred<br/>on<br/>conversion</b> | <b>Cash flows</b> | <b>Non-cash<br/>changes</b> | <b>At 31 August<br/>2014</b> |
|           | <b>£</b>                            | <b>£</b>                                 | <b>£</b>          | <b>£</b>                    | <b>£</b>                     |
|           | -                                   | 357,255                                  | 81,040            | -                           | 438,295                      |

### 21 Related parties

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

No related party transactions took place in the period of account.

### 22 Conversion to an academy

On 1 November 2013 Skelton Primary school converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Skelton Primary School from Redcar & Cleveland Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. 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 net incoming resources in the statement of financial activities as voluntary income.

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.

| <b>Funds surplus/(deficit) transferred:</b> | <b>Unrestricted<br/>funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Fixed asset<br/>funds<br/>£</b> | <b>Total<br/>2014<br/>£</b> |
|---|-------------------------------------|-----------------------------------|------------------------------------|-----------------------------|
| Fixed assets funds                          | -                                   | -                                 | 2,945,000                          | 2,945,000                   |
| LA budget funds                             | 168,476                             | 128,278                           | -                                  | 296,754                     |
| School private fund                         | 60,501                              | -                                 | -                                  | 60,501                      |
| LGPS pension funds                          | -                                   | (350,000)                         | -                                  | (350,000)                   |
|   | <u>228,977</u>                      | <u>(221,722)</u>                  | <u>2,945,000</u>                   | <u>2,952,255</u>            |

# SKELTON PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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|                                    |                    |
|------------------------------------|--------------------|
| <b>22 Conversion to an academy</b> | <b>(Continued)</b> |
| <b>Net assets transferred:</b>     | <b>£</b>           |
| Freehold land and buildings        | 2,945,000          |
| Cash                               | 357,255            |
| Pension surplus/(deficit)          | (350,000)          |
|                                    | <u>2,952,255</u>   |

### 23 Members' liability

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