

Stone Lodge Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Period ended 31 August 2015

Company Registration Number:
09396402 (England and Wales)

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Reference and Administrative Details

Members	Mr Jean-Luc Janet (<i>appointed 20/01/2015</i>) Dr Natalie-Jane Macdonald (<i>appointed 20/01/2015</i>) Acorn Academies Limited (<i>appointed 20/01/2015</i>)
Trustees	Ms Maureen Eade (Chair) (<i>appointed 16/03/2015</i>) Mr Rick Tracey (Head) (<i>appointed 20/01/2015</i>) Mrs Sonia Docherty (<i>appointed 16/03/2015</i>) Mrs Helen Armitage (<i>appointed 16/03/2015</i>) Mr Paul Marsburg (<i>appointed 16/03/2015</i>) Mrs Samantha Barber (<i>appointed 16/03/2015</i>) Mrs Anita Collett (<i>appointed 16/03/2015</i>) Mrs Sara Peers (<i>from September 2015</i>) Mrs Jan Seaborne (<i>from September 2015</i>) Mr Jean-Luc Janet (<i>appointed 20/01/2015</i>) Dr Natalie-Jane Macdonald (<i>appointed 20/01/2015</i>)
Company Secretary	Mrs Sharon Reeder
Senior Management Team	Mr Rick Tracey – Head and Accounting Officer Mr Jane Flowitt-Hill - Deputy Head Mr Gary Hunt – Assistant Head Mrs Christine Bowskill – Assistant Head
Company Name	Stone Lodge Academy Trust
Principal registered office	Stone Lodge Academy Trust Stone Lodge Lane West Ipswich Suffolk IP2 9HW
Company registration number	9396402
Independent Auditor	Larking Gowen 1 Claydon Business Park Great Blakenham Ipswich IP6 0NL
Bankers	Lloyds Bank PLC Cornhill North Ipswich Branch P O Box 1000 BX1 1LT
Solicitors	Stone King Thirty Station Road Cambridge CB1 2RE

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Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 20 January 2015 to 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates an academy for pupils aged from five to sixteen years all diagnosed with statements of Special Educational Needs. It has a capacity for 160 pupils and currently on role we have 147.

The school is located in Ipswich.

Conversion to an Academy

Beacon Hill School converted to Academy Trust status on the 1st February 2015 at which point it became known the Stone Lodge Academy Trust. The process of conversion was assisted by the Academy's Sponsors, Acorn Care and Education Group and legal advisors Veale Wasbough Vizards. The certificate of incorporation was given at Companies House on the 20th January 2015.

Structure, governance and management

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 Stone Lodge Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Stone Lodge Academy.

Details of the trustees who served during the year are included in the 'Reference and Administrative Details' listed on page 1.

Governance Statement

Scope of Responsibility

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

The Governing body has delegated day to day responsibility to the Headteacher 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 Stone Lodge Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdown in internal control.

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

There are no disclosures concerning qualifying third party indemnity provisions

Method of Recruitment and Appointment or Election of Trustees

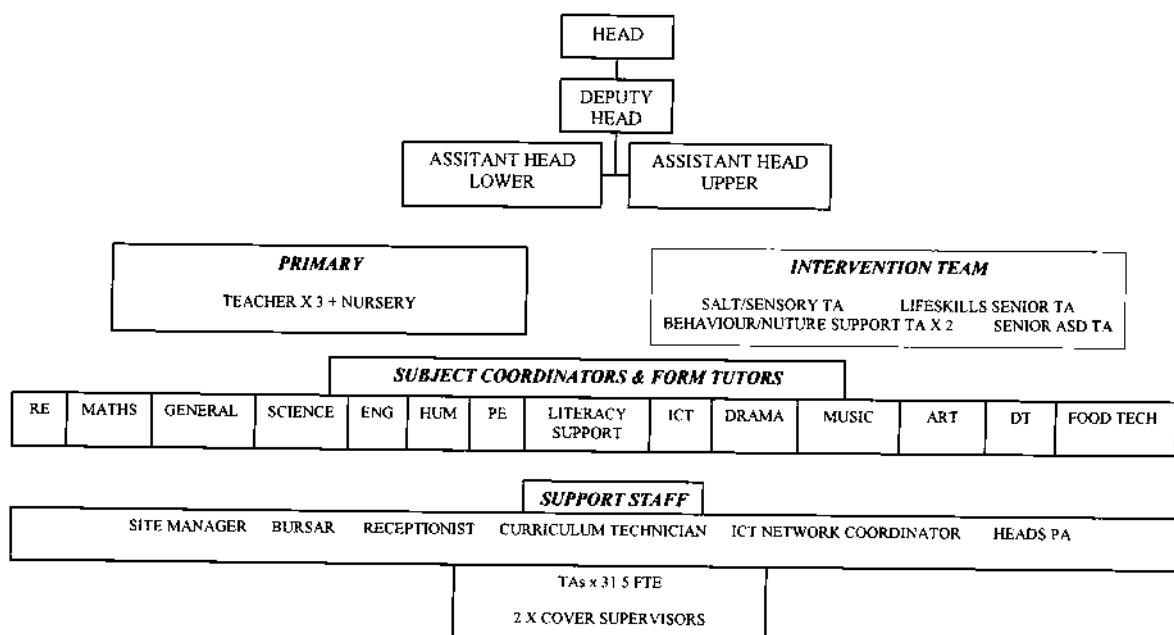
Prior to academy conversion the school had a strong and effect governing board in place and the decision was taken in conjunction with its Sponsors maintain the membership through conversion to become Trustees. A meeting was held in order to outline these intensions where School Governors formally stated their intension to stand as an Academy Trustee. The Trustees were then formally elected at the board.

In additional it was felt that the board membership would benefit from the inclusion of additional Trustees to provide further parental representation and input from another Suffolk Education provider. The process was to send potential parent Trustees a document outlining the role and invite them to make any interest known to the Academy. Subsequently a further Parent Trustee was put forward to the Board and duly elected.

The Members may appoint by ordinary resolution up to 8 Trustees. The Trustees may appoint a Co-opted Trustees as long as they are not an employee of the Academy Trust.

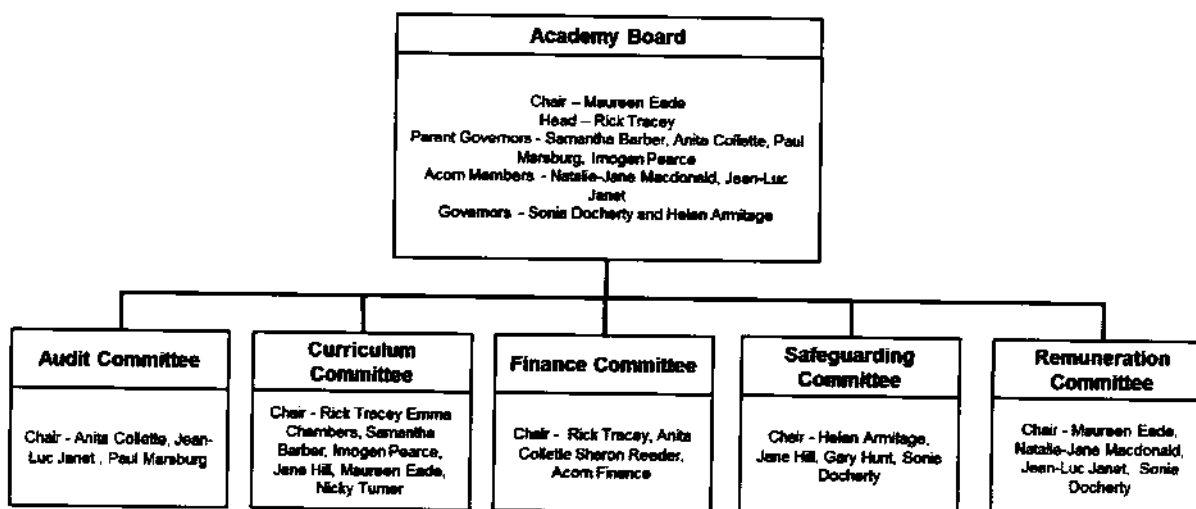
Trustees' Report (continued)**Policies and Procedures Adopted for the Induction and Training of Trustees**

1. Welcome pack Induction to Governing Body
2. Safeguarding for Governors
3. Prevent Training
4. Safer Recruitment (on-line)

Organisational Structure

The Board of Trustees have delegated the management of the Academy to the Head Teacher and their senior team. The Head Teacher is responsible for the day to day management of the Academy and is the accounting officer.

The Academy has put in place a number of committees to instil good governing practice and to support the Head Teacher in the running of the Academy. This structure is outlined below:



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Trustees' Report (continued)

The Audit Committee

The Audit Committee is a sub-committee of the main board. Its main purpose, among those set out in its terms of reference is to receive external audit and internal audit reports and to report the same to the trust.

The curriculum Committee

The curriculum Committee is a sub-committee of the main board. Its main purpose, among those set out in its terms of reference is to support the school in its implementation and delivery of the curriculum and pupil progress. This committee reviews school data and helps to identify, monitor and review school improvement in identified target areas.

The Finance Committee

The Finance Committee is a sub-committee of the main board. Its main purpose, among those set out in its terms of reference is to monitor the budget of the trust and to approve certain expenditure reporting back its findings to the trust.

The Safeguarding Committee

The Safeguarding Committee is a sub-committee of the main board. Its main purpose, among those set out in its terms of reference is to ensure that the necessary school management organisation is in place to implement the Safeguarding policy. To monitor the effectiveness of the school's safeguarding arrangements, make checks of procedures and report to the full Governing body. It is authorised to take any emergency action that may be required.

The Remuneration committee

The Remuneration committee is a sub-committee of the main board. Its main purpose, among those set out in its terms of reference is to be responsible for and implement the schools pay policy. To conduct the Annual Pay review and to make decisions on the salaries of individual staff, to carry out the performance management process for the head, senior staff and teachers seeking advancement. It is responsible for an appraisal scheme for non-teaching staff.

Related Parties and other Connected Charities and Organisations

The Stone Lodge Academy is sponsored by Acorn Care and Education. This relationship is defined by Acorn taking the role as Academy Members to provide overall governance to ensure the Head Teacher can manage effectively. Acorn has no financial interest in the running of the Academy and their staff's time is given in support of the Head Teacher and their management team.

Objectives and Activities

The Academy Trust's objects are as follows:

To advance for the public benefits education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining and developing a school specially organised to make special education provision for the pupils with Special Educational Needs offering a broad and balanced curriculum; and

To promote for the benefit of the inhabitants of the areas in which the Academy is situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of said inhabitants.

Trust Aims

Objectives, strategies and activities

The central aim of the trust is to provide a sound education based on a broad and balanced curriculum to all of the students that attend Stone Lodge Academy. In doing this we aim to provide value for money for all money expended.

The academy will continue to work in partnership with the Local Authority who commissions our services.

The trustees will make sure that the Academy is suitably staffed and that complies with all statutory and curriculum requirements.

The Senior Leadership Team will promote OUTSTANDING leadership and management.

Trustees' Report (continued)

The SLT will help all staff to understand their individual impact on whole school priorities and their role as part of key developments.

The SLT will work to embed the new academy's SEF and School Development Plan.

The academy will actively engage in partnership with other schools.

The headteacher will report to the trustees on Key Performance Indicators at each full Governing Body Meeting.

Achievements and Performance

The academy was formed on February 1st 2015. All involved have been working to provide a sound education for our pupils and to put in place strategies and programmes of education in preparation for the Academy's first post conversion Ofsted inspection. Our first Stone Lodge Academy Examination results (August 2015) show that we were able to offer 13 different subjects at public examination either accessed through the core curriculum or through pupil option choices. Most of our pupils sat for seven subjects. Two pupils (a boy and a girl) both gained Five Entry Level Certificate Grade Three passes each.

Data at all three Key Stages (2, 3, and 4) is analysed and returned to the local authority once each term.

Public Benefit

The main public benefit that is delivered by the Stone Lodge Academy Trust is to advance education for the public benefit in particular by establishing, maintaining, Managing and delivering an academy that is specifically organised to provide high quality special education for pupils with Special Educational Needs and Disabilities.

The trustees confirm that they have due regard for the charity commission's guidance on public benefit.

Key Performance Indicators

Stone Lodge Academy has joined a national organisation called Challenge Partners in order to provide a focus for our school improvement. We asked for a school Quality Assurance Review (which is similar to a mock key OfSTED inspection). This was held from September 30th to October 2nd 2015. The results are:

QUALITY ASSURANCE REVIEW – SUMMARY OF ESTIMATES

School Improvement Strategies: Good

Outcomes for Pupils: Good

Quality of teaching, learning and assessment: Good

Overall Review Evaluation

The Quality Assurance Review found indicators that Stone Lodge Academy is working within the Good grade.

We held a survey with our parents in July 2015.

The results show that 97% of parents think that their child is making good progress, teaching standards are high and that we encourage a healthy lifestyle. 95% think that our multi agency work is helpful to their child and 90 or 91% think that we encourage care for the community, Life Skills are beneficial and that we work well in areas of emotional wellbeing and promote good manners.

We set the target to improve attendance of Stone Lodge Academy by 0.5% compared to the old Beacon Hill School i.e. from an absence rate of 7.39% down to 6.89%.

This target has been met

Trustees' Report (continued)

The absence rate for Summer Term 2015 was.....

	Sessions	%
Attendances	18320	94.06
Authorised absences	755	3.88
Unauthorised absences	337	1.73
Possible Attendance	19476	
Including		
Approved Educational Activity	787	4.04
Lates before reg closed	200	1.03
Lates after reg closed	50	0.26
Unexplained absences	120	0.62
<i>Missing marks have been ignored</i>		

Stone Lodge Academy staff absence as audited by our local authority HR manager at the end of September and has shown an improvement of 20% when compared to the previous year of Beacon Hill.

Going Concern

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

Financial review

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the Education Funding Agency (EFA) during the period ended 31st August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy has also been in receipt of capital grants from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2015, total expenditure of £1,315,001 was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and pension reserve) was £214,618.

At 31st August 2015 the net book value of fixed assets was £2,695,850 and movements in intangible fixed assets are shown within note 11 and tangible fixed assets are shown within note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

In accordance with FRS17, the academy received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31st August 2015 and supporting notes to the accounts 22.

Reserves Policy

The Trustees have determined that the appropriate level of free cash reserves should be approximately £120,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance but also to provide for major capital expenditure that may be required within the next 5 years.

The Academy's current level of unrestricted funds is £226,082.

The Trustees are planning a review of the future plans of the Academy at the end of the academic year 2015/2016. This review will also include a review of major capital expenditure which may impact the future level of free cash reserves.

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Investment Policy

The trust is not currently in a position to invest any funds.

Trustees' Report (continued)

Principal risks and uncertainties

The trust has both a business continuity plan and also a separate risk register.

The main risks (apart from unforeseen Safeguarding issues or serious pupil injury) are a poor Ofsted Inspection or changes to funding imposed upon the school by Government policy.

Plans for future periods

The Trustees are investigating the possibility of adding a post sixteen unit to the school this is still in the very early stages of development.

Development plan

Following information learned during the Quality Assurance Review it has been decided that the Senior Leadership Team would rewrite the SEF in line with the new Ofsted Reporting Framework. The time frame is for an initial draft to be completed by the end of January 2016 and shared with all staff for input by February half term. This will then form the basis for the School Development Plan 2016 to 2018.

Disclosure to auditor

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 7th December 2015 and signed on the board's behalf by:



Mr Rick Tracey
Trustee



Mrs Anita Collett
Trustee

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Governance Statement**Scope of Responsibility**

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

The board of trustees has delegated the day to day responsibility to the headteacher, 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 Stone Lodge Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustee's Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times since it was formed on January 20th 2015. Attendance during the year at meetings of the board of trustees was as follows:

Trustee		Meetings attended	Out of a Possible
Rick Tracey (Headteacher)	<i>(Appointed 20/01/2015)</i>	4	4
Natalie-Jane MacDonald	<i>(Appointed 20/01/2015)</i>	4	4
Jean-Luc Janet	<i>(Appointed 20/01/2015)</i>	3	4
Maureen Eade (chair)	<i>(Appointed 16/03/2015)</i>	3	4
Helen Armitage	<i>(Appointed 16/03/2015)</i>	1	4
Samantha Barber	<i>(Appointed 16/03/2015)</i>	4	4
Anita Collet	<i>(Appointed 16/03/2015)</i>	2	4
Sonia Docherty	<i>(Appointed 16/03/2015)</i>	3	4
Paul Marsburg	<i>(Appointed 16/03/2015)</i>	2	4

The finance and general purposes committee is a sub -committee of the main board of trustees. Its purpose is to: oversee the budget, monitor and review expenditure and plan for the future

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Rick Tracey	3	3
Jean-Luc Janet	2	2
Anita Collett	3	3
Samantha Barber	3	3
Paul Marsburg	1	3

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Governance Statement (continued)

The audit committee is also a sub-committee of the main board of trustees. Its purpose is to; oversee the internal and external audits, review the effectiveness of the control systems and to ensure aims, objectives and key performance targets are achieved.

Attendance at meetings during the year/period was as follows:

Trustee	Meetings attended	Out of a possible
Rick Tracey	1	1
Jean-Luc Janet	1	1
Anita Collett	1	1
Samantha Barber	1	1

The Academy Trust is aware that it is required to carry out a review of governance in the first year. This is an item for the Board Meeting of December 7th 2015.

Review of Value for Money

As accounting officer the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by reviewing the staffing structure of the school, slightly altering the roles and responsibilities of both Assistant Headteachers and also identifying a Reprographics position that was no longer required.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stone Lodge Academy Trust for the period 1 February 2015 to 31 August 2015 and up to the date of approval for the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 February 2015 to 31 August 2015 and up to the date of approval for the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

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

- to appoint Schools' Choice as internal auditor

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Governance Statement (continued)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems, on a quarterly basis. The Schools' Choice reports are given to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. In particular the checks carried out in the current period include:

- testing of payroll systems
- testing of purchase systems
- testing of management accounting
- testing of income
- testing of petty cash
- testing of tax
- testing of insurance
- testing of data security

On a quarterly basis, Schools' choice reports to the board of trustees, through the audit committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Schools' Choice has delivered their schedule as planned. As a result of the audit:

- A risk register has been completed
- A purchase card policy has been approved

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 Schools' Choice
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the member of the board of trustees on 7 December 2015 and signed on its behalf by:



Samantha Barber
Trustee



Rick Tracey
Accounting Officer

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Statement of Regularity, Propriety and Compliance

As accounting officer of Stone Lodge Academy 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2014.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2014.

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 EFA.



Mr Rick Tracey
Accounting Officer

7th December 2015

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Statement of Trustees' Responsibilities

The trustees (who act as governors of Stone Lodge Academy 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 the 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 2015;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 the order of the members of the board of trustees on 7th December 2015 and signed on its behalf by:



Samantha Barber
Trustee

Independent Auditors' Report to the members of Stone Lodge Academy Trust

We have audited the financial statements of Stone Lodge Academy Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements 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 FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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 the UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the members of Stone Lodge Academy Trust (continued)

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



Giles Kerkham DChA FCA (Senior Statutory Auditor)
For and on behalf of
Larking Gowen

Chartered Accountants
Statutory Auditors

1 Claydon Business Park
Great Blakenham
Ipswich
Suffolk
IP6 0NL
Date: 14 December 2015

Independent Reporting Accountants' Assurance Report on regularity of Stone Lodge Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 4 March 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stone Lodge Academy Trust during the period 20 January 2015 to 31 August 2015 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 Stone Lodge Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stone Lodge Academy Trust and 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 Stone Lodge Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF STONE LODGE ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Stone Lodge Academy's funding agreement with the Secretary of State for Education, dated 30 January 2015, and the Academies Financial Handbook extant from 1 September 2014, 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 to 2015. 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 20 January 2015 to 31 August 2015 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 to 2015 issued by 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's income and expenditure.

Independent Reporting Accountants' Assurance Report on regularity of Stone Lodge Academy Trust and the Education Funding Agency

The work undertaken to draw our conclusion includes:

- Enquiry of senior management and the Academy's Governors.
- Inspection and review of the accounting records, meeting minutes, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.

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 20 January 2015 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Larking Gowen

Chartered Accountants
Statutory Auditors

1 Claydon Business Park
Great Blakenham
Ipswich
Suffolk
IP6 0NL

Date: 14 December 2015

Stone Lodge Academy Trust 09396402

Statement of Financial Activities for the period ended 31 August 2015
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
Income and endowments from:					
Donations and capital grants	2	1,014	-	9,164	10,178
Transfer from local authority on conversion	25	207,030	(875,000)	2,785,282	2,117,312
Charitable activities:					
Funding for the academy trust's educational operations	5	-	1,323,300	-	1,323,300
Other trading activities	3	30,904	-	-	30,904
Investments	4	167	-	-	167
Total		<u>239,115</u>	<u>448,300</u>	<u>2,794,446</u>	<u>3,481,861</u>
Expenditure on:					
Charitable activities:					
Academy trust educational operations	7	13,033	1,226,947	75,021	1,315,001
Total		<u>13,033</u>	<u>1,226,947</u>	<u>75,021</u>	<u>1,315,001</u>
Net income / (expenditure)		226,082	(778,647)	2,719,425	2,166,860
Transfers between funds	15	-	(3,912)	3,912	-
Other recognised gains / (losses):					
Actuarial (losses) gains on defined benefit pension schemes	15, 22	-	94,000	-	94,000
Net movement in funds		<u>226,082</u>	<u>(688,559)</u>	<u>2,723,337</u>	<u>2,260,860</u>
Funds carried forward at 31 August 2015		<u>226,082</u>	<u>(688,559)</u>	<u>2,723,337</u>	<u>2,260,860</u>

All of the academy's activities derive from acquisitions during the current financial period.

Stone Lodge Academy Trust 09396402

Balance Sheet as at 31 August 2015

	Notes	2015 £
Fixed Assets		
Intangible assets	11	3,151
Tangible assets	12	<u>2,692,699</u>
		<u>2,695,850</u>
Current assets		
Debtors	13	46,496
Cash at bank and in hand		<u>394,035</u>
		<u>440,531</u>
Liabilities		
Creditors: Amounts falling due within one year	14	<u>(65,521)</u>
Net current assets		<u>375,010</u>
Total assets less current liabilities		<u>3,070,860</u>
Pension scheme liability	22	(810,000)
Net assets including pension liability		<u>2,260,860</u>
Funds of the academy trust:		
Restricted income funds		
- Fixed asset fund	15	2,723,337
- General fund	15	121,441
- Pension reserve	15	<u>(810,000)</u>
Total restricted funds		<u>2,034,778</u>
Unrestricted funds		
- General fund	15	226,082
Total unrestricted funds		<u>226,082</u>
Total funds		<u>2,260,860</u>

The financial statements on pages 12 to 14 were approved by the trustees, and authorised for issue on 7 December 2015 and are signed on their behalf by:



Samantha Barber
Trustee

Stone Lodge Academy Trust 09396402

Cash Flow Statement for the period ended 31 August 2015

	Notes	2015 £
Cash flows from operating activities		
Net cash provided by (used in) operating activities	18	183,701
Cash transferred on conversion to an academy trust		204,915
Cash flows from investing activities	19	5,419
Change in cash and cash equivalents in the reporting period		<u>394,035</u>

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

Notes to the Financial Statements for the Year Ended 31 August 2015

1. Statement of Accounting Policies

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2014 to 2015 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

These financial statements have been prepared for the period 20th January 2015 (the date of incorporation) to 31 August 2015 which is a period of less than twelve months. This is because academy trusts are required by EFA to report annually to 31 August and because of the date of incorporation and because of the date of incorporation the academy trust is not permitted under the Companies Act 2006 to extend its accounting reference date to more than eighteen months but it may shorten it.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

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

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

- **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 are no performance related conditions) where the receipt is probable and the amount can be reliably measured.

- **Donations**

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

- **Other income**

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

- **Donated Services and gifts in kind**

Donated facilities and services provided to the academy trust are recognised at their fair value to the academy trust in the period when it is probable that the economic benefits associated with the donated items will flow to the academy trust, provided they can be measured reliably. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

Donated goods are recognised at fair value unless it is impractical to measure this reliably in which case a derived value, being the cost of the item to the donor (for example sponsor services), is used. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities except where the donated good is a fixed asset in which case the gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Notes to the Financial Statements for the Year Ended 31 August 2015**1. Statement of Accounting Policies (continued)**

- **Gifted assets on conversion**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable net 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 Beacon Hill School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Voluntary income – transfer from local authority on conversion (where a net gain) / Other resources expended – transfer from local authority on conversion (where a net loss) in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Upon transfer, the academy trust received a transfer of property on a peppercorn rent 125 year leasehold for nil consideration. The property was measured and valued within the accounts at fair value. The fair value was estimated at the depreciated replacement cost of the freehold school premises plus the market value of associated land. The total value was £2,673,650. Other fixed assets were valued at £78,808. The pension deficit inherited upon transfer was £875,000. Further details of the transactions are set out in note 25.

Expenditure

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

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Purchased Computer Software	33.33%
-----------------------------	--------

Notes to the Financial Statements for the Year Ended 31 August 2015

1. Statement of Accounting Policies (continued)

Tangible Fixed Assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line / reducing balance basis over its expected useful lives, as follows:

Land	Nil
Buildings transferred on conversion	4%
Temporary Buildings	10%
Plant and Machinery	10%
Furniture and equipment	20%
Computer equipment and software	33%
Motor vehicles	20%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts discounted at the pre-tax rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

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

Notes to the Financial Statements for the Year Ended 31 August 2015

1. Statement of Accounting Policies (continued)

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.

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 quadrennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi employer scheme and there is insufficient information available to use the defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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 funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions includes the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2015. Any differences between the figures derived from the roll forward approach and a full actuarial valuation impact the carrying amount of the pension liability.

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Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**2 Donations and Capital Grants**

	Unrestricted Funds	Restricted Funds	Total 2015
	£	£	£
Devolved Formula Capital	-	9,164	9,164
Other Donations	1,014	-	1,014
	1,014	9,164	10,178

3 Other Trading Activities

	Unrestricted Funds	Restricted Funds	Total 2015
	£	£	£
Hire of Facilities	1,631	-	1,631
Items Sold	32	-	32
Insurance Claims	13,097	-	13,097
Academy Trips	467	-	467
Catering Income	11,435	-	11,435
Income from Services Provided	200	-	200
Extended Schools	4,042	-	4,042
	30,904	-	30,904

4 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2015
	£	£	£
Bank Interest	167	-	167
	167	-	167

5 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2015
	£	£	£
DfE/EFA Revenue Grants			
General Annual Grant	-	964,001	964,001
Start Up Grant	-	69,488	69,488
Pupil Premium	-	41,704	41,704
PE Sports Grant	-	3,390	3,390
	-	1,078,583	1,078,583
Other Government Grants			
High Needs Top Up Funding	-	218,417	218,417
SEN Additional Places	-	17,500	17,500
LAC Pupil Premium	-	8,800	8,800
	-	244,717	244,717
	-	1,323,300	1,323,300

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Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**6 Expenditure**

	Non Pay Expenditure			Total
	Staff Costs	Premises	Other	2015
	£	£	£	£
Academy's educational operations:				
• Direct Costs	930,196	75,021	43,585	1,048,802
• Allocated Support Costs	139,724	13,193	113,282	266,199
	1,069,920	88,214	156,867	1,315,001

Net income / (expenditure) for the period includes:

	2015
	£
Operating lease rentals	798
Depreciation	74,260
Amortisation	761
Fees payable to auditor for:	
- audit	6,250

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000	
		Amount £	Reason
Ex Gratia/Compensation payments	30,000	30,000	Performance Management

Of this cost, £25,000 was paid by Suffolk County Council as it related to a payment before conversion. The remaining £5,000 was paid by the academy trust.

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7 Charitable Activities

	Total 2015 £
Direct costs- educational operations	930,196
Teaching and educational support staff costs	74,260
Depreciation	761
Amortisation	2,702
Technology costs	11,427
Educational supplies	2,176
Examination fees	1,979
Staff development	900
Educational consultancy	24,401
Other direct costs	<u>1,048,802</u>
 Support costs - educational operations	 139,724
Support staff costs	1,179
Technology costs	12,482
Maintenance of premises and equipment	711
Cleaning	1,538
Rent, rates and water	10,021
Energy costs	2,335
Insurance	991
Travel and subsistence	22,443
Catering	47,883
Other support costs	26,892
Governance costs	<u>266,199</u>
	<u>1,315,001</u>

8 Staff Costs

	Total 2015 £
Staff costs during the period were:	
Wages and salaries	837,784
Social security costs	47,470
Operating costs of defined benefit pension schemes	152,496
	<u>1,037,750</u>
Supply staff costs	32,170
	<u>1,069,920</u>

Staff numbers

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

	2015 No.
Charitable Activities	18
Teachers	59
Administration and support	4
Management	<u>81</u>

8 Staff Costs (continued)

There was no employee with emoluments above £60,000 during the period 20 January 2015 to 31 August 2015

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £168,416.

9 Related Party Transactions - Trustees' Remuneration and Expenses

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

R Tracey (Headteacher):
 Remuneration £45,001 - £50,000
 Employer's pension contributions £5,001 - £10,000

Other related party transactions involving the trustees are set out in note 23.

10 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to on £1,000,000 on any one claim. This insurance is included within the cost of the Risk Protection Arrangement provided by the DfE.

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Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**11 Intangible Fixed Assets**

	Computer Software £	Total £
Cost		
Additions	<u>3,912</u>	<u>3,912</u>
At 31 August 2015	<u>3,912</u>	<u>3,912</u>
Amortisation		
Charged in year	<u>761</u>	<u>761</u>
At 31 August 2015	<u>761</u>	<u>761</u>
Carrying Amount		
At 31 August 2015	<u>3,151</u>	<u>3,151</u>

12 Tangible Fixed Assets

	Leasehold Land and Buildings £	Plant and Machinery £	Computer Hardware £	Furniture and Equipment £	Total £
Cost					
Transferred from LA	2,688,150	31,626	23,056	24,127	<u>2,766,959</u>
At 31 August 2015	<u>2,688,150</u>	<u>31,626</u>	<u>23,056</u>	<u>24,127</u>	<u>2,766,959</u>
Depreciation					
Charged in year	62,665	1,952	6,415	3,228	<u>74,260</u>
At 31 August 2015	<u>62,665</u>	<u>1,952</u>	<u>6,415</u>	<u>3,228</u>	<u>74,260</u>
Net Book Values					
At 31 August 2015	<u>2,625,485</u>	<u>29,674</u>	<u>16,641</u>	<u>20,899</u>	<u>2,692,699</u>

The trust's transactions relating to land and buildings included:

- the taking up of a leasehold on land and buildings with estimated fair value of £2,688,150, for a peppercorn rent, over a term of 125 years.

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Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**13 Debtors**

	2015
	£
VAT recoverable	8,946
Other debtors	2,563
Prepayments and accrued income	<u>34,987</u>
	<u>46,496</u>

14 Creditors: amounts falling due within one year

	2015
	£
Trade creditors	914
Taxation and social security	21,353
Other creditors	27,954
Accruals and deferred income	<u>15,300</u>
	<u>65,521</u>

Deferred Income (included within the above)

	2015
	£
Resources deferred in the year	<u>3,154</u>
Deferred Income at 31 August 2015	<u>3,154</u>

At the balance sheet date the academy trust was holding funds received in advance of £3,154 for educational trips.

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**15 Funds**

	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains / (Losses) £	Balance at 31 August 2015 £
Restricted general funds					
General Annual Grant (GAG)	964,001	(767,560)	(75,000)	-	121,441
Start Up Grant	69,488	(65,576)	(3,912)	-	-
Pupil Premium	41,704	(41,704)	-	-	-
Other EFA/DfE Grants	3,390	(3,390)	-	-	-
Other Restricted Funds	244,717	(244,717)	-	-	-
Pension reserve	(875,000)	(104,000)	75,000	94,000	(810,000)
	448,300	(1,226,947)	(3,912)	94,000	(688,559)
Restricted fixed asset funds					
Transfer on Conversion	2,785,282	(74,260)	-	-	2,711,022
DfE/EFA Capital Grants	9,164	-	-	-	9,164
Other Capital Income	-	(761)	3,912	-	3,151
	2,794,446	(75,021)	3,912	-	2,723,337
Total restricted funds	3,242,746	(1,301,968)	-	94,000	2,034,778
Unrestricted funds					
Unrestricted funds	239,115	(13,033)	-	-	226,082
Total unrestricted funds	239,115	(13,033)	-	-	226,082
Total funds	3,481,861	(1,315,001)	-	94,000	2,260,860

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

The General Annual Grant (GAG) and other restricted general funds are for the operational activities of the school.

The pension reserve represents the academy's defined benefit pension scheme liability.

The restricted fixed asset funds represent the net book value of the fixed assets held by the academy and unspent capital funding received to carry out works of a capital nature.

The trust is carrying a net surplus of £121,441 on restricted general funds (excluding pension reserve) which is GAG funding. There is a surplus of £226,082 on unrestricted funds.

Fund transfers of £3,912 were made from restricted general funds to restricted fixed asset funds for the purpose of purchasing fixed assets. Transfers of £75,000 were made from GAG in relation to the pension reserve.

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Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**16 Analysis of Net Assets between Funds**

Fund balances at 31 August 2015 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2015 £
Fixed assets	-	-	2,695,850	2,695,850
Current assets	229,236	183,808	27,487	440,531
Current liabilities	(3,154)	(62,367)	-	(65,521)
Pension scheme liability	-	(810,000)	-	(810,000)
Total net assets	226,082	(688,559)	2,723,337	2,260,860

17 Commitments under operating leases**Operating Leases**

At 31 August 2015 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2015 £
Amounts due within one year	1,064
	1,064

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Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**18 Reconciliation of Net Income to Net Cash Inflow from Operating Activities**

	2015 £
Net income for the reporting period	2,166,860
Adjusted for:	
Depreciation (note 12)	74,260
Amortisation (note 11)	761
Capital grants from DfE and other capital income	(9,164)
Interest receivable (note 4)	(167)
Defined benefit pension scheme obligation inherited (note 22)	875,000
Fixed assets transferred from Local Authorities (note 25)	(2,766,959)
Cash transferred from Local Authorities (note 25)	(204,915)
Defined benefit pension scheme cost less contributions payable (note 22)	13,000
Defined benefit pension scheme finance income/(cost) (note 22)	16,000
(Increase)/decrease in debtors	(46,496)
Increase/(decrease) in creditors	65,521
Net cash provided by (used in) Operating Activities	183,701
Cash transferred from Local Authorities on conversion	204,915
Cash transferred from Local Authorities	204,915

19 Cash Flows from Investing Activities

	2015 £
Interest received	167
Purchase of fixed assets	(3,912)
Capital grants from DfE/EFA	9,164
Net cash provided by / (used in) Investing Activities	5,419

20 Analysis of Cash and Cash Equivalents

	Cash flows £	At 31 August 2015 £
Cash in hand and at bank	394,035	394,035
Total cash and cash equivalents	394,035	394,035

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**21 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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

22 Pension 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 Suffolk County Council. Both are multi-employer defined-benefit schemes.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £27,816 were payable to the schemes at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme**Introduction**

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Gap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out on 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Gap) 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 (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost gap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £63,692.

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

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

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Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**22 Pension and Similar Obligations (continued)****Local Government Pension Scheme**

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £91,000, of which employer's contributions totalled £75,000 and employees' contributions totalled £16,000. The agreed contribution rates for future years are 28.6% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,600	5.50%
£13,601 - £21,200	5.80%
£21,201 - £34,400	6.50%
£34,401 - £43,500	6.80%
£43,501 - £60,700	8.50%
£60,701 - £86,000	9.90%
£86,001 - £101,200	10.50%

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

Principal Actuarial Assumptions

	At 31 August 2015 p.a.
Rate of increase in salaries	4.60%
Rate of increase for pensions in payment/inflation	2.70%
Discount rate for scheme liabilities	3.80%
Inflation assumption (CPI)	3.80%
Commutations of pensions to lump sums (pre-April 2008 service)	25.00%
Commutations of pensions to lump sums (post-April 2008)	63.00%

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

	At 31 August 2015
<i>Retiring today</i>	
Males	22.4
Females	24.4
<i>Retiring in 20 years</i>	
Males	24.3
Females	26.9

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**22 Pension and Similar Obligations (continued)**

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

	Fair value at 31 August 2015 £
Equities	410,000
Bonds	129,000
Property	67,000
Cash	6,000
Total market value of assets	612,000

The actual return on scheme assets was (£11,000).

Amounts recognised in the statement of financial activities

	2015 £
Current service cost (net of employee contributions)	(88,000)
Net interest cost	(16,000)
Total operating charge	(104,000)

	2015 £
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	10,000
Interest on pension liabilities	(26,000)
Pension finance income/(costs)	(16,000)

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

	2015 £
Upon conversion	1,407,000
Current service cost	88,000
Interest cost	26,000
Employee contributions	16,000
Actuarial (gain) / loss	(115,000)
At 31 August	1,422,000

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

	2015 £
Upon conversion	532,000
Interest income	10,000
Actuarial gain / (loss)	(21,000)
Employers contributions	75,000
Employee contributions	16,000
At 31 August	612,000

The amounts recognised in the balance sheet were as follows:

	2015 £
Present value of funded obligation	(1,422,000)
Fair value of scheme assets	612,000
Net Liability	(810,000)

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**23 Related Party Transactions**

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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

Maureen Eade (a trustee of the trust) provided Educational Consultancy in the period to 31 August 2015. This consisted of 3 days educational consultancy at £300 per day for a total of £900.

24 Agency Arrangements

There are no agency arrangements.

25 Conversion to Academy Trust

On 1 February 2015 the Beacon Hill School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Stone Lodge Academy Trust from the Suffolk Local Authority for £nil consideration

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

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

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Funds £	Total £
Tangible fixed assets:				
-Leasehold land and buildings	-	-	2,688,150	2,688,150
-Other tangible fixed assets	-	-	78,809	78,809
-Budget surplus on LA funds	190,645	-	14,270	204,915
-LGPS pension (deficit)	-	(875,000)	-	(875,000)
-Other identified assets and liabilities	16,385	-	4,053	20,438
Net Assets/(Liabilities)	207,030	(875,000)	2,785,282	2,117,312

The trust's transactions relating to land and buildings included:

- the taking up of a leasehold on land and buildings with estimated fair value of £2,688,150, for a peppercorn rent, over a term of 125 years.