

Stone Lodge Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2016

Company Registration Number:
09396402 (England and Wales)

Contents	Page
Reference and Administrative Details	3
Trustees' Report	4
Governance Statement	10
Statement on Regularity, Propriety and Compliance	13
Statement of Trustees' Responsibilities	14
Independent Auditor's Report on the Financial Statements	15
Independent Reporting Accountant's Report on Regularity	16
Statement of Financial Activities incorporating Income & Expenditure Account	17
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	20
Other Notes to the Financial Statements	24

Reference and Administrative Details

Members	Mr Jean-Luc Janet Dr Natalie-Jane MacDonald Acorn Academies Limited
Trustees	Ms Maureen Eade (Chair) Mr Rick Tracey Mrs Sonia Docherty Mrs Helen Armitage Mr Paul Marsburg Mrs Samantha Barber Mrs Anita Collett Mrs Jan Seaborne
Company Secretary	Mr Sharon Reeder
Senior Management Team	Mr Rick Tracey – Head 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 IP2 9HW
Company registration number	09396402
Independent Auditor	Larking Gowen 1 Claydon Business Park Great Blakenham Ipswich IP6 0NL
Bankers	Lloyds Bank Cornhill North Ipswich Branch P O Box 1000 BX1 1LT
Solicitors	Stone King Thirty Station Road Cambridge CB1 2RE

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

In the previous financial year the trust reported for the period 20 January 2015 to 31 August 2015.

The trust operates an academy for pupils aged 5 to 16 years all diagnosed with statements of Special educational Needs. It has a capacity for 160 pupils and had a roll of 150 in the school census on 19 May 2016.

Structure, Governance and Management

The academy 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 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 on page 3.

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.

Trustee's 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 effective 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 intentions where School Trustees formally stated their intention to stand as an Academy Trustee. The Trustees were then formally elected at the board.

In addition 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.

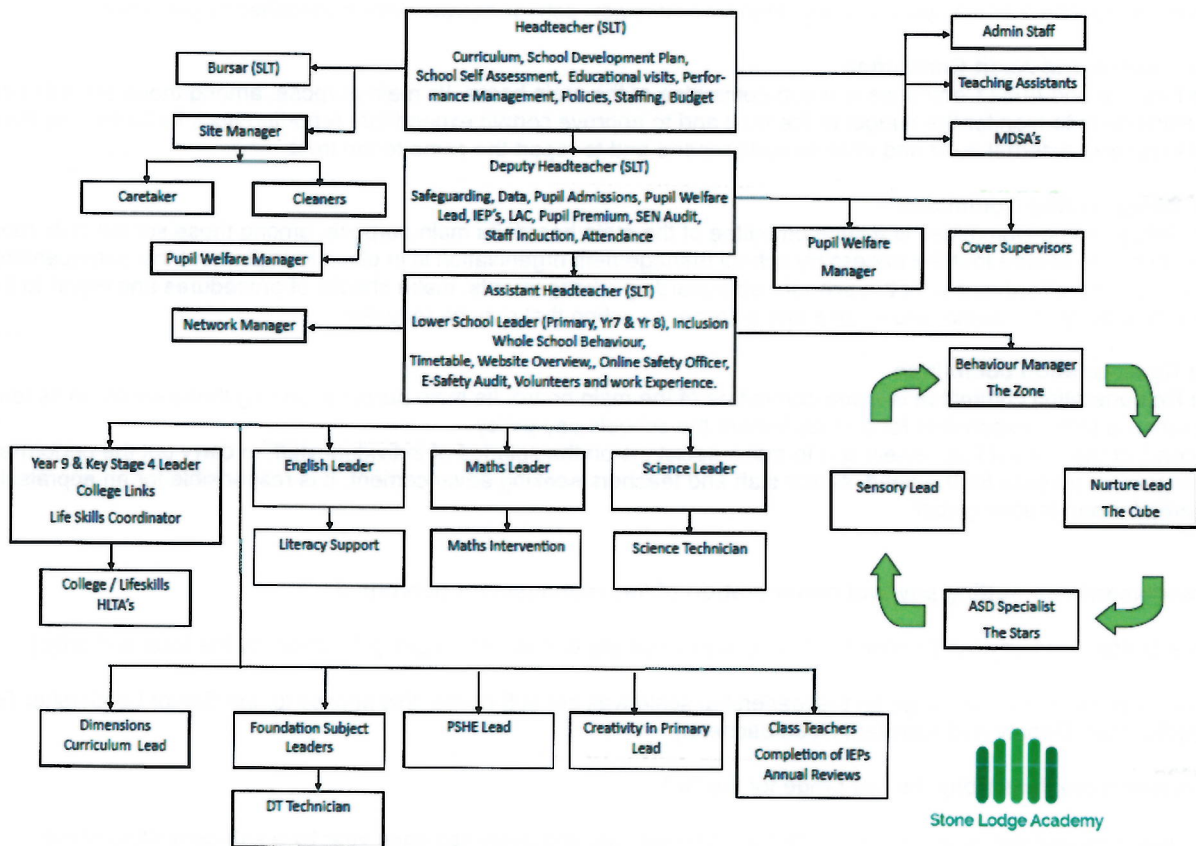
The Members may appoint by ordinary resolution up to 8 Trustees. The Trustees may appoint a Co-opted Trustees as long as they are not an employee of the Academy Trust.

Policies & Procedures Adopted for the Induction and Training of Trustees

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

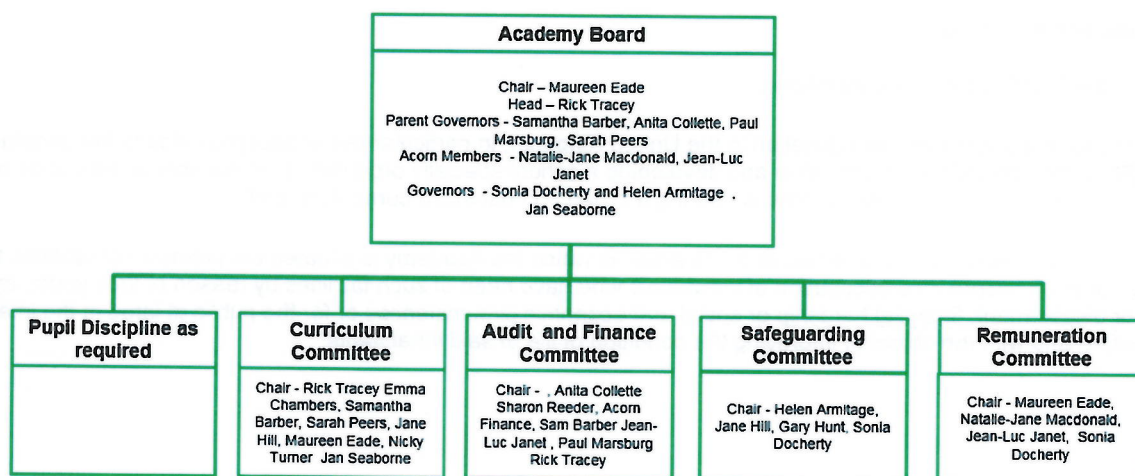
Trustees' Report (continued)

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:



Trustees' Report (continued)

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 and Audit Committee

The Finance and Audit 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, and to receive external audit and internal audit reports and to report the same 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.

Arrangements for setting pay and remuneration of key management personnel

Stone Lodge Academy (as Beacon Hill School was originally banded into a group 5 School by the local authority.)

At the same time, the pay range on the leadership scale was set at 5 points, this applies to the Senior Leadership Team, (Headteacher, Deputy and Assistant Headteachers.)

In reviewing progress along the pay range for the SLT.

The head has discrete wide ranging performance targets set and assessed each year by a sub-committee of the Remuneration Committee.

Pay progression for all other Key Personnel (Senior Leadership Team) depends on an appraisal process based on performance management evidence that is produced to the Remuneration Committee.

Related Parties and other Connected Charities and Organisation

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.

Trustees' Report (continued)**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.

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.

In 2015 : Stone Lodge Academy entered 23 pupils and was able to offer 13 different subjects at public exam level, either accessed through the core curriculum or through pupil option choices. Two pupils (a boy and a girl) both gained Five Entry Level Certificate Grade Three passes each.

In 2016 : Stone Lodge Academy entered 31 pupils and was able to offer 15 different subjects at public exam level, either accessed through the core curriculum or through pupil option choices.

Four pupils (all boys) gained Five Entry Level Certificate Grade Three passes each.

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 30 September to 2 October 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.

Trustees' Report (continued)

Period: 01/09/2015 AM to 29/07/2016 PM

Scope: Whole School

	Sessions	%
Attendances	52613	93.76
Authorised absences	2976	5.30
Unauthorised absences	526	0.94
Possible Attendance	56115	
Including		
Approved Educational Activity	1443	2.57
Lates before reg closed	568	1.01
Lates after reg closed	77	0.14
Unexplained absences	149	0.27

Absence rate for whole year of 6.24%

Our focus for School year 2016 to 2017 would be to reduce this to 5%

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 2016 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 2016, total expenditure of £2,376,808 was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and pension reserve) was £7,909.

At 31st August 2016 the net book value of fixed assets was £2,581,015 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 FRS102, the academy received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31st August 2016 and supporting notes to the accounts 22.

Reserves Policy

Given the uncertainty of Education funding in the future, with the planned removal of the Education Services Grant and the national revision of formula funding (both due to impact over the next eighteen months to two years), the trust feels it is prudent to keep a reserve of £120,000.

Although all Trustees are aware that the school flat roof is some fifty years old and is starting to deteriorate, quotes for refurbishment *not* replacement were around £108,000 and the school has just submitted its third bid into E.F.A. If this is unsuccessful then it looks increasingly likely that we will need to produce an action plan to finance this work in the next three years.

This element is intended to act as an available cushion for the future as we navigate these uncertain times.

The level of funding held in reserve is satisfactory. We have no material deficit.

At 31 August 2016 the academy had reserves of £339,614.

Unrestricted £239000
GAG£98000
Fixed asset fund

Trustees' Report (continued)

Investment Policy

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

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 still 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 the Senior Leadership Team rewrote the SEF in line with the new Ofsted Reporting Framework. This formed 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 5th December 2016 and signed on the board's behalf by:



Maureen Eade
Trustee

5th December 2016

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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Rick Tracey	5	5
Maureen Eade	5	5
Jean-Luc Janet	3	5
Natalie-Jane MacDonald	4	5
Helen Armitage	5	5
Samantha Barber	4	5
Anita Collett	4	5
Sonia Docherty	4	5
Paul Marsburg	3	5
Sarah Peers	4	5
Jan Seaborne	5	5

There have been no significant changes to board of trustees during the reporting period. Apart from, the fact that Acorn Care and Education (our sponsors) has been sold by OTTP, to Stirling Square; who also own NFA Group (National Fostering Agency). This took effect on 3rd August 2016. The intention is to create a larger children's services group, continuing to expand in SEN and Residential Care and with, obviously a large fostering presence as NFA is already the largest single IFA in the UK and will now have added to it, Acorn's Fostering Services.

The education strategy will remain the same, it is not expected there to be any impact on Stone Lodge's plans and future. Iain Anderson who is currently the CEO of NFA will become CEO of the combined group. In the short term the two groups will continue to operate separately, longer term they will be integrated.

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	5	5
Anita Collett	5	5
Jean-Luc Janet	3	5
Samantha Barber	5	5
Paul Marsburg	3	5

Governance Statement (continued)

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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by carefully monitoring expenditure and trying to balance it against income received.

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 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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 September 2015 to 31 August 2016 and up to the date of approval of 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

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

- testing 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 finance and general purposes 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:

Governance Statement (continued)

- An Expenses Policy has been approved
- A policy and register for the acceptance of gifts, hospitality and awards has been approved
- A consistent clerk used
- Schools Business Continuity Plan approved
- Whistleblowing Policy reviewed

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 finance and general purposes committee and a plan to address the weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the member of the board of trustees on 5th December 2016 and signed on its behalf by:



Maureen Eade
Chair of Trustees



Rick Tracey
Accounting Officer

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 2015.

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 2015.

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

5th December 2016

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:

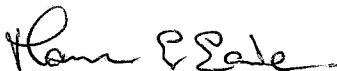
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academy Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 5th December 2016 and signed on its behalf by:



Maureen Eade
Chair of Trustees

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Stone Lodge Academy Trust

We have audited the financial statements of Stone Lodge Academy Trust for the year ended 31 August 2016 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 2015 to 2016 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 2016 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 2015 to 2016 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 Auditor's Report on the Financial Statements to the Board of Trustees 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: 6 December 2016

Independent Reporting Accountant's Assurance Report on Regularity to Stone Lodge Academy Trust Limited 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 2015 to 2016, 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 year ended 1 September 2015 to 31 August 2016 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 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 1 September 2015 to 31 August 2016 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 2015 to 2016 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 Accountant's Assurance Report on Regularity to Stone Lodge Academy Trust Limited and the Education Funding Agency (continued)

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 year ended 1 September 2015 to 31 August 2016 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: 6 December 2016

Statement of Financial Activities for the period ended 31 August 2016
(including Income and Expenditure Account)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	831	2,000	9,265	12,096	10,178
Transfer from local authority on conversion		-	-	-	-	2,117,312
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	3	18,935	2,148,222	-	2,167,157	1,323,300
Other trading activities	4	33,225	421	-	33,646	30,904
Investments	5	828	-	-	828	167
Total income and endowments		53,819	2,150,643	9,265	2,213,727	3,481,861
Expenditure on:						
Raising Funds	6	870	-	-	870	-
<i>Charitable activities:</i>						
Academy trust educational operations	7	39,518	2,206,432	129,988	2,375,938	1,315,001
Total expenditure		40,388	2,206,432	129,988	2,376,808	1,315,001
Net income / (expenditure)		13,431	(55,789)	(120,723)	(163,081)	2,166,860
Transfers between funds	15	-	(2,551)	2,551	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	15, 23	-	(478,000)	-	(478,000)	94,000
Net movement in funds		13,431	(536,340)	(118,172)	(641,081)	2,260,860
Reconciliation of funds						
Total funds brought forward at 1 September 2015	15	226,082	(688,559)	2,723,337	2,260,860	-
Funds carried forward at 31 August 2016		239,513	(1,224,899)	2,605,165	1,619,779	2,260,860

All of the academy's activities derive from continuing operations during the current financial period.
In the previous financial year the trust reported for the period 20 January 2015 to 31 August 2015.

Balance Sheet as at 31 August 2016

	Notes	2016 £	2015 £
Fixed Assets			
Intangible assets	11	4,045	3,151
Tangible assets	12	<u>2,576,970</u>	<u>2,692,699</u>
		<u>2,581,015</u>	<u>2,695,850</u>
Current assets			
Debtors	13	43,809	46,496
Cash at bank and in hand		<u>411,763</u>	<u>394,035</u>
		<u>455,572</u>	<u>440,531</u>
Liabilities			
Creditors: Amounts falling due within one year	14	<u>(91,808)</u>	<u>(65,521)</u>
Net current assets		<u>363,764</u>	<u>375,010</u>
Total assets less current liabilities		<u>2,944,779</u>	<u>3,070,860</u>
Net assets excluding pension liability		<u>2,944,779</u>	<u>3,070,860</u>
Defined benefit pension scheme liability	23	<u>(1,325,000)</u>	<u>(810,000)</u>
Total net assets		<u>1,619,779</u>	<u>2,260,860</u>
Funds of the academy trust:			
Restricted funds			
- Fixed asset fund	15	2,605,165	2,723,337
- General fund	15	100,101	121,441
- Pension reserve	15	<u>(1,325,000)</u>	<u>(810,000)</u>
Total restricted funds		<u>1,380,266</u>	<u>2,034,778</u>
Unrestricted income funds	15	239,513	226,082
Total unrestricted funds		<u>239,513</u>	<u>226,082</u>
Total funds		<u>1,619,779</u>	<u>2,260,860</u>

The financial statements on pages 17 to 36 were approved by the trustees, and authorised for issue on 5th December 2016 and are signed on their behalf by:



Maureen Eade
Chair of Trustees

Stone Lodge Academy Trust 09396402

Statement of Cash Flows for the period ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	22,789	183,701
Cash transferred on conversion to an academy trust		-	204,915
Cash flows from investing activities		(5,061)	5,419
Change in cash and cash equivalents in the reporting period		17,728	394,035
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 01 September 2015	21	394,035	-
Cash and cash equivalents at 31 August 2016		411,763	394,035

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies

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

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Stone Lodge Academy Trust meets the definition of a public benefit entity under FRS 102.

In the previous financial year the trust reported for the period 20 January 2015 to 31 August 2015.

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.

Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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 measured reliably.

- **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 goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due

to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations

Notes to the Financial Statements for the Year Ended 31 August 2016**1. Statement of Accounting Policies (continued)**

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.

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%
-----------------------------	-----

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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

• Long Leasehold Buildings	[range from 10-25 years]
• Fixtures, fittings & equipment	[20% (5 yrs) Straight line with nil residual value]
• Computer hardware	[33% (3 yrs) Straight line with nil residual value]
• Motor Vehicles	[20% (5 yrs) Straight line with nil residual value]

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.

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

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 discount 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.

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 unit credit method. As stated in Note 22, 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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit 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

Notes to the Financial Statements for the Year Ended 31 August 2016**1. Statement of Accounting Policies (continued)**

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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact the carrying amount of the pension liability.

Agency Arrangements

There are no agency arrangements.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**2 Donations and Capital Grants**

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Devolved Formula Capital	-	9,265	9,265	9,164
Other donations	831	2,000	2,831	1,014
	831	11,265	12,096	10,178

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
DfE/EFA Revenue Grants				
General Annual Grant	-	1,646,781	1,646,781	964,001
Start Up Grant	-	-	-	69,488
Pupil Premium	-	75,763	75,763	41,704
PE Sports Grant	-	8,170	8,170	3,390
Year 7 Catch up Grant	-	11,500	11,500	-
	-	1,742,214	1,742,214	1,078,583
Other Government Grants				
High Needs Top Up Funding	-	373,970	373,970	218,417
SEN Additional Places	-	25,000	25,000	17,500
LAC Pupil Premium	-	6,663	6,663	8,800
SCC grants	615	375	990	-
	615	406,008	406,623	244,717
Other income from the academy trust's educational operations				
Catering Income	18,320	-	18,320	11,185
	18,935	2,148,222	2,167,157	1,334,485

4 Other Trading Activities

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Hire of Facilities	5,075	-	5,075	1,631
Items Sold	28	-	28	32
Insurance Claims	9,891	-	9,891	13,097
Academy Trips	8,105	-	8,105	467
Other Catering Income	99	-	99	250
Fundraising	-	421	421	-
Income from Services Provided	864	-	864	200
Extended Schools	5,873	-	5,873	4,042
one to one support	3,290	-	3,290	-
	33,225	421	33,646	19,719

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**5 Investment Income**

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Bank Interest	828	-	828	167
	<u>828</u>	<u>-</u>	<u>828</u>	<u>167</u>

6 Expenditure

	Non Pay Expenditure			Total 2016	Total 2015
	Staff Costs £	Premises £	Other £	£	£
Expenditure on raising funds	-	-	870	870	-
Academy's educational operations					
• Direct Costs	1,676,446	129,988	103,581	1,910,015	1,048,802
• Allocated Support Costs	236,888	76,783	152,252	465,923	266,199
	<u>1,913,334</u>	<u>206,771</u>	<u>256,703</u>	<u>2,376,808</u>	<u>1,315,001</u>

Net Income/(expenditure) for the period includes:

	2016 £	2015 £
Operating lease rentals	-	798
Depreciation	128,330	74,260
Amortisation of intangible fixed assets (included within Charitable Activities - Academy trust educational operations)	1,658	761
Fees payable to auditor for:		
- audit	6,750	6,250
	<u>136,738</u>	<u>82,069</u>

7 Charitable Activities

	Total 2016 £	Total 2015 £
Direct costs - educational operations	1,910,015	1,048,802
Support costs - educational operations	465,923	266,199
	<u>2,375,938</u>	<u>1,315,001</u>

	Educational Operations £	Total 2016 £	Total 2015 £
Analysis of support costs			
Support staff costs	236,888	236,888	139,724
Technology costs	509	509	1,179
Premises costs	76,783	76,783	28,078
Other support costs	139,247	139,247	70,326
Governance costs	12,496	12,496	26,892
Total support costs	<u>465,923</u>	<u>465,923</u>	<u>266,199</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**8 Staff**

	Total 2016	Total 2015
a. Staff costs	£	£
Staff costs during the period were:		
Wages and salaries	1,501,228	837,784
Social security costs	103,543	47,470
Operating costs of defined benefit pension schemes	282,982	152,496
	<u>1,887,753</u>	<u>1,037,750</u>
Supply staff costs	25,581	32,170
	<u>1,913,334</u>	<u>1,069,920</u>

b. Staff numbers

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

	2016 No.	2015 No
Teachers	18	18
Administration and support	60	59
Management	4	4
	<u>82</u>	<u>81</u>

c. Higher paid staff

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

	2016 No.	2015 No
£70,001 - £80,000	1	-

d. 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 £305,702 (2015:£168,416).

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**9 Related Party Transactions - Trustees' Remuneration and Expenses**

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration was as follows:

R Tracey (principal and trustee):

Remuneration £70,001 - £75,000 (2015: £45,001 - £50,000)

Employers pension contributions £10,001 - £15,000 (2015: £5,001 - £10,000)

There were no further related party transactions involving the trustees as confirmed in note 23.

10 Trustees' and Officers' Insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

11 Intangible Fixed Assets

	Computer Software £	Total £
Cost		
At 1 September 2015	3,912	3,912
Additions	<u>2,552</u>	<u>2,552</u>
At 31 August 2016	<u>6,464</u>	<u>6,464</u>
Amortisation		
At 1 September 2015	761	761
Charged in year	<u>1,658</u>	<u>1,658</u>
At 31 August 2016	<u>2,419</u>	<u>2,419</u>
Carrying Amount		
At 31 August 2015	3,151	3,151
At 31 August 2016	<u>4,045</u>	<u>4,045</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**12 Tangible Fixed Assets**

	Leasehold Land and Buildings £	Plant and Machinery £	Computer Hardware £	Furniture and Equipment £	Assets Under Construction £	Total £
Cost						
At 1 September 2015	2,688,149	31,626	23,056	24,127	-	2,766,958
Additions	-	-	8,074	-	4,528	12,602
At 31 August 2016	2,688,149	31,626	31,130	24,127	4,528	2,779,560
Depreciation						
At 1 September 2015	62,665	1,952	6,415	3,228	-	74,260
Charged in year	107,426	3,346	12,024	5,534	-	128,330
At 31 August 2016	170,091	5,298	18,439	8,762	-	202,590
Net Book Values						
At 31 August 2015	2,625,484	29,674	16,641	20,899	-	2,692,698
At 31 August 2016	2,518,058	26,328	12,691	15,365	4,528	2,576,970

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**13 Debtors**

	2016	2015
	£	£
Trade debtors	424	-
VAT recoverable	7,517	8,946
Other debtors	-	2,563
Prepayments and accrued income	35,868	34,987
	<u>43,809</u>	<u>46,496</u>

14 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	-	914
Taxation and social security	29,923	21,353
Other creditors	33,113	27,954
Accruals and deferred income	28,772	15,300
	<u>91,808</u>	<u>65,521</u>

Deferred Income

	2016	2015
	£	£
Deferred Income at 1 September 2015	3,154	-
Resources deferred in the year	19,430	3,154
Amounts released from previous years	(3,154)	-
Deferred Income at 31 August 2016	<u>19,430</u>	<u>3,154</u>

At the balance sheet date the academy trust was holding funds received in advance of £1,930 for educational trips and £17,500 SCC funding for additional places.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**15 Funds**

	Balance at 1 September 2015 £	Income £	Expenditure £	transfers £	Gains / (Losses) £	Balance at 31 August 2016 £
Restricted general funds						
General Annual Grant (GAG)	121,441	1,646,781	(1,527,570)	(142,551)	-	98,101
Pupil Premium	-	75,763	(75,763)	-	-	-
Other EFADfE Grants	-	19,670	(19,670)	-	-	-
Other Restricted Funds	-	406,429	(406,429)	-	-	-
Locality Donation	-	2,000	-	-	-	2,000
Pension reserve	(810,000)	-	(177,000)	140,000	(478,000)	(1,325,000)
	(688,559)	2,150,643	(2,206,432)	(2,551)	(478,000)	(1,224,899)
Restricted fixed asset funds						
DfE/EFA Capital Grants	9,164	9,265	(1,570)	-	-	16,859
Capital expenditure from GAG	-	-	(354)	2,551	-	2,197
Donated Assets	2,711,022	-	(126,760)	-	-	2,584,262
Other Capital Income	3,151	-	(1,304)	-	-	1,847
	2,723,337	9,265	(129,988)	2,551	-	2,605,165
Total restricted funds	2,034,778	2,159,908	(2,336,420)	-	(478,000)	1,380,266
Unrestricted funds						
Unrestricted funds	226,082	53,819	(40,388)	-	-	239,513
Total unrestricted funds	226,082	53,819	(40,388)	-	-	239,513
Total funds	2,260,860	2,213,727	(2,376,808)	-	(478,000)	1,619,779

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 £100,101 on restricted general funds (excluding pension reserve) and £239,513 unrestricted funds.

Fund transfers of £2,551 were made from restricted general funds to restricted fixed asset funds for the purpose of purchasing fixed assets. Transfers of £140,000 were made from GAG in relation to the pension reserve.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**16 Analysis of Net Assets between Funds**

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2016 £
Intangible fixed assets	-	-	4,045	4,045
Tangible Fixed assets	-	-	2,576,970	2,576,970
Current assets	241,443	189,979	24,150	455,572
Current liabilities	(1,930)	(89,878)	-	(91,808)
Pension scheme liability	-	(1,325,000)	-	(1,325,000)
Total net assets	239,513	(1,224,899)	2,605,165	1,619,779

17 Capital Commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements		
Playground Shelter	4,528	-
	<u>4,528</u>	<u>-</u>

18 Commitments under Operating Leases**Operating Leases**

At 31 August 2016 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts due within one year	-	1,064
	<u>-</u>	<u>1,064</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**19 Reconciliation of Net Income/(Expenditure) to Net Cash flow from operating activities**

	2016 £	2015 £
Net income/(expenditure) for the year (as per the statement of financial activities)	(163,081)	2,166,860
Adjusted for:		
Amortisation (note 11)	1,658	761
Depreciation (note 12)	128,330	74,260
Capital grants from DfE and other capital income	(9,265)	(9,164)
Interest receivable (note 5)	(828)	(167)
Cash transferred on conversion to an academy trust	-	(204,915)
Fixed assets transferred from Local Authorities	-	(2,766,959)
Defined benefit pension scheme obligation inherited (note 23)	-	875,000
Defined benefit pension scheme cost less contributions payable (note 23)	6,000	13,000
Defined benefit pension scheme finance cost (note 23)	31,000	16,000
(Increase)/decrease in debtors	2,688	(46,496)
Increase/(decrease) in creditors	26,287	65,521
Net cash provided by / (used in) Operating Activities	22,789	183,701
 Cash transferred on conversion to an academy trust (note)	 -	 204,915
Cash transferred on conversion to an academy trust	-	204,915

20 Cash Flows from Investing Activities

	2016 £	2015 £
Dividends, interest and rents from investments	828	167
Purchase of tangible fixed assets	(12,602)	(3,912)
Purchase of intangible fixed assets	(2,552)	-
Capital grants from DfE / EFA	9,265	9,164
Net cash provided by / (used in) investing activities	(5,061)	5,419

21 Analysis of Cash and Cash Equivalents

	At 1 September 2015 £	Cash flows £	At 31 August 2016 £
Cash in hand and at bank	394,035	17,728	411,763
Total cash and cash equivalents	394,035	17,728	411,763

22 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.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**23 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.

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 £32,434 (2015: £27,816) were payable to the schemes at 31 August 2016 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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £134,028 (2015: £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.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**23 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 year ended 31 August 2016 was £169,000 (2015: £91,000), of which employer's contributions totalled £140,000 (2015: £75,000) and employees' contributions totalled £29,000 (2015: £16,000). The agreed contribution rates for future years are 28% 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 2016 p.a.	At 31 August 2015 p.a.
Rate of increase in salaries	4.10%	4.60%
Rate of increase for pensions in payment/inflation	2.10%	2.70%
Discount rate for scheme liabilities	2.10%	3.80%
Inflation assumption (CPI)	2.10%	3.80%
Commutation of pensions to lump sums (pre-April 2008 service)	25.00%	25.00%
Commutations of pensions to lump sums (post-April 2008)	63.00%	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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.4	22.4
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.9	26.9

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**23 Pension and Similar Obligations (continued)**

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equity instruments	631,400	416,000
Debt instruments	180,400	129,000
Property	90,200	67,000
Total market value of assets	902,000	612,000

The actual return on scheme assets was £69,000 (2015: £11,000).

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	(146,000)	(88,000)
Net interest cost	(31,000)	(16,000)
Total operating charge	(177,000)	(104,000)

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

	2016 £	2015 £
At 1 September	1,422,000	-
Upon Conversion	-	1,407,000
Current service cost	146,000	88,000
Interest cost	57,000	26,000
Employee contributions	29,000	16,000
Actuarial (gain) / loss	573,000	(115,000)
At 31 August	2,227,000	1,422,000

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

	2016 £	2015 £
At 1 September	612,000	-
Upon Conversion	-	532,000
Interest income	26,000	10,000
Actuarial gain / (loss)	95,000	(21,000)
Employer contributions	140,000	75,000
Employee contributions	29,000	16,000
At 31 August	902,000	612,000

The amounts recognised in the balance sheet were as follows:

	2016 £	2015 £
Present value of funded obligation	(2,227,000)	(1,422,000)
Fair value of scheme assets	902,000	612,000
Net Liability	(1,325,000)	(810,000)

Stone Lodge Academy Trust 09396402

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Related Party Transactions

No related party transaction took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

25 Agency Arrangements

There were no agency arrangements.