

**Stone Soup Learns
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2018



**Company Registration Number:
07217174 (England and Wales)**

Stone Soup Learns

Contents

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 9
Governance Statement	10 - 16
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditor's Report to the Members	19 - 21
Independent Reporting Accountant's Assurance Report on Regularity	22 - 23
Statement of Financial Activities incorporating Income & Expenditure Account	24
Balance Sheet	25
Statement of Cash Flows	26
Notes to the Financial Statements, incorporating:	
Accounting Policies	27 - 30
Other Notes to the Financial Statements	31 - 43

Stone Soup Learns

Reference and administrative details

Trustee/Governor/Director

Aftab Hussain (Member)
Bethany Adams
Colin Bradley (Member)
Chris Manze (Member)

Daniel Hanson
Dr Tina Byrom
Lauren Crow
Clare Barlow

Kerrie Henton

Martin Williams

Company Secretary

Colin Bradley

Senior Management

Kerrie Henton
Kevin Wildrianne
Clare Barlow
Susan Murphy

Type of governor

Director and Chairman
Director and Vice Chairman
Director
Director – resigned as a director on 29 November 2017
Director
Director and Vice Chairman
Director - resigned 10 November 2017
Director, Headteacher and Accounting Officer (resigned 4 June 2018)
Director, Headteacher and Accounting Officer (appointed 4 June 2018)
Director, appointed 6 December 2017; resigned 4 September 2018

Principal
Vice Principal
Assistant Principal
Head of Operations

Registered Office and Principal Address

14 High Pavement
Nottingham, NG1 1HN

Company Registration Number

07217174

Auditor

Hobsons CA Limited
Chartered Accountants
Statutory Auditor
Alexandra House
43 Alexandra Street
Nottingham, NG5 1AY

Bankers

Lloyds Bank plc
Market Square House
Old Market Square
Nottingham, NG1 6FD

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham, NG2 1BJ

Stone Soup Learns

Reference and administrative details (continued)

Insurers

Education and Skills Funding
Agency
Free Schools Group
Sanctuary Buildings
Great Smith Street
Westminster
London, SW1P 3BT

Stone Soup Learns

Trustees' Report

The trustees present their annual report together with the audited financial statements of the charitable company for the period from 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report including a strategic report under company law.

The Trust operates an Alternative Provision Free School serving a catchment area in Nottingham.

Structure, Governance and Management

Constitution

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 Soup Academy are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Stone Soup Learns.

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

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up whilst 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

In accordance with normal practice the Academy has purchased Risk Protection Arrangement ('RPA') insurance to protect the trustees and officers from claims answering from negligent acts, errors or omissions whilst on Academy business. The cover under the policy is £5 million and in the period under review no sums have been paid out.

Principal Activities

The principal activity of the Academy is specifically restricted to the following:

- (a) To advance for the public benefit education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing an educational institution which is principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the Alternative Provision Academy"), and
- (b) To promote for the benefit of individuals living in Nottingham and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interest of social welfare and with the object of improving the condition of life of the said individuals.

Method of Recruitment and Appointment or Election of Trustees

The Academy's Governing Body may comprise three member appointed trustees, up to one LA trustee, two parent trustees, the principal, up to one community trustee and up to three co-opted trustees. The Articles of Association require there to be a minimum of three trustees.

Parent Trustees are elected by the parents of current pupils of the Academy Trust, subject to provisions in the Articles of Association. The Community Trustee may be appointed by the Governing Body provided that the person who is appointed as a Community Trustee is a person who lives or works in the community served by the Academy.

Stone Soup Learns

Trustees' Report (continued)

Method of Recruitment and Appointment or Election of Governors (continued)

With regard to the appointment of co-opted Trustees, the Board will give consideration to the skills mix of the Trustees in order to ensure that the Board of Trustees has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of New Trustees

All trustees undertake training as appropriate to their role. The company subscribes to Nottingham City Council Governor Services and Trustees take part in their training programme for new trustees.

Organisational Structure

The Board of Trustees establishes an overall framework for the governance of the Academy and agrees membership of Committees and Statutory and other Panels. It receives reports and in particular policy documents from its Committees for ratification. It monitors the activities of the Committees through the Minutes of their meetings. It also establishes the Terms of Reference and Procedures for its Committees. The Board of Trustees may also, from time to time, establish Working Groups to perform specific tasks over a limited timescale.

The following decisions are reserved for the Board of Trustees:

To determine any proposals for the alteration, closure or change of category of the Academy, to amend the constitution of the Governing body, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Secretary to the Trustees, to suspend trustees, to determine the ethos of the school, to delegate specific responsibilities to any Trustee, Committee, the Headteacher or other holder of an executive office, and to determine and review annually the terms of reference, constitution and membership of all Committees, to publish an annual prospectus, to decide school session times and dates of school terms and holidays, to make arrangement for staff dismissal appeals, to set up panels for the selection of the Principal, to develop, monitor and review the Academy Trust's Freedom of Information Act 2000 Publication Scheme, to approve the annual Development Plan and to monitor the annual Register of Interests.

There are currently three committees which are the Finance and General Purpose Committee, the Teaching and Learning Committee and the Leadership and Management Committee.

The Principal is the Accounting Officer as required by the Funding Agreement with the Department for Education. The responsibilities of the Accounting Officer are defined in the Statement of Internal Control. The current Principal is Kerrie Henton. Operationally the school is run by the Principal and supported by the senior management team.

Arrangements for setting pay and remuneration of key management personnel

Stone Soup Academy follows its own Pay Scales, which have been internally verified by the trustees. These Pay Scales are endorsed annually by the trustees, particularly with regards to the setting of key management personnel pay.

Following the conclusion of the annual performance management meetings, which includes the Senior Leadership Team and involves trustees, pay recommendations are sent to the Finance and Special Purposes Committee and the Governing body together with targets and evidence of targets met. These are currently monitored using standard tracker software. The Finance and Special Purposes Committee along with the trustees make decisions regarding the pay of the Principal, Head of Engagement, Head of Operations, classroom teachers and support staff following consideration of the recommendations of performance reviewers and the advice of the Principal. The Finance and Special Purposes Committee make a decision regarding the pay of the Principal following consideration of the recommendations of the governors responsible for the Principal's performance review.

Stone Soup Learns

Trustees' Report (continued)

Arrangements for setting pay and remuneration of key management (continued)

The Academy Trustees do not receive any remuneration, save for those trustees who are members of staff who only receive remuneration in respect of services they provide under their contracts of employment and not in respect of their role as trustees.

Related Party and Other Connected Charities and Organisations

The Academy was founded by the Stone Soup Project CIC and maintains a partnership with the organisation on activities that are of benefit to its pupils and staff.

Trade union facility time

The Academy Trust does not operate in a Trade Union.

Objectives and Activities

Objects and Aims

Stone Soup Academy is dedicated to providing high quality, accredited alternative educational provision.

Since our last inspection we have driven up our aims for attainment and secured a GCSE route for every student. With our renewed focus on GCSE qualifications we have restructured our organisation and our aim now is to ensure we can gain high level qualifications and therefore more options for post 16 for our students. This has required a significant change in focus from the perspective of the Academy, and has changed the profile of our staffing, and our curriculum. We have become a registered centre for the main exam boards where previously we sat external candidates at other centres.

Our track record in alternative education provision, and the high quality of the learning we provide, has meant that our learning programme is in great demand.

Many young people who are referred to our Academy suffer a variety of emotional and behavioural disorders, and find it difficult to integrate into large class sizes, and to follow a more traditional, academic method of learning, and attitude is the priority. We achieve progress by concentrating on engagement throughout the day, and by making lessons interesting and relevant to our students.

Our school is structured to nurture the social development of all the young people we work with, most of whom experience significant disadvantages which compromise their ability to learn. We facilitate young people's learning, removing the barriers to their learning and developing their ability to maintain good relationships with each other and with the members of staff, caring for and promoting the school and their community.

It is our intention that all young people attending our school will leave with the skills and motivation to become fully independent, contributing members of society.

Objectives, Strategies and Activities

The Academy is underpinned by 3 key principles:

High expectations – Young people excluded from school generally have low expectations for themselves and this has been reinforced by negative experiences at school. Our ethos is to inspire and raise these expectations and channel this into high achievement.

Stone Soup Learns

Trustees' Report (continued)

Objectives, Strategies and Activities (continued)

Respect – Good behaviour and high achievement starts with mutual respect. Our learners should be treated like young adults and staff expect the same respect. Respect leads to trusting relationships which in turn improve pupil behaviour and achievement.

Individual Learning – No two young people are the same. Challenging behaviour often manifests itself when an assignment is pitched at the wrong level. High levels of differentiation in teaching allow each young person to progress at a pace that is suitable for them. Teaching is inspirational and enjoyable.

Public Benefit

The Academy is a charitable trust which seeks to benefit the public through the pursuit of its stated aims. The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

Key performance indicators

The Academy has established a robust teacher training programme, which is turning skilled professionals into skilled teachers in a very short space of time. It has modelled a system that suits its future growth targets, and defines its offer more clearly. The expectations of the teachers has been raised in line with our more academic focus for the young people.

Personal Development – Our school aims to not only improve educational attainment, but to develop young people's life skills and to have an understanding of the world in which they live. Challenging a young person's misconceptions of their immediate society is as important as basic skills achievement.

These key principles can be measured through the following outcomes:

- Improved sense of direction and self, including changes in self-esteem, confidence, motivation and health awareness;
- School attendance;
- Reductions in disruptive and/or violent behaviours and exclusions, suspensions, or referrals;
- Academic attainment and increase in numbers of learners receiving awards for their performance;
- Positive progression routes and reductions in those not in Employment, Education or Training;
- Improvement in developing and sustaining relationships (with family, project staff, and peers) including changes in the ability to communicate, cope with authority, and work with others.

Going Concern

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

Stone Soup Learns

Trustees' Report (continued)

Financial Review

In 2017/2018 57% of the academy's income was obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Reserves Policy

The Academy Trust aims to carry forward a prudent level of resources from the General Annual Grant, the General Non-GAG Restricted Fund and the General Unrestricted Fund to cover the medium and long term needs for renewal and replacement. The amount to be carried forward is subject to the current restrictions operated by the Department for Education. At the end of the period under review the balances held in these funds amounted to £889,481. We aim for 6 months operating reserves and are currently operating 6 months reserves as at 31 August 2018.

Investment Policy

It is the intention to invest any surplus funds in low risk short term bank deposits.

Principal Risks and Uncertainties

The Trustees consider that the principal risks and uncertainties facing the Academy trust are:

- Other organisations competing for the same sources of income;
- Meeting requisite standards of education for students in core subjects;
- Complying with legislative requirements regarding employment, law, data protection, discrimination, Companies House and HMRC, child protection, the Charity Commission and the National Curriculum;
- Financial risk – not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation;
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information.

The key controls used by the academy include:

- Ensure high quality partnerships with referring schools;
- Detailed terms of reference for all committees;
- Formal agendas for the academy board and committees;
- Schemes of delegation and formal financial regulations;
- Formal written policies with periodic reviews;
- Clear authorisation and approval levels;
- Policies and procedures required by law to protect the vulnerable.

Risk Management

The Trustees are responsible for the management of risks to which the Academy Trust is exposed, and have undertaken a review of risks associated with its activities. The key controls used by the Academy Trust include:

- Formal agendas for Governors meeting;
- Detailed terms of reference for all committees;
- A clear Development Plan identifying key strategic planning objectives and the resources required to achieve them;
- Comprehensive budget planning, monitoring and review;

Stone Soup Learns

Trustees' Report (continued)

Risk Management (continued)

- Clear financial delegation levels;
- Formal written policies reviewed on a regular basis;
- Clear safeguarding and vetting procedures as required by law to protect children and young people;
- Rigorous review of educational achievement to ensure continuing high standards;
- Comprehensive planning and review of admissions processes;
- A clear succession planning policy.

The Board of Trustees have reviewed the major risks, focusing on operational, financial, governance, compliance and reputational risk, and have taken steps to mitigate likely risks and to ensure regular monitoring of the primary areas of potential risk.

The Board of Trustees is satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised, however, that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Financial and risk management objectives and policies

The Academy has a Financial Procedures Policy that has been adopted by the trustees. Resources are used to maintain efficient staffing levels, ensure the continuing effectiveness of the organisation and a good state of repair of the site and buildings.

The academy trust's risk management processes aim to minimise all risk to the academy trust. The only current risk of any materiality relates to the potential deficit the academy trust holds in the Local Government Pension Scheme.

Fundraising

The Academy Trust did not take part in any fundraising activities.

Plans for Future Periods

The academy will continue to work to maintain the performance of its students at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extra-curricular activities and in essential life skills, so as to increase the number of opportunities open to its students when they move on to further education and ultimately employment. A key aim of the academy is to develop innovative approaches to education for the young people it works with. The academy will be exploring research and development activity it can undertake in order to improve and advance its approach.

Recruitment of key senior staff has been successful in this year with the appointment of a new Principal and Vice Principal at the tail end of the Academic year. The priority now is to embed the new leadership and strengthen Governance.

Funds Held as Custodian Trustee on behalf of others

During the period covered by this report, Stone Soup Academy did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

Stone Soup Learns

Trustees' Report (continued)

Auditor

In so far as the trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 5 December 2018 and is signed on the Board's behalf by:

A HUSSAIN
CHAIR OF TRUSTEES

Stone Soup Learns

Governance Statement

Scope of Responsibility

As trustees we acknowledge that we have overall responsibility for ensuring that Stone Soup Learns 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 Principal, 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 Soup Learns and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 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
A Hussain (Chair)	3	3
C Bradley	2	3
B Adams (Vice Chair)	3	3
D Hanson	2	3
Tina Byrom	3	3
Clare Barlow – Resigned 4 June 2018	2	3
Martin Williams – Resigned 4 September 2018	1	3
Kerrie Henton – Appointed 4 June 2018	1	3

Finance and General Purposes Committee

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to provide oversight and control over the financial performance, direction and strategy of the Academy.

Attendance at meetings in the year was as follows:

C Manze (Chair) – Resigned 28 March 2018	3	4
A Hussain	4	4
K Henton – Appointed 4 June 2018	1	4
D Hanson	2	4
C Barlow – Resigned 4 June 2018	3	4

Mrs S Murphy, the Operations Manager for the Academy also attends the Finance and General Purposes Committee. Mrs S Murphy was appointed to attend as a full member of this committee on 20 May 2015.

Teaching and Learning Committee

The Teaching and Learning Committee is also a sub-committee of the main Board of Trustees. Its purpose is to consider and approve new teacher appointments, remuneration for new and existing teachers, and the staffing needs of the growing Academy.

Stone Soup Learns

Governance Statement (continued)

Teaching and Learning Committee (continued)

Attendance at meetings in the year was as follows:

T Byrom (Chair)	3	3
C Bradley	4	3
B Adams – Resigned (19 July 2017)	0	3
C Barlow	3	3
H Schofield – Resigned 26 July 2018	1	3

Leadership and Transition Committee

The Leadership and Transition Committee was a new sub-committee created to consider all aspects of leadership in the Academy and to specifically oversee the Academy's transition away from a founder led organisation.

Overall the Academy continues to receive significant guidance and direction from the Members of the Academy. Two of the three members are also active Governors (one as Chair). As a relatively young Academy, it is a natural expectation for founder members to be actively involved; however, the key focus is for Member Governors to be replaced by Independent Governors as part of a transition programme.

The Academy's Governance overall has improved, and its sub-committees have become more embedded with a greater involvement from the Academy's key personnel. Key performance data on the school is presented by the senior executives at the Teaching and Learning and Finance and Special Purposes committees, and monthly management accounts are produced by the Academy's independent accountants and circulated to the Full Governing Body.

The sub-committees feedback their activity to the Full Governing Body at its regular meetings. This structure creates multiple independent viewpoints of the Academy's performance data allowing for detailed scrutiny at the sub-committee level and high level review by the Full Governing Body.

A review of the Academy's Governance is planned for January 2019 following a Governor recruitment campaign. The outcome of this review will set out key targets for the Governing body to meet as it transitions away from founder led governance.

Review of Value for Money

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

The accounting officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy has delivered improved value for money during the year by ending contracts with suppliers deemed ineffective after a period of audit and analysis with the business manager. Effective methods were brought online to allow more effective purchasing whilst still complying with our procurement policy and responsibilities. We continue to reduce insurance costs by 90% by entering into the RPA.

Stone Soup Learns

Governance Statement (continued)

Review of Value for Money (continued)

Stone Soup Academy is committed to delivering value for money as an integral part of our academic strategy. Under the Terms of its Funding Agreement, the School is required to achieve the best value for money for all supplies and services purchased on its behalf. There is a requirement to obtain correct quality, quantity and time at the best possible price. To ensure the integrity of the public funds being used to purchase these supplies and services the following general principles shall be observed:

1. Renegotiating contracts in a timely manner to ensure the best mix of quality and cost effectiveness. Major purchases and contracts are always tendered.
2. To integrate Value for Money principles within the Academy's existing management, planning, review and decision-making processes, particularly regarding projects or activities with significant financial implications.
3. To adopt recognised good practice where appropriate by exploring various purchasing options, both online and direct through suppliers to find the best value.
4. To benchmark the Academy's activities against other similar activities and organisations where this is considered useful.
5. Challenge proposals/quotations examining them for effectiveness, efficiency and cost.
6. To ensure that all staff recognise their continuing obligation to seek Value for Money as part of their routine activities.
7. Working with other schools/academies to share knowledge about experience of best value together with quality of service and reliability.

Probity: Accountability: Fairness: It must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the school. The school is publicly accountable for its expenditure and the conduct of its affairs. The Board should ensure that those dealt with by the school are treated on a fair and equitable basis. Additionally, in line with the School's Environmental responsibilities/policy, purchasing of goods and services shall also take into account where practicable:

1. **Sustainability** of source (e.g. un-bleached/recycled paper, wood with Forest Stewardship Council ('FSC') accreditation etc.)
2. **Locality** of the source (e.g. locally grown food/produce, reducing air miles/carbon footprint).
3. **Waste** generated (e.g. excessive packaging, recyclable or returnable packaging or product).

Stone Soup Learns

Governance Statement (continued)

Compliance with EU Procurement Rules and Regulations

The school shall observe the current EU directive (effective from 1 January 2012) regarding procurement regulations and the Board understands that failure to comply with this legislation carries penalties for which the School shall be held accountable.

Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated, and the circumstances in which each procedure should be used is as follows:

Open Tender – potential suppliers are invited to tender – The budget holder shall agree with the Business Manager and Headteacher how best to advertise for suppliers e.g. trade journals, general press or to identify all potential suppliers and contact directly. This is the most conducive to competition and the propriety of public funds.

Restricted Tender – the suppliers are specifically invited to tender - Appropriate where there is a need to maintain a balance between the contract value and administrative costs.

Negotiated Tender – terms of the contract may be negotiated with one or more chosen suppliers and appropriate in specific circumstances: Where only very few suppliers are available and/or extreme urgency exists.

Full consideration shall be given to the following: Objective of the project, overall requirements, technical skills required and compliance with all current legislation, aftersales service requirements, and form of contract.

Invitation to Tender

If a restricted tender is to be used an invitation to tender must be issued. If an open tender is used, an invitation to tender may be issued in response to an initial enquiry. In the event of 'specialised' work to be carried out, such as a capitalised building related project, the School shall use experts such as Architects, Quantity Surveyors, or Structural Engineers to draw up the specification and who shall provide consultancy in the tendering process, evaluation and have input in the final decision making. An invitation to tender must include the following:

- Introduction/background to the project/scope and objectives of the project;
- Technical requirements;
- Implementation of the project;
- Basis of the award (any weighting that may be applied – e.g. locality of source);
- Terms and conditions of tender and form of response.

In the case of building works, where the tendering process is being carried out by the Architect or Quantity Surveyor, Structural Engineer or nominated expert, they will be responsible for checking the documents of the lowest tender before making a recommendation to the School.

Stone Soup Learns

Governance Statement (continued)

Tender consideration

The following shall be taken into consideration when selecting a suitable tender:

- Financial considerations – The overall price and the individual items or services which make up that price.
- Like for like must be considered at all times. If in the event of a lower price this means a reduced service or lower quality, this must be borne in mind when reaching a decision.
- Care will be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Where there is scope for negotiation this should be considered, whilst being fair to all tenderers.

Technical/Suitability

- Qualifications of the contractor.
- Relevant experience of the contractor.
- Descriptions of technical and service facilities.
- Certificates of quality/conformity with standards.
- Quality control procedures.
- Certificates of quantity.
- Details of previous sales and references from past customers (ideally other Schools/Academies).
- For significant capitalised building works, a six months/one year (depending on size of project) defects period in place for snagging.
- Withholding of a percentage of the total payment until a project is 'signed over'.

Stone Soup Learns

Governance Statement (continued)

Tender consideration (continued)

Other considerations

- Written reference from other schools/academies.
- Pre-sales demonstrations.
- Aftersales service.
- Charges for servicing in future years.
- Proximity/physical location to the school.
- Financial status of the supplier.
- Previous satisfactory experience of the supplier.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stone Soup Academy Trust for the year ended 31 August 2018 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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements.

The risk management process is led by the Board of Trustees, with direction from the Accounting Officer as required.

Academy staff are trained and equipped to manage risk in a way appropriate to their authorities and duties. Guidance is provided to them by the Accounting Officer and by other senior managers.

Stone Soup Learns

Governance Statement (continued)

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:

- a) Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body.
- b) Regular reviews by the Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- c) Setting targets to measure financial and other performance.
- d) Clearly defined purchasing (asset purchase or capital investment) guidelines.
- e) Delegation of authority and segregation of duties.
- f) Identification and management of risks.
- g) Comprehensive five year budget plans presented to and agreed by the Governing Body.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. The Board are satisfied that they have access to information on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities, but will reconsider the possibility of appointing an internal auditor, or obtaining specialist internal auditor services from a third party provider, on a periodic basis.

Review of Effectiveness

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

- a) The work of professional book-keepers and management accountants provided by external bodies.
- b) The work of the external auditor.
- c) The work of executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.
- d) The Risk Register.

The Accounting Officer has been advised of the implications of the results of their review of the system of internal control by these various parties and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on its behalf by:

A HUSSAIN
CHAIR OF TRUSTEES

K HENTON
ACCOUNTING OFFICER

Stone Soup Learns

Statement on Regularity, Propriety and Compliance

As accounting officer of Stone Soup Learns trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of all 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 2017.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.

K HENTON
ACCOUNTING OFFICER

5 DECEMBER 2018

Stone Soup Learns

Statement of Trustees' responsibilities

The trustees (who act as governors of Stone Soup Learns and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report and Directors' Report) and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure. 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 Academies Accounts Direction 2017 to 2018;
- 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on its behalf by:

A HUSSAIN
CHAIR OF TRUSTEES

Stone Soup Learns

Independent Auditor's Report to the Members of Stone Soup Academy Trust

Opinion

We have audited the financial statements of Stone Soup Learns for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland," the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Stone Soup Learns

Independent Auditor's Report to the Members of Stone Soup Academy Trust (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with the applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Stone Soup Learns

Independent Auditor's Report to the Members of Stone Soup Academy Trust (continued)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

James Scully FCA (Senior Statutory Auditor)
For and on behalf of Hobsons CA Limited
Statutory Auditor

Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

6 December 2018

Stone Soup Learns

Independent Reporting Accountant's Assurance Report on Regularity to Stone Soup Learns and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 12 November 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stone Soup Learns during the year from 1 September 2017 to 31 August 2018 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 Soup Learns and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stone Soup Learns and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Stone Soup Learns and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Stone Soup Learns accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Stone Soup Learns' funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 from 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Stone Soup Learns

Independent Reporting Accountant's Assurance Report on Regularity to Stone Soup Learns Trust and the Education and Skills Funding Agency (continued)

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 from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Reporting Accountant
Hobsons CA Limited
Chartered Accountants
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY**

6 December 2018

Stone Soup Learns

Statement of Financial Activities for the year ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
Income from:						
Donations and capital grants	3	-	-	4,338	4,338	4,945
Investment income	4	433	-	-	433	446
<i>Charitable activities:</i>						
Funding for the Academy's educational operations	5	621,348	836,050	-	1,457,398	1,548,661
Total		621,781	836,050	4,338	1,462,169	1,554,052
Expenditure on:						
<i>Charitable activities:</i>						
Academy's educational operations	6	(579,611)	(836,050)	(46,388)	(1,462,049)	(1,522,821)
Total		(579,611)	(836,050)	(46,388)	(1,462,049)	(1,522,821)
Net income/(expenditure)		42,170	-	(42,050)	120	31,231
Gross transfers between funds	14	-	-	-	-	-
Net income/(expenditure) for the period		42,170	-	(42,050)	120	31,231
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	72,231	-	72,231	(33,101)
Net movement in funds		42,170	72,231	(42,050)	72,351	(1,870)
Reconciliation of funds						
Funds brought forward to 1 September		426,332	194,816	1,616,038	2,237,186	2,239,056
Funds carried forward at 31 August		468,502	267,047	1,573,988	2,309,537	2,237,186

All of the Academy's activities derive from continuing operations during the above two financial periods.

The statement of financial activities includes all gains and losses recognised during the period.

Stone Soup Learns

Balance sheet as at 31 August 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	11		1,585,329		1,624,203
Current assets					
Debtors	12	110,773		62,883	
Cash at bank and in hand		<u>871,896</u>		<u>744,042</u>	
		982,669		806,925	
Creditors: Amounts falling due within one year	13	<u>(104,529)</u>		<u>(31,195)</u>	
Net current assets			878,140		775,730
Net assets excluding pension liability					
Total assets less current liabilities			<u>2,463,469</u>		<u>2,399,933</u>
Defined benefit pension scheme liability	19		(153,932)		(162,747)
Net assets including pension liability			<u>2,309,537</u>		<u>2,237,186</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund	14		1,573,988		1,616,038
General funds	14		420,979		357,563
Pension reserve	14		<u>(153,932)</u>		<u>(162,747)</u>
Total restricted funds			1,841,035		1,810,854
Unrestricted funds	14		468,502		426,332
Total funds			<u>2,309,537</u>		<u>2,237,186</u>

The financial statements were approved by the Board of Trustees, and authorised for issue on 5 December 2018 and are signed on their behalf by:

A HUSSAIN
CHAIR OF TRUSTEES

Company Limited by Guarantee
Registration Number 07217174

Stone Soup Learns

Statement of Cash Flows for the year ended 31 August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	130,597	68,852
Cash flows from investing activities	23	(2,743)	(25,235)
Change in cash and cash equivalents in the reporting period		<u>127,854</u>	<u>43,617</u>
Cash and cash equivalents at 1 September 2017		744,042	700,425
Cash and cash equivalents at 31 August 2018	24	<u>871,896</u>	<u>744,042</u>

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Statement of accounting policies

General information and basis of preparation

Stone Soup Learns is a company limited by guarantee incorporated in England. The address of the registered office, which is also the principal place of business, is given in the Reference and Administrative Details given on page 1 of these financial statements. The nature of the academy's operations and principal activities are set out in the Trustees' Report on page 3.

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland ('FRS 102'), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The trustees make this assessment in respect of a period of 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'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 has entitlement to the funds, the receipt is probable 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 receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income provided to the Academy 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 can be measured reliably.

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

- **Donations**

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

- **Other income**

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

- **Interest receivable**

Interest receivable is included within the statement of financial activities on a receivable basis where the amount can be quantified with reasonable accuracy.

- **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 and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy'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 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.

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

Tangible Fixed Assets

Assets held for use in the Academy for a period of years are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold land	No depreciation charged
Freehold property	2% straight line
Other assets	20% reducing balance

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 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.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

Financial instruments (continued)

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 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 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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency or the 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.

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

Critical accounting estimates and areas of judgement (continues)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

3 Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Capital grants	-	4,338	4,338	4,945
Donated fixed assets	-	-	-	-
Other donations	-	-	-	-
	<u>-</u>	<u>4,338</u>	<u>4,338</u>	<u>4,945</u>

Income from donations and capital grants was £4,338 (2017 - £4,945) of which £Nil (2017 - £Nil) was attributable to unrestricted funds, £Nil (2017 - £Nil) was attributable to restricted general funds and £4,338 (2017 - £4,945) was attributable to restricted fixed asset funds.

4 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Short term deposits	433	-	433	446
	<u>433</u>	<u>-</u>	<u>433</u>	<u>446</u>

Investment income was £433 (2017 - £446) of which £433 (2017 - £446) was attributable to unrestricted funds, £Nil (2017 - £Nil) was attributable to restricted general funds and £Nil (2017 - £Nil) was attributable to restricted fixed asset funds.

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

5 Funding for the Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE/ESFA revenue grants				
General Annual Grant (GAG) (note 2)	-	815,922	815,922	823,235
Start Up Grants	-	-	-	-
Other DfE/ESFA grants	-	10,832	10,832	20,443
	<u>-</u>	<u>826,754</u>	<u>826,754</u>	<u>843,678</u>
Other Government grants				
Local authority grants	-	-	-	-
Special educational projects	-	-	-	-
Other Grants and payments	-	9,296	9,296	49,622
	<u>-</u>	<u>9,296</u>	<u>9,296</u>	<u>49,622</u>
Other income from the academy trust's educational operations	621,348	-	621,348	655,361
	<u>621,348</u>	<u>836,050</u>	<u>1,457,398</u>	<u>1,548,661</u>

Funding for academy trust's educational operations was £1,457,398 (2017 - £1,548,661) of which £621,348 (2017 - £655,361) was attributable to unrestricted funds, £836,050 (2017 - £893,300) was attributable to restricted general funds and £Nil (2017 - £Nil) was attributable to restricted fixed asset funds.

6 Expenditure

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2018 £	Total 2017 £
Academy's educational operations:					
Direct costs	636,843	-	156,615	793,458	701,138
Allocated support costs	204,144	125,191	339,256	668,591	821,683
	<u>840,987</u>	<u>125,191</u>	<u>495,871</u>	<u>1,462,049</u>	<u>1,522,821</u>

£579,611 (2017 - £Nil) of the above expenditure on the academy trust's educational operations was attributable to unrestricted funds, £836,050 (2017 - £1,472,706) was attributable to restricted general funds and £46,388 (2017 - £50,115) was attributable to restricted fixed asset funds.

	2018 £	2017 £
Net (income)/expenditure for the year includes:		
Operating leases – other leases	30,000	26,148
Fees payable to auditor:		
Audit services	5,850	5,750
Depreciation – amounts written off owned tangible fixed assets	46,388	50,115

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7 Charitable activities

	Total 2018 £	Total 2017 £
Direct costs – educational activities	793,458	701,138
Support costs – educational operations	668,591	821,683
	<hr/> 1,462,049	<hr/> 1,522,821

	Educational operations £	Total 2018 £	Total 2017 £
<i>Analysis of support costs</i>			
Support staff costs	204,144	204,144	199,142
Depreciation	46,388	46,388	50,115
Technology costs	16,709	16,709	14,634
Premises costs	125,191	125,191	181,388
Other support costs	252,757	252,757	356,184
Governance costs	23,402	23,402	20,220
	<hr/> 668,591	<hr/> 668,591	<hr/> 821,683

Costs have been allocated on a full cost basis. Apportionment was not required.

8 Staff

(a) Staff costs

	2018 £	2017 £
Staff costs during the period were:		
Wages and salaries	650,941	560,327
Social security costs	56,104	52,409
Operating costs of defined benefit pension schemes	133,942	114,068
	<hr/> 840,987	<hr/> 726,804

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

(b) Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2018 Number	2018 Full-time equivalent	2017 Number	2017 Full-time equivalent
Charitable activities				
Teachers	10	9	9	9
Administration and support	15	15	14	14
Management	2	2	2	2
	<hr/> 27	<hr/> 26	<hr/> 25	<hr/> 25
	<hr/>	<hr/>	<hr/>	<hr/>

(c) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2018	2017
£60,001 - £70,000	1	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-

(d) Key management personnel

The key management personnel of the academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £134,596 (2017: £128,402).

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

9 Related Party Transactions - Trustees' Remuneration and Expenses

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

	31 August 2018 £000's	31 August 2017 £000's
Mr C Manze – Principal – Resigned 29 November 2017		
Remuneration	-	25 – 30
Employers pension contributions	-	0 – 5
Miss C Barlow – Headteacher – Resigned 4 June 2018		
Remuneration	45 – 50	40 – 45
Employers pension contributions	5 – 10	5 – 10
Miss Kerrie Henton – Headteacher – Appointed 4 June 2018		
Remuneration	15 – 20	-
Employers pension contributions	0 – 5	-

Trustees' Expenses

During the year ended 31 August 2018 travel and subsistence expenses totalling £Nil (2017 - £Nil) were reimbursed to the trustees (2017 - None). Other related party transactions involving the trustees are set out in note 20.

10 Trustees' and Officers' Risk Protection Arrangement (RPA)

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. The cost of the Risk Protection for the year ended 31 August 2018 was £1,600 (2017 - £1,600) and is included within insurance costs.

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

11 Tangible Fixed Assets

	Freehold Land and Buildings £	Improvements to property £	Fixtures, fittings, ICT and computer equipment £	Total £
Cost				
At 1 September 2017	1,615,548	-	205,053	1,789,975
Additions	-	-	7,514	7,517
At 31 August 2018	1,615,548	-	212,567	1,797,492
Depreciation				
At 1 September 2017	95,775	-	100,623	196,398
Charged in year	24,000	-	22,388	46,388
At 31 August 2018	119,775	-	123,011	242,786
Net book values				
At 31 August 2018	1,495,773	-	89,556	1,585,329
At 31 August 2017	1,519,773	-	104,430	1,624,203

The land and buildings are secured by mortgage to the Secretary of State for Education.

The cost of depreciable assets included in land and buildings at 31 August 2018 was £1,215,547 (2017 - £1,215,547).

12 Debtors

	2018 £	2017 £
<i>Amounts falling due within one year:</i>		
Trade debtors	65,053	35,085
VAT recoverable	40,656	15,341
ESFA and other debtors	100	8,567
Prepayments and accrued income	4,964	3,890
	110,773	62,883

13 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	68,803	21,685
Other taxation and social security	14,683	1,626
ESFA creditor and other creditors	8,915	-
Accruals and deferred income	12,128	7,884
	104,529	31,195

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Funds

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	357,563	815,922	(752,506)	-	420,979
Other DfE/ESFA grants	-	10,832	(10,832)	-	-
Other restricted funds	-	9,296	(9,296)	-	-
	357,563	836,050	(772,634)	-	420,979
Pension reserve	(162,747)	-	(63,416)	72,231	(153,932)
	194,816	836,050	(836,050)	72,231	267,047
Restricted fixed asset funds					
DfE/ESFA capital grants	1,610,248	4,338	(46,388)	-	1,568,198
Capital expenditure from GAG	5,790	-	-	-	5,790
Capital donations	-	-	-	-	-
	1,616,038	4,338	(46,388)	-	1,573,988
Total restricted funds	1,810,854	840,388	(882,438)	72,231	1,841,035
Unrestricted funds	426,332	621,781	(579,611)	-	468,502
Total funds	2,237,186	1,462,169	(1,462,049)	72,231	2,309,537

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

- The General Annual Grant must be used for the normal running costs of the Academy.
- Restricted general funds – these funds represent grants and other income received for the Academy's operational activities and development.
- Pension reserve – the pension reserve included within restricted general funds represent the Academy's share of the pension liability arising on the LGPS pension fund.
- Restricted fixed asset funds – this fund represents property transferred from the local authority on conversion to an Academy as well as grants received from the DfE and ESFA to carry out works of a capital nature.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

15 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	1,585,329	1,585,329
Current assets	468,502	514,167	-	982,669
Current liabilities	-	(93,188)	(11,341)	(104,529)
Pension scheme liability	-	(153,932)	-	(153,932)
Total net assets	468,502	267,047	1,573,988	2,309,537

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

16 Financial commitments

Operating leases

At 31 August 2018, the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	30,000	30,000
Amounts due between one and five years	60,000	90,000
Amounts due after five years	-	-
	<hr/> 90,000	<hr/> 120,000

17 Contingent Liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

18 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.

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

19 Pension and similar obligations

The Academy'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 Nottinghamshire County Council. Both are defined-benefit schemes.

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £8,915 (2017 - £170) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

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

The key elements of the valuation and subsequent consultation are:

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

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.

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

19 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

The pension costs paid to TPS in the period amounted to £42,064 (2017: £37,226).

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2018 were £64,223 (2017 - £54,444), of which employers contributions totalled £47,748 (2017 - £40,127) and employees' contributions totalled £16,475 (2017 - £14,317). The agreed contribution rates for future years are 18.3% for employers and between 5.5% and 8.5% for employees depending upon their salary.

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

	31 August 2018	31 August 2017
Discount rate	2.7%	2.6%
RPI rate	3.3%	3.6%
Future salary increases	3.8%	4.2%
Future pension increases	2.3%	2.7%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	28.0	27.9

Sensitivity Analysis

Change in assumptions at 31 August 2018	Approximate increase in pension obligations (£)	Approximate increase to service cost (£)
0.1% decrease in Discount Rate	12,936	2,329
0.1% decrease in the Salary Increase Rate	(102)	-
0.1% decrease in the Pension Increase Rate	(12,436)	(2,267)
1 year reduction in the Life Expectancy Assumptions	(11,197)	(2,328)

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

19 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	134,132	87,668
Gilts	5,795	4,220
Bonds	21,827	15,963
Property	28,771	15,469
Cash	3,818	2,769
Other	13,966	6,472
Total market value of assets	208,309	132,561

The actual return on scheme assets was £10,649 (2017 - £15,928).

Amounts recognised in the statement of financial activities

	2018 £	2017 £
Current service cost	107,612	90,208
Net interest cost	3,664	1,314
	<u>111,276</u>	<u>91,522</u>

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

	2018 £	2017 £
At 1 September	295,308	165,124
Current service cost	107,612	90,208
Interest cost	7,901	3,772
Changes in financial assumptions	(65,870)	(1,329)
Changes in demographic assumptions	-	7,906
Experience loss/(gain) on defined benefit obligation	-	16,880
Estimated benefits paid	782	(1,482)
Contributions by Scheme participants	16,508	14,229
At 31 August	<u>362,241</u>	<u>295,308</u>

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

19 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Changes in the value of scheme assets are as follows:

	31 August 2018	31 August 2017
At 1 September	132,561	87,120
Interest on assets	4,288	2,492
Return on assets less interest/administrative expenses	6,310	13,402
Other actuarial gains/(losses)	-	(23,080)
Estimated benefits paid plus unfunded net of transfers in	782	(1,482)
Contributions by employer (including unfunded)	47,860	39,880
Contributions by Scheme participants	16,508	14,229
At 31 August	208,309	132,561

20 Related Party Transactions

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

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

During an earlier financial year Stone Soup Learns received on loan certain assets owned by The Stone Soup Project CIC, a company controlled by Chris Manze, Aftab Hussain and Colin Bradley. Aftab Hussain and Colin Bradley are both trustees and members of Stone Soup Learns. Chris Manze was also a trustee and member of Stone Soup Learns until his retirement as a trustee on 29 November 2017. The assets remain in use at the Academy and a register is maintained so that they can be identified.

During the year the services of Chris Manze were charged to the Academy from The Stone Soup Project CIC totalling £94,000 (2017 - £64,000)

21 Ultimate Controlling Party

The trustees have ultimate control of the Academy.

Stone Soup Learns

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

22 Reconciliation of net income to net cash inflow from operating activities

	2018 £	2017 £
Net income for the reporting period (as per the Statement of Financial Activities)	120	31,231
Adjusted for:		
Depreciation (note 11)	46,388	50,115
Capital grants from DfE/ESFA and other capital income	(4,338)	(4,945)
Interest receivable (note 4)	(433)	(446)
Defined benefit pension scheme cost less contributions payable (note 19)	59,752	50,328
Defined benefit pension scheme finance cost (note 19)	3,664	1,314
(Increase) in debtors	(47,890)	(38,691)
Increase/(decrease) in creditors	73,334	(20,054)
Net cash (used in)/provided by from operating activities	130,597	68,852

23 Cash flows from investing activities

	2018 £	2017 £
Interest receivable from investments	433	446
Purchase of tangible fixed assets	(7,514)	(30,626)
Capital grants from DfE/ESFA	4,338	4,945
Capital funding received from sponsors and others	-	-
Net cash used in investing activities	(2,743)	(25,235)

24 Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	871,896	744,042
Total cash and cash equivalents	871,896	744,042