Stone Soup Learns
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2019

Company Registration Number:
07217174 (England and Wales)

Stone Soup Learns

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Stone Soup Learns

Reference and administrative details

Trustee/Governor/Director	Type of governor
Aftab Hussain (Member)	Director and Chairman
Bethany Adams	Director
Colin Bradley (Member)	Director
Chris Manze (Member)	-
Daniel Hanson	Director – deceased 4 April 2019
Dr Tina Byrom	Director and Vice Chairman
Kerrie Henton	Director, Headteacher and Accounting Officer
Martin Williams	Director - resigned 4 September 2018
Joanna Gillum	Director – appointed 4 March 2019
Claire Turnbull	Director – appointed 13 March 2019

Company Secretary
Colin Bradley

Senior Management	
Kerrie Henton	Principal
Kevin Wildrianne	Vice Principal
Younes Henini	Assistant Principal
Susan Murphy	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 12 - 16 Lower Parliament St Nottingham NG1 3DA
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

Reference and administrative details (continued)

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

Trustees' Report

The trustees present their annual report together with the audited financial statements of the charitable company for the period from 1 September 2018 to 31 August 2019. 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.

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 Special Purposes 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.

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.

We continue to drive up attainment and securing a GCSE route for every student. Our aim is to ensure we can gain high level qualifications and therefore more options for post 16 for our students. In our most recent Ofsted Inspection on 5 March 2019 we maintained our 'Outstanding' rating.

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.

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.

Trustees' Report (continued)

Financial Review

In 2018/2019 49% of the academy's income was obtained from 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 2019 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 £1,165,529. We aim for 6 months operating reserves and are currently operating 6 months reserves as at 31 August 2019.

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;

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

Stone Soup Academy took part in fundraising activities during 2018/2019 which proved both enjoyable and lucrative for the Academy.

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 an Assistant Principal. 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.

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 2019 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)	4	4
C Bradley	4	4
B Adams	3	4
D Hanson – deceased 4 April 2019	2	3
Tina Byrom (Vice Chair)	3	4
Kerrie Henton	4	4
Joanna Gillum – appointed 4 March 2019	1	2
Claire Turnbull – appointed 13 March 2019	0	1

Finance and Special Purposes Committee

The Finance and Special 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:

A Hussain	4	4
K Henton	4	4
D Hanson	2	3
B Adams	1	2

Mrs S Murphy, the Operations Manager for the Academy also attends the Finance and Special 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.

Governance Statement (continued)

Teaching and Learning Committee (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Kerrie Henton (Principal)	2	2
Kevin Wildrianne (Vice Principal)	1	2
Younes Henini (Assistant Principal)	1	1
Claire Turnbull	1	1
Joanna Gillum	1	1
T Byrom (Chair)	2	2
C Bradley	1	2
C Barlow (Resigned April 2019)	1	1

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.

Stone Soup Academy continue to review of the Academy's Governance and Governor recruitment.

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 Academy has signed a new contract for our second site at Richmond House where we are now using dual fuel with a local provider through Nottingham City Council making this a far cheaper option. We will be looking at changing contracts for High Pavement for Gas and Electricity when they are up for renewal in 2020 to get the best value for money.

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).

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 contact 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.

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'.

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 2019 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 2019 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.

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 to appoint an internal auditor in early 2020. 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 see the benefit 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 2019 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 2019.

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 2019.

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 2019

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 2018 to 2019;
- 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 2019 and signed on its behalf by:

A HUSSAIN
CHAIR OF TRUSTEES

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 2019 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 2018 to 2019 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 2019, 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 2018 to 2019 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' annual 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.

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.

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.

Use of our 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 2019

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 2018 to 2019, 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 2018 to 31 August 2019 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 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 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 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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.

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 2018 to 31 August 2019 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 2019

Stone Soup Learns

Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	**Total 2019 £**	**Total 2018 £**
Income from:						
Donations and capital grants	3	2,218	-	8,641	10,859	4,338
Investment income	4	509	-	-	509	433
Charitable activities:						
Funding for the Academy's educational operations	5	832,038	837,687	-	1,669,725	1,457,398
Total		834,765	837,687	8,641	1,681,093	1,462,169
Expenditure on:						
Charitable activities:						
Academy's educational operations	6	(595,542)	(837,687)	(47,872)	(1,481,101)	(1,462,049)
Total		(595,542)	(837,687)	(47,872)	(1,481,101)	(1,462,049)
Net income/(expenditure)		239,223	-	(39,231)	199,992	120
Gross transfers between funds	14	-	-	-	-	-
Net income/(expenditure) for the period		239,223	-	(39,231)	199,992	120
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(105,042)	-	(105,042)	72,231
Net movement in funds		239,223	(105,042)	(39,231)	94,950	72,351
Reconciliation of funds						
Funds brought forward to 1 September		468,502	267,047	1,573,988	2,309,537	2,237,186
Funds carried forward at 31 August		707,725	162,005	1,534,757	2,404,487	2,309,537

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 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	11		1,593,826		1,585,329
Current assets					
Debtors	12	62,599		110,773	
Cash at bank and in hand		1,113,964		871,896	
		1,176,563		982,669	
Creditors: Amounts falling due within one year	13	(70,103)		(104,529)	
Net current assets			1,106,460		878,140
Net assets excluding pension liability					
Total assets less current liabilities			2,700,286		2,463,469
Defined benefit pension scheme liability	19		(295,799)		(153,932)
Net assets including pension liability			2,404,487		2,309,537
Funds of the academy:					
Restricted funds					
Fixed asset fund	14		1,534,757		1,573,988
General funds	14		457,804		420,979
Pension reserve	14		(295,799)		(153,932)
Total restricted funds			1,696,762		1,841,035
Unrestricted funds	14		707,725		468,502
Total funds			2,404,487		2,309,537

The financial statements were approved by the Board of Trustees, and authorised for issue on 5 December 2019 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 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	289,287	130,597
Cash flows from investing activities	23	(47,219)	(2,743)
Change in cash and cash equivalents in the reporting period		242,068	127,854
Cash and cash equivalents at 1 September 2018		871,896	744,042
Cash and cash equivalents at 31 August 2019	24	1,113,964	871,896

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 2018 to 2019 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.

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.

Notes to the Financial Statements for the Year Ended 31 August 2019 (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
Freehold improvements	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.

Notes to the Financial Statements for the Year Ended 31 August 2019 (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 19, 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.

Notes to the Financial Statements for the Year Ended 31 August 2019 (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 19, 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 2019. 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 2019.

3 Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Capital grants	-	8,641	8,641	4,338
Donated fixed assets	-	-	-	-
Other donations	2,218	-	2,218	-
	2,218	8,641	10,859	4,338

Income from donations and capital grants was £10,859 (2018 - £4,338) of which £2,218 (2018 - £Nil) was attributable to unrestricted funds, £Nil (2018 - £Nil) was attributable to restricted general funds and £8,641 (2018 - £4,338) was attributable to restricted fixed asset funds.

4 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Short term deposits	509	-	509	433
	509	-	509	433

Investment income was £509 (2018 - £433) of which £509 (2018 - £433) was attributable to unrestricted funds, £Nil (2018 - £Nil) was attributable to restricted general funds and £Nil (2018 - £Nil) was attributable to restricted fixed asset funds.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

5 Funding for the Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
DfE/ESFA revenue grants				
General Annual Grant (GAG) (note 2)	-	807,763	807,763	815,922
Start Up Grants	-	-	-	-
Other DfE/ESFA grants	-	9,887	9,887	10,832
	-	817,650	817,650	826,754
Other Government grants				
Local authority grants	-	14,443	14,443	-
Special educational projects	-	-	-	-
Other Grants and payments	-	5,594	5,594	9,296
	-	20,037	20,037	9,296
Other income from the academy trust's educational operations	832,038	-	832,038	621,348
	832,038	837,687	1,669,725	1,457,398

Funding for academy trust's educational operations was £1,669,725 (2018 - £1,457,398) of which £832,038 (2018 - £621,348) was attributable to unrestricted funds, £837,687 (2018 - £836,050) was attributable to restricted general funds and £Nil (2018 - £Nil) was attributable to restricted fixed asset funds.

6 Expenditure

		Non Pay Expenditure			
	Staff Costs £	Premises £	Other Costs £	Total 2019 £	Total 2018 £
Academy's educational operations:					
Direct costs	695,181	-	165,201	860,382	793,458
Allocated support costs	176,880	153,339	290,500	620,719	668,591
	872,061	153,339	455,701	1,481,101	1,462,049

£595,542 (2018 - £579,611) of the above expenditure on the academy trust's educational operations was attributable to unrestricted funds, £837,687 (2018 - £836,050) was attributable to restricted general funds and £47,872 (2018 - £46,388) was attributable to restricted fixed asset funds.

Net (income)/expenditure for the year includes:	2019 £	2018 £
Operating leases – other leases	30,000	30,000
Fees payable to auditor:		
Audit services	5,800	5,850
Depreciation – amounts written off owned tangible fixed assets	47,872	46,388

7 Charitable activities

	Total 2019 £	Total 2018 £
Direct costs – educational activities	860,382	793,458
Support costs – educational operations	620,719	668,591
	1,481,101	1,462,049

	Educational operations £	Total 2019 £	Total 2018 £
Analysis of support costs			
Support staff costs	176,880	176,880	204,144
Depreciation	47,872	47,872	46,388
Technology costs	19,200	19,200	16,709
Premises costs	153,339	153,339	125,191
Other support costs	198,680	198,680	252,757
Governance costs	24,748	24,748	23,402
	620,719	620,719	668,591

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

8 Staff

(a) Staff costs

	2019 £	2018 £
Staff costs during the period were:		
Wages and salaries	687,707	650,941
Social security costs	64,307	56,104
Operating costs of defined benefit pension schemes	120,047	133,942
	872,061	840,987

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:

	2019 Number	2019 Full-time equivalent	2018 Number	2018 Full-time equivalent
Charitable activities				
Teachers	9	8	10	9
Administration and support	11	11	15	15
Management	4	4	2	2
	24	23	27	26

(c) Higher paid staff

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

	2019	2018
£60,001 - £70,000	1	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 £241,262 (2018: £134,596).

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 2019 £000's	31 August 2018 £000's
Miss C Barlow – Headteacher – Resigned 4 June 2018		
Remuneration		45 - 50
Employers pension contributions		5 – 10
Miss Kerrie Henton – Headteacher – Appointed 4 June 2018		
Remuneration	65 - 70	15 - 20
Employers pension contributions	10 - 15	0 - 5

Trustees' Expenses

During the year ended 31 August 2019 travel and subsistence expenses totalling £916 (2018 - £308) were reimbursed to the trustees. 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 2019 was £1,600 (2018 - £1,600) and is included within insurance costs.

11 Tangible Fixed Assets

	Freehold Land and Buildings £	Improvements to property £	Fixtures, fittings, ICT and computer equipment £	Total £
Cost				
At 1 September 2018	1,615,548	-	212,567	1,828,115
Additions		29,514	26,855	56,369
At 31 August 2019	1,615,548	29,514	239,422	1,884,484
Depreciation				
At 1 September 2018	119,775	-	123,011	242,786
Charged in year	24,000	590	23,282	47,872
At 31 August 2019	143,775	590	146,293	290,658
Net book values				
At 31 August 2019	1,471,773	28,924	93,129	1,593,826
At 31 August 2018	1,495,773	-	89,556	1,585,329

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 2019 was £1,215,547 (2018 - £1,215,547).

12 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	43,672	65,053
VAT recoverable	14,389	40,656
ESFA and other debtors	100	100
Prepayments and accrued income	4,438	4,964
	62,599	110,773

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	42,755	68,803
Other taxation and social security	16,283	14,683
ESFA creditor and other creditors	-	8,915
Accruals and deferred income	11,065	12,128
	70,103	104,529

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

14 Funds

	Balance at 1 September 2018 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	420,979	807,763	(770,938)	-	457,804
Other DfE/ESFA grants	-	9,887	(9,887)	-	-
Other restricted funds	-	20,037	(20,037)	-	-
	420,979	837,687	(800,862)	-	457,804
Pension reserve	(153,932)	-	(36,825)	(105,042)	(295,799)
	267,047	837,687	(837,687)	(105,042)	162,005
Restricted fixed asset funds					
DfE/ESFA capital grants	1,568,198	8,641	(47,872)	-	1,528,967
Capital expenditure from GAG	5,790	-	-	-	5,790
Capital donations	-	-	-	-	-
	1,573,988	8,641	(47,872)	-	1,534,757
Total restricted funds	1,841,035	846,328	(885,559)	(105,042)	1,696,762
Unrestricted funds	468,502	834,765	(595,542)	-	707,725
Total funds	2,309,537	1,681,093	(1,481,101)	(105,042)	2,404,487

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 2019.

15 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £	**Restricted General Funds £**	**Restricted Fixed Asset Funds £**	**Total Funds £**
Tangible fixed assets	-	-	1,593,826	1,593,826
Current assets	707,725	468,838	-	1,176,563
Current liabilities	-	(11,034)	(59,069)	(70,103)
Pension scheme liability	-	(295,799)	-	(295,799)
Total net assets	707,725	162,005	1,534,757	2,404,487

16 Financial commitments

Operating leases

At 31 August 2019, the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	30,000	30,000
Amounts due between one and five years	30,000	60,000
Amounts due after five years	-	-
	60,000	90,000

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:

a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and

b) 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.

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 £Nil (2018 - £8,915) were payable to the schemes at 31 August 2019 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 September 2019.

19 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

The pension costs paid to TPS in the period amounted to £76,442 (2018: £42,064).
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 2019 were £50,878 (2018 - £64,223), of which employers contributions totalled £38,175 (2018 - £47,748) and employees' contributions totalled £12,704 (2018 - £16,475). 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 2019	31 August 2018
Discount rate	2.6%	2.7%
RPI rate	3.15%	3.3%
Future salary increases	4.2%	3.8%
Future pension increases	2.7%	2.3%

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 2019	At 31 August 2018
Retiring today		
Males	22.8	22.7
Females	25.8	25.6
Retiring in 20 years		
Males	25.0	24.9
Females	28.1	28.0

Sensitivity Analysis

Change in assumptions at 31 August 2019	Approximate increase in pension obligations (£)	Approximate increase to service cost (£)
0.1% decrease in Discount Rate	20,124	2,693
0.1% decrease in the Salary Increase Rate	(84)	(17)
0.1% decrease in the Pension Increase Rate	(19,294)	(2,588)
1 year reduction in the Life Expectancy Assumptions	(19,983)	(3,109)

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 2019 £	Fair value at 31 August 2018 £
Equities	164,244	134,132
Gilts	8,613	5,795
Bonds	22,682	21,827
Property	34,796	28,771
Cash	7,718	3,818
Other	25,208	13,966
Total market value of assets	263,261	208,309

The actual return on scheme assets was £10,833 (2019 - £10,649).

Amounts recognised in the statement of financial activities

	2019 £	2018 £
Current service cost	71,220	107,612
Net interest cost	3,718	3,664
	74,938	111,276

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

	2019 £	2018 £
At 1 September	362,241	295,308
Current service cost	71,220	107,612
Interest cost	9,862	7,901
Changes in financial assumptions	109,658	(65,870)
Changes in demographic assumptions	-	-
Experience loss/(gain) on defined benefit obligation	-	-
Estimated benefits paid	(6,605)	782
Contributions by Scheme participants	12,684	16,508
At 31 August	559,060	362,241

19 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Changes in the value of scheme assets are as follows:

	31 August 2019	31 August 2018
At 1 September	208,309	132,561
Interest on assets	6,217	4,288
Return on assets less interest/administrative expenses	4,543	6,310
Other actuarial gains/(losses)	-	-
Estimated benefits paid plus unfunded net of transfers in	(6,605)	782
Contributions by employer (including unfunded)	38,113	47,860
Contributions by Scheme participants	12,684	16,508
At 31 August	263,261	208,309

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 £8,000 (2018 - £94,000)

21 Ultimate Controlling Party

The trustees have ultimate control of the Academy.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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

	2019 £	2018 £
Net income for the reporting period (as per the Statement of Financial Activities)	199,992	120
Adjusted for:		
Depreciation (note 11)	47,872	46,388
Capital grants from DfE/ESFA and other capital income	(8,641)	(4,338)
Interest receivable (note 4)	(509)	(433)
Defined benefit pension scheme cost less contributions payable (note 19)	33,107	59,752
Defined benefit pension scheme finance cost (note 19)	3,718	3,664
(Increase)/decrease in debtors	48,174	(47,890)
Increase/(decrease) in creditors	(34,426)	73,334
Net cash (used in)/provided by from operating activities	289,287	130,597

23 Cash flows from investing activities

	2019 £	2018 £
Interest receivable from investments	509	433
Purchase of tangible fixed assets	(56,369)	(7,514)
Capital grants from DfE/ESFA	8,641	4,338
Net cash used in investing activities	(47,219)	(2,743)

24 Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,113,964	871,896
Total cash and cash equivalents	1,113,964	871,896