

Ironstone Academy Trust
(A Company Limited by Guarantee)

Financial Statements
for the Year Ended 31 August 2018

“Registrar of Companies Copy”
Company Registration Number: 09040348

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Ironstone Academy Trust
(A Company Limited by Guarantee)

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for the Year Ended 31 August 2018

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Ironstone Academy Trust
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Reference and Administrative Information

MEMBERS

S Laverick
C Barwell
S Elliott
P Anderson
J Woods

Chair

TRUSTEES

S Elliott (MAT)
L Addison (MAT)
C Faulkner (MAT)
M Whitfield (MAT)
P Robinson (MAT)
K Deen (MAT)
R Carter (MAT)
D Atkin (MAT)
S Nicholson (MAT)

Chair
Vice chair
Head Teacher Normanby/CEO/Accounting Officer
Resigned 6.12.17

Appointed 2.10.17

SENIOR MANAGEMENT TEAM

C Faulkner

A O'Gara
T Clarvis
K Reilly
S English
S Hall

Head Teacher
Chief Executive Officer
Head Teacher
Head Teacher
Head Teacher
Head Teacher
Trust Finance and Business Officer

COMPANY NAME

Ironstone Academy Trust

PRINCIPAL AND REGISTERED OFFICE

Ironstone Academy Trust
Normanby Primary School
Flatts Lane
Normanby
Middlesbrough TS6 0PN

COMPANY REGISTRATION NUMBER

09040348

BANKERS

Lloyds Bank
83-85 Linthorpe Road
Middlesbrough TS1 5BU

INDEPENDENT AUDITOR

Anderson Barrowcliff LLP
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees TS18 3EX

SOLICITORS

Samuel Phillips
52 Westgate Road
Newcastle upon Tyne
NE1 5XV

Corporate Resources Directorate
Legal and Governance Services
Council Offices
Kirkleatham Street
Redcar TS10 1RT

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Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The academy trust comprises five primary schools for pupils ages 3 to 11 serving a catchment area in the Borough of Redcar and Cleveland. It has a pupil capacity of 1,946 including 299 nursery places. It had a roll of 1,612 (1,539 full time equivalent) in the school census on 4 October 2018. Riverdale Primary School joined the trust on 1 September 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of Ironstone Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company operates as Ironstone Academy Trust.

Details of the trustees who served throughout the year and to the date these accounts are approved are listed on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim. The cost for the year ended 31 August 2018 was £462. The cost of this insurance is included in the total insurance cost.

Method of recruitment and appointment or election of trustees

The management of the academy is the responsibility of the trustees who are elected and co-opted.

The Board of Trustees comprises:-

- Chief Executive Officer
- 8 trust appointed members (currently 1 vacancy)

Policies and procedures adopted for the induction and training of trustees

The Trustees have a Service Level Agreement with the Governor Support Department of the Local Authority to provide training, advice and support to each Governing Body.

Newly elected trustees are provided with induction training and, in addition, appropriate training provided by Governor Support and other sector specialists in accordance with their needs.

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Trustees' Report (continued)

Organisational structure

The Governing Body has established committees and appoints Trustees to serve on each of the committees annually. The committees for the year of the report were:

- Finance & General Purposes
- Curriculum Standards and Pupil Welfare
- Pay Review and Performance Management

The written terms of references of the committees' include budget monitoring and the preparation and management of the academy's financial management policies, including risk assessment.

The CEO is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of key management personnel are set using STPCD and the employment of an independent consultant who reviews the performance of the school, and reports back to the LGB who make a recommendation. In the case of the CEO, they will also report to the Trustees.

Trade Union facility time

The trust has a Facility Time Agreement with the unions, in accordance with The Trade Union (Facility Time Publication Requirements) Regulations 2017.

No employees were relevant union officials during the relevant period.

Related parties and other connected charities and organisations

Ironstone Academy Trust is a member of the North East Schools Teaching Alliance which includes 8 local primary schools and 2 secondary schools. The Head Teacher and a governor represent the academy at regular meetings throughout the year. The Alliance has worked collaboratively to secure the delivery of initial teacher training. The CEO is a board member of Schools North East. Normanby Primary School is also a National Support School.

Ironstone Academy Trust is a member of Allied Education which includes 6 local primary Multi Academy Trusts and 1 secondary school Multi Academy Trust, the group share good practice and provide a support forum for administration staff.

The academy has also worked with other primary schools who have requested assistance with the process of academy conversion or support after conversion has taken place. The expertise of staff has been shared to the benefit of others.

Principal risks and uncertainties

The Trustees have considered the major risks and uncertainties facing the Academy Trust which include changes in legislation, regulation and cash flow management and have put in place procedures to deal with these matters.

OBJECTIVES AND ACTIVITIES

Objects and aims

'Ironstone Academy Trust will build a partnership of schools. The Trust will put the needs of pupils at the heart of their decision making and will, through collaborative working and challenge strive to meet their needs. Partners in the Trust will work and learn together. Our pupils will be confident, knowledgeable, well-managed and ready to take on the challenge that life brings and they will be well supported in meeting these aims.'

The strategic goal of Ironstone Academy Trust is to ensure every young person who leaves our care should be able to live healthily, enjoying safe, happy and fulfilling lives, free from poverty and with a desire to continue learning, expand their horizons and realise their ambitions and aspirations.

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Trustees' Report (continued)

Objectives, strategies and activities

The Trust aims to maintain and improve upon its good status through:

- Ensuring the provision of outstanding teaching and learning.
- Providing a stable environment for both recruitment and retention of high quality staff.
- Creating an environment for the Trust to be well led.
- Ensuring that the above takes place within the context of strong financial management.
- Trust outcomes for young people in terms of the progress they make, KS1-KS2 will be significantly above national average across all academies in the Trust.

Public benefit

In setting our objectives and planning our activities, the trustees have complied with their duty to have regard to the guidance on public benefit published by the Charity Commission.

STRATEGIC REPORT

Achievements & performance

There are five academies within the Ironstone Academy Trust. Four are graded Good and the fifth is Outstanding. A sixth school, Overfields Primary will join in October 2018.

Published attainment data for the Trust Schools is largely very positive.

All of the Academies within the Trust are above the Floor Standard for Primary Schools. All of the Academies within the Trust are above the Coasting School Standard for Primary Schools.

Overall attendance within IAT is 96.1% compared to National figure at 95.5%.

At the end of Key Stage 2 78.6% of our pupils achieved the expected standard in Reading, Writing and Maths (combined). Attainment was therefore above the national figure of 64%. A total of 8.9% of pupils achieved the High Standard/Greater depth for Reading, Writing and Maths combined measure.

Leadership Teams in each school and Governors have established a framework for monitoring, challenge and support of our staff under the direction of the Trustees. This includes more extensive support of schools judged to be at risk. Data indicates pupil progress is positive, generally meeting or exceeding national averages. Trends in pupil attainment are also positive.

Children are individually assessed when they start with us. In Foundation Stage analysis suggests that pupils join us with a range of experiences; pupil attainment on entry is generally somewhat below the national expectation at this starting point. Because of the strong teaching they receive in a positive and caring environment they make good progress in Foundation Stage. 75.8% achieved a Good Level of Development in 2018.

We teach phonics well, ensuring that a significant majority of disadvantaged pupils and overall 83.5% achieve the standard expected in the Year 1 Phonics Check which is above the national average. Where children who do not achieve, the standard interventions ensure that they also make progress despite individual barriers to success. By the end of Key Stage 1 an increasing number of pupils write with flair and confidence; 78% achieving the expected standard. Their reading (79% achieving the expected standard) and mathematical (79% achieving the expected standard) skills also allow them to access a broad and challenging curriculum as they prepare for the move to Key Stage 2. Attainment has fluctuated recently but now largely reflects or exceeds national expectation. Throughout Key Stage 2 children benefit from teaching that is at least good and a curriculum that is innovative and well managed. By the time they leave for secondary school pupils have a good grasp of the skills and knowledge they require to access the Key Stage 3 curriculum. Progress for all identified groups is consistently good and especially for Pupil Premium children.

Over the last three years attendance has improved but remains an area that the Trust seeks to consolidate. The attendance of pupils is 96.1%. When children have planned or frequent absences due to medical conditions, care is taken to ensure their academic progress is not unduly jeopardised. Termly meetings for parents and carers address a range of issues including bullying, eSafety and Personal Health, Sex and Relationships education. The Trust employs an Early Help Intervention Worker and Counsellor ensuring pupils all receive timely access to the support they need.

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Trustees' Report (continued)

Achievements & performance (continued)

Other elements of the Trusts provision are also outstanding or good. This judgement is supported by each school's self-evaluation and numerous external awards achieved by individual schools; Green Flag, International School, Leading School ICT, Rights Respecting School Award, Healthy Schools, Global Learning Lead School. In particular, the provision for music and sports is strong. There are a wide range of sporting activities both in and out of the school day. Numerous activities support the children's participation in music, recently these include singing at the London Festival Theatre.

Financial Management and Governance are both strong ensuring excellent educational value for money and a safe learning environment. This is monitored by regular benchmarking. Governors meet termly with teachers and teaching assistants gaining a clear understanding of standards in school and the actions being taken to secure future success.

The trust has evidence of growing partnerships for improvement with other schools and agencies involving staff at all levels in system leadership; one Head Teacher is a National Leader of education and has worked as an OfSTED Additional Inspector and NLE, one Head Teacher is an OfSTED Lead Inspector. There are 6 SLEs within the Trust all of whom work supportively with other schools. Our academies are members of a Teaching School Alliance.

The EYFS, Y1 Phonics Check and Key Stage 1 moderation assessments supported our accurate judgements. Key Stage 2 moderation was also undertaken with other Primary and Secondary Schools/Academies and all assessments agreed.

The Summary and Full Self Evaluation Documents have been updated by each Head Teacher and shared with staff and their Local Governing Bodies on a termly basis.

A Raising Achievement Board, held twice each Academic year, supports the Trustees in holding each Local Governing Body to account.

Evaluation

Attainment data represents particular success in our boys and disadvantaged pupils 'catching up' as there have been historical differences in attainment across school for both groups in our localities. The strong inspection reports produced to date this year reflect the strong leadership within the Trust.

Employees

Ironstone Academy Trust is an equal opportunity employer and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender and race, colour or sexual orientation.

Going concern

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

FINANCIAL REVIEW

The financial results of Ironstone Academy Trust are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down in the Academies Financial Handbook published by the ESFA.

The principal funding source is GAG income from the ESFA. All expenditure of the GAG income is planned to fulfil the objectives and strategies of the Academy.

During the year ended 31 August 2018 the trust had total income of £9,563,000 (2017: £15,746,000) over the five schools which included £1,834,000 inherited on conversion (2017: £7,222,000). Total resources expended were £8,038,000 (2017: £6,988,000) leading to net income being £1,525,000 (2017: £8,758,000) prior to the pension scheme gain of £477,000 (2017: £1,125,000) and adjustment to property values of £3,179,000 (2017: £nil). An in-year surplus of £98,000 results in actual reserves of £1,044,000 (2017: £946,000) (restricted general funds plus unrestricted funds).

During the year Riverdale Primary School joined the trust. £1,834,000 (of which £1,790,000 related to fixed assets) was inherited as conversion of this School which was included in the total income resources of £2,976,000. The School's total resources expended was £1,127,000 giving the School a surplus in the year of £1,849,000 (£15,000 excluding inherited funds).

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Trustees' Report (continued)

FINANCIAL REVIEW (continued)

At 31 August 2018 the net book value of the fixed assets was £11,137,000 (2017: £12,674,000). This included inherited fixed assets of £1,790,000 (2017: £7,703,000). The assets were used exclusively for providing the education and associated support services to the pupils of Ironstone Academy Trust. The balance on the fixed asset fund was equal to the net book value of fixed assets for both this year and last.

Despite carrying a LGPS pension deficit of £896,000 (2017: £1,158,000) the trust's balance sheet remains strong with total net assets of £11,285,000 (2017: £12,462,000). The pension deficit has decreased due to an actuarial gain on the scheme of £477,000 (2017: £1,125,000). Service costs of the scheme were £441,000 (2017: £401,000).

Reserves policy

The Trustees review the level of reserves of the Trust throughout the year. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be least £200,000. These currently stand at £1,044,000 (2017: £946,000). This includes £233,000 of 'reserves/savings' agreed by Trustees and paid by individual schools, as savings to mitigate the risk of payments not being received from central government in time to make salary payments to employees of the trust. Deductions of said salaries would hopefully be able to be made providing payments were received within the timescale for paying of deductions. The individual schools also make a £ per pupil contribution to the 'savings' within the reserves on conversion to IAT in addition to the lump sum as per the Financial and Planning Policy.

The remainder of the unrestricted and general reserves across the IAT schools are to enable each school to present a balanced budget as funding becomes more challenging and to keep staffing levels as is.

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The balance on the restricted fixed asset fund is £11,137,000 (2017: £12,674,000), which represents the net book value assets transferred from the local authority and assets purchased out of restricted funds. The pension deficit stands at £896,000 (2017: £1,158,000), further details are in note 21. General restricted funds decreased by £65,000 to £357,000.

The Trustees set guidance for a minima and maxima for reserves in each school. Where a school wishes to vary from this a costed business plan must be produced and approved.

Fundraising

Fundraising throughout the trust operates at a local level. Each school has a PTA which has its own constitution. Head Teachers work with this group to identify projects in school to be funded by the group.

Investment policy

The Trust holds all of its surplus funds as cash to ensure it has sufficient liquid resources to meet its day to day needs. The Trustees will keep this under review and will seek to ensure that returns on investments made in the future are maximised whilst still maintaining liquidity.

PLANS FOR FUTURE PERIODS

Ironstone Academy Trust business plan:

Staff and Trustees have created the Ironstone Academy Trust Business Plan to address the priorities for development within the Trust. It will be reviewed at least termly, and its impact will be shared via the Chief Executive Officer's reports to Trustees and Head Teacher Board Meetings.

The Trust will strengthen its self-review processes:

Further engagement with an established and successful Peer Review Programme will allow Ironstone Academy Trust to benefit from close working between its academies, quickly sharing good practice amongst staff. Further training will be given to middle leaders in each academy as identified by school self-evaluation. Newly developed formats for Head Teacher reports, including Key Performance Indicators will strengthen the Trustees position.

Closing attainment gaps:

Gaps in attainment will be closed for groups identified within cohorts through Performance Management. Performance Management systems will again be operated in parallel across the Trust.

Standards achieved by all pupils are raised through continual measuring of impact of focused support and the targeted use of good and better teaching.

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Trustees' Report (continued)

PLANS FOR FUTURE PERIODS (continued)

Developing the School sites:

Academies will seek CIF funding to develop their respective sites, based on the condition survey and the availability of funds.

Governance and sustainability:

The Trust will continue to develop partnerships working with other schools, including the possible expansion of the Trust. The Trust made formal presentations to three other schools in 2018, who were considering joining Ironstone Academy Trust. Their individual decision is pending.

AUDITOR

Insofar as the trustees are aware:-

- There is no relevant audit information of which the charitable company's auditors are 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 charitable company's auditor is aware of that information.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2018 and signed on the board's behalf by:



Steve Elliott
Chair

Ironstone Academy Trust
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Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO, 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 Ironstone Academy Trust and the Secretary of State for Education. The CEO is 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 3 times during the year. Attendance during the year at meetings of the Board of Trustees were as follows:

Trustee	Meetings attended	Out of a possible
Stephen Elliott	3	3
Leslie Addison	3	3
David Atkin	2	3
Peter Robinson	3	3
Matthew Whitfield (resigned 6 December 17)	-	-
Richard Carter	3	3
Karen Deen	2	3
Carl Faulkner	3	3
Susan Nicholson	3	3

Following mid-year resignation of one Trustee, and after talking advice from RSC, the Trust will look to recruit new trustees with suitable skills making full consideration of people independent of the Trust. The Trustees judge that they are working effectively because there is clear evidence that the outcomes for young people who are educated within the IAT are exceeding previous performance and national expectations. There is a well communicated strategic vision, the schools own improvement plans are delivered through support from the Trust. The Trustees have defined their own KPI's and receive these on a termly basis.

Governance Review

- Skills audits are completed by LGB and Trustees annually. Training is offered to all on a regular basis via Redcar and Cleveland Governor support where gaps are identified.
- Self Evaluation is timetabled for each Local Governing Body and for the Trustees.
- The LGB of each school reviews its annual Improvement Plan annually. HTs report on actions that are complete or outstanding.
- Improvement Plans are written annually.

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- Approve, allocate and monitor resources.
- To ensure Performance Management is completed.
- To review all relevant statutory policies as detailed on the Policy Review schedule.
- To consider and prioritise future developments relating to the building/premises.

The major issues this committee has dealt with this year were;

- Restructure and staffing at one school, HOS, CEO
- Catering Contract

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Governance Statement (continued)

Governance Review continued...

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Stephen Elliott	3	3
Richard Carter	3	3
Peter Robinson	3	3
Lesley Addison	1	1
Carl Faulkner	3	3
Susan Nicholson	1	2

The Curriculum Standards and Pupil Welfare Committee is also a sub-committee of the main Board of Trustees. Its purpose is to:

- Monitor and evaluate pupil progress using tracking systems and pupil observations.
- To contribute to, monitor and evaluate the School's Self Evaluation.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Matthew Whitfield (resigned 6 December 17)	-	1
David Atkin	2	3
Karen Deen	3	3
Carl Faulkner	3	3
Lesley Addison	2	2

Review of value for money

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

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy Trust has delivered value for money during the year by:

- Employment of an Attendance Officer (fully trained Education Welfare Officer) saving on average ½ day per week in office administration time in each academy.
- Securing a discount on services from the company providing our financial management package
- Ensuring the trust schools share an IT Technician, so that changes to systems can be efficiently delivered in all academies
- Ensuring the trust schools Local Governing Bodies share a Clerk, so that meetings and policy developments can be efficiently delivered in all academies
- Ensuring that a compliant procurement exercise was undertaken in order to secure new catering contract across 4 schools

However the Board of Trustees recognises that the cheapest price is not always the best option and all changes are fully evaluated taking into consideration service provided and track record.

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Governance Statement (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ironstone Academy Trust for the year 1 September 2017 to 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 ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Trustees have appointed Anderson Barrowcliff LLP, the external auditor, to perform additional checks.

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

- testing of payroll systems
- testing of purchase system
- testing the control of bank accounts/reconciliations
- testing of income recording systems
- inspection of fixed assets

On a termly basis, the Academy Business Manager reports to the Board of Trustees, through the Finance & Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The reviewer role has been fully delivered in line with the ESFA's requirements. No material control issues have arisen during the year.

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Governance Statement (continued)

Review of effectiveness

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

- the work of the reviewer;
- the work of the external auditor;
- the financial management and governance self assessment process (FMGS) for Riverdale Primary
- the work of the Trust Finance and Business Manager

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Resources Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Members of the Board of Trustees on 12 December 2018 and signed on its behalf by:



Steve Elliott
Chair



Carl Faulkner
Accounting Officer

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Statement of Regularity, Propriety and Compliance

As accounting officer of Ironstone Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & 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.



Carl Faulkner
Accounting Officer

Date: 12 December 2018

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Statement of Trustees' Responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the 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, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



Steve Elliott
Chair

Ironstone Academy Trust
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Independent Auditor's Report on the Financial Statements to the Members of Ironstone Academy Trust

Opinion

We have audited the financial statements of Ironstone Academy Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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 conducted 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; or
- 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.

Ironstone Academy Trust
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Ironstone 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.

Opinions 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 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 directors' 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 the Trustees set out on page 12 (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.

Ironstone Academy Trust
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Ironstone 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: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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 the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



D J Robertson
Senior Statutory Auditor
For and on behalf of Anderson Barrowcliff LLP
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

Dated: 13 December 2018

Note:

The maintenance and integrity of Ironstone Academy Trust website is the responsibility of the trustees and work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Ironstone Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to
Ironstone Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 4 November 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Areté Learning Trust during the year ended 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of Ironstone Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Ironstone Academy Trust funding agreement with the Secretary of State for Education dated 28 May 2014 and the Academies Financial Handbook extant from 1 September 2016, 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 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.

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non compliance;
- Ensuring that the activities of the Academy Trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and key management personnel.

Ironstone Academy Trust
(A Company Limited by Guarantee)

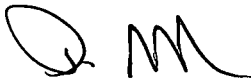
Independent Reporting Accountant's Assurance Report on Regularity to
Ironstone Academy Trust and the Education Funding Agency

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 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.

Use of our report

This report is made solely to Ironstone Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ironstone Academy Trust 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 Ironstone Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.



D J Robertson
Reporting Accountant
Anderson Barrowcliff LLP
Statutory Auditor
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

Dated: 13 December 2018

Ironstone Academy Trust
(A Company Limited by Guarantee)

Statement of Financial Activities
for the Year Ended 31 August 2018

(including Income and Expenditure Account)

		<u>Unrestricted</u> <u>Funds</u> £'000	<u>Restricted</u> <u>General</u> <u>Funds</u> £'000	<u>Restricted</u> <u>Fixed</u> <u>Asset</u> <u>Funds</u> £'000	<u>2018</u> <u>Total</u> £'000	<u>2017</u> <u>Total</u> £'000
	Note					
Income and endowments from:						
Donations and capital grants	2	14	5	17	36	237
Transfer from another academy trust		-	-	-	-	1,728
Transfer from local authority on conversion	22	17	27	1,790	1,834	7,222
Charitable Activities:						
Funding for the academy trust's educational operations	3	208	7,238	-	7,446	6,327
Other trading activities	4	236	-	-	236	231
Investment income – bank interest		11	-	-	11	1
Total		<u>486</u>	<u>7,270</u>	<u>1,807</u>	<u>9,563</u>	<u>15,746</u>
Expenditure on:						
Charitable Activities:						
Academy's trust educational operations	5	323	7,490	225	8,038	6,988
Total		<u>323</u>	<u>7,490</u>	<u>225</u>	<u>8,038</u>	<u>6,988</u>
Net income/(expenditure)		163	(220)	1,582	1,525	8,758
Transfers between funds	13,21	-	(60)	60	-	-
		163	(280)	1,642	1,525	8,758
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	21	-	477	-	477	1,125
Losses on revaluation of fixed assets	10	-	-	(3,179)	(3,179)	-
Net movement in funds		163	197	(1,537)	(1,177)	9,883
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>524</u>	<u>(736)</u>	<u>12,674</u>	<u>12,462</u>	<u>2,579</u>
Total funds carried forward	13	<u>687</u>	<u>(539)</u>	<u>11,137</u>	<u>11,285</u>	<u>12,462</u>

The notes on pages 22 to 39 form part of these financial statements.

Ironstone Academy Trust
(A Company Limited by Guarantee)

Balance Sheet
As at 31 August 2018

	Note	<u>2018</u> £'000	<u>2017</u> £'000
FIXED ASSETS:			
Tangible assets	10	11,137	12,674
CURRENT ASSETS:			
Debtors	11	246	201
Cash at bank and in hand		1,323	1,246
		<u>1,569</u>	<u>1,447</u>
LIABILITIES:			
Creditors - amounts falling due within one year	12	(525)	(501)
NET CURRENT ASSETS		<u>1,044</u>	<u>946</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,181</u>	<u>13,620</u>
NET ASSETS EXCLUDING PENSION LIABILITY			
Defined benefit pension scheme liability	21	(896)	(1,158)
TOTAL NET ASSETS		<u>11,285</u>	<u>12,462</u>
FUNDS OF THE ACADEMY TRUST:			
Restricted funds			
Fixed asset funds	13	11,137	12,674
Restricted income funds	13	357	422
Pension reserve	13	(896)	(1,158)
Total restricted funds		<u>10,598</u>	<u>11,938</u>
Unrestricted income funds	13	<u>687</u>	<u>524</u>
TOTAL FUNDS		<u>11,285</u>	<u>12,462</u>

The financial statements on pages 19 to 39 were approved by the Trustees, and authorised for issue on 12 December 2018 and are signed on their behalf by:



Steve Elliott
Trustee

The notes on pages 22 to 39 form part of these financial statements.

Ironstone Academy Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
for the Year Ended 31 August 2018

	Note	<u>2018</u> £'000	<u>2017</u> £'000
Cash flows from operating activities			
Net cash provided by operating activities	17	116	357
Cash flows from investing activities	18	(56)	(84)
Cash inherited on conversion	22	17	160
Transferred from another academy trust	22	-	219
		<hr/>	<hr/>
Change in cash and cash equivalents in reporting period		77	652
Cash and cash equivalents at 1 September 2017		1,246	594
		<hr/>	<hr/>
Cash and cash equivalents at 31 August 2018	19	<u>1,323</u>	<u>1,246</u>

Ironstone Academy Trust
(A Company Limited by Guarantee)

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

1 STATEMENT OF ACCOUNTING POLICIES

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under 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.

Going Concern

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

Incoming resources

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

Grants

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

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

Capital grants are recognised in full where there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is an entitlement and are not deferred over the life of the asset on which they are expended.

Donations

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

Transfer on conversion

Where assets and liabilities are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass the academy trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income to the net assets received.

Ironstone Academy Trust
(A Company Limited by Guarantee)

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

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Transfer of existing academies into the trust

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within donations and capital grant income to the net assets acquired.

Other income

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

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 the time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities. Under the VAT 126 scheme, costs are shown net of recoverable of VAT.

Tangible fixed assets

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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 basis over its expected useful lives, as follows:-

Long leasehold buildings	2% on cost
Computer and educational equipment	33% on cost
Furniture and equipment	20% on cost

Assets in the course of construction are included at cost and depreciation on these assets is not charged until the assets are brought into use and reclassified to freehold or long leasehold land and buildings.

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.

Ironstone Academy Trust
(A Company Limited by Guarantee)

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

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Leasehold fixed assets

Long leasehold land and building are leased from the local authority on a 125 year lease. The leasehold property has been included in the accounts at depreciated replacement cost.

Liabilities

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

Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax 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 11. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 12. 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 trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11 Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Ironstone Academy Trust
(A Company Limited by Guarantee)

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

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Pension benefits

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

Teachers' pension scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Local government pension scheme

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of the 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 is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other 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 with restrictions imposed by the funder/donor and include grants from the ESFA and DfE.

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 circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal and 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 value would impact on the carrying amount of the pension liability.

Ironstone Academy Trust
(A Company Limited by Guarantee)

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

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Critical accounting estimates and areas of judgement (continued)

Land and buildings inherited on conversion to an academy are included in the financial statements at depreciated replacement cost. This is an estimate based upon a percentage of the insurance rebuild cost. This will be updated in line with the desktop valuations provided by the ESFA in the following year.

2 DONATIONS AND CAPITAL GRANTS

	<u>Unrestricted</u> <u>Funds</u> £'000	<u>Restricted</u> <u>Funds</u> £'000	<u>Total</u> <u>2018</u> £'000	<u>Total</u> <u>2017</u> £'000
Capital grants	-	22	22	220
Other donations	14	-	14	17
	<u>14</u>	<u>22</u>	<u>36</u>	<u>237</u>

In 2017 £17,000 of donations were unrestricted and £220,000 were restricted.

3 FUNDING FOR THE ACADEMY TRUSTS EDUCATIONAL OPERATIONS

	<u>Unrestricted</u> <u>Funds</u> £'000	<u>Restricted</u> <u>Funds</u> £'000	<u>Total</u> <u>2018</u> £'000	<u>Total</u> <u>2017</u> £'000
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,579	5,579	4,633
Start up Grant	-	25	25	50
Other DfE Group Grants	-	889	889	820
	<u>-</u>	<u>6,493</u>	<u>6,493</u>	<u>5,503</u>
Other government grants				
Local Authority Grants	-	646	646	520
Special educational projects	-	-	-	-
	<u>-</u>	<u>646</u>	<u>646</u>	<u>520</u>
Other income				
School Trip income	-	99	99	69
Catering income	132	-	132	123
Other	76	-	76	112
	<u>208</u>	<u>99</u>	<u>307</u>	<u>304</u>
	<u>208</u>	<u>7,238</u>	<u>7,446</u>	<u>6,327</u>

In 2017 £235,000 of funding for educational operations was unrestricted and £6,092,000 were restricted.

4 OTHER TRADING ACTIVITIES

	<u>Unrestricted</u> <u>£'000</u>	<u>Restricted</u> <u>£'000</u>	<u>Total</u> <u>2018</u> £'000	<u>Total</u> <u>2017</u> <u>(all</u> <u>unrestricted)</u> £'000
Other income	236	-	236	231
	<u>236</u>	<u>-</u>	<u>236</u>	<u>231</u>

Ironstone Academy Trust
(A Company Limited by Guarantee)

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

5 EXPENDITURE

	<u>Non Pay Expenditure</u>			<u>Total</u>	<u>Total</u>
	<u>Staff Costs</u>	<u>Premises</u>	<u>Other</u>	<u>2018</u>	<u>2017</u>
	£'000	£'000	£'000	£'000	£'000
Academy's educational operations					
- Direct costs	5,206	-	502	5,708	4,631
- Allocated support costs	864	360	1,106	2,330	2,357
	<u>6,070</u>	<u>360</u>	<u>1,608</u>	<u>8,038</u>	<u>6,988</u>

In 2017 £415,000 of the expenditure was unrestricted, and £6,573,000 was restricted.

	<u>2018</u>	<u>2017</u>
	£'000	£'000
Net income for the period includes:		
Operating leases – rentals	15	8
Depreciation	225	277
Fees payable to auditor - audit	11	11
- other services	3	14
	<u>254</u>	<u>310</u>

6 CHARITABLE ACTIVITIES

	<u>2018</u>	<u>2017</u>
	£'000	£'000
Direct costs – educational operations	5,708	4,631
Support costs – educational operations	2,330	2,357
	<u>8,038</u>	<u>6,988</u>
Analysis of support costs		
Support staff costs	864	721
Depreciation	225	277
Technology costs	59	66
Premises costs	360	543
Catering	373	363
Travel and trips	142	88
Other support costs	124	113
Governance costs	183	186
Total support costs	<u>2,330</u>	<u>2,357</u>

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

7 STAFF

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
a) Staff costs during the year were:		
Wages and salaries	4,633	3,703
Social security costs	410	323
Pension costs	949	832
	5,992	4,858
Supply teacher costs	78	89
	6,070	4,947

b) Staff numbers

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

	<u>2018</u>	<u>2017</u>
	No	No
Teachers	164	144
Administration and support	78	65
Management	7	8
	249	217

c) Higher paid staff

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

	<u>2018</u>	<u>2017</u>
	No	No
£60,001 - £70,000	4	-
£90,001 - £100,000	1	1
	1	1

d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total employee benefits (including employer pension contributions and national insurance contributions) received by key management personnel for their services to the academy trust was £507,000 (2017: £386,000).

8 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Head Teacher only receives remuneration in respect of services that he provides undertaking the role of Head Teacher under his contract of employment.

The value of the trustees' remuneration was as follows:

C Faulkner (Head Teacher)

Remuneration £90,000 - £95,000 (2017: £90,000 - £95,000)

Employers' Pension Contributions £15,000 - £20,000 (2017: £10,000 - £15,000)

Ironstone Academy Trust
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Notes to the Financial Statements
for the Year Ended 31 August 2018

8 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES (continued)

During the year ended 31 August 2018 no travel and subsistence expenses were reimbursed. (2017: £Nil).

No other related party transactions occurred in the year.

9 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2m on any one claim. The cost for the year ended 31 August 2018 was £462 (2017: £284). The cost of this insurance is included in the total insurance cost.

10 TANGIBLE FIXED ASSETS

	<u>Long Leasehold Land & Buildings</u> £'000	<u>Furniture & Equipment</u> £'000	<u>Assets in the Course Of Construction</u> £'000	<u>Computer & Educational Equipment</u> £'000	<u>Total</u> £'000
COST:					
As at 1 September 2017	12,945	224	25	56	13,250
Transfer	37	(12)	(25)	-	-
Inherited on conversion from Local Authority	1,790	-	-	-	1,790
Revaluation	(3,179)	-	-	-	(3,179)
Additions	57	16	-	4	78
At 31 August 2018	11,650	228	-	60	11,938
DEPRECIATION:					
As at 1 September 2017	424	121	-	31	576
Charge in year	163	43	-	19	225
At 31 August 2018	587	164	-	50	801
NET BOOK VALUE:					
At 31 August 2018	11,063	64	-	10	11,137
At 31 August 2017	12,521	103	25	25	12,674

Inherited land and buildings in 2017 for Ormesby and Zetland Primary Schools were included at depreciated replacement cost. This was an estimate based upon a percentage of the insurance rebuild cost. We have subsequently updated this in line with the desktop valuations provided by the ESFA. The effect of this change amounts to a reduction in the value of £3,179,000.

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

11 DEBTORS

	<u>2018</u>	<u>2017</u>
	£'000	£'000
Trade debtors	24	16
Accrued income	87	93
VAT recoverable	122	80
Other debtors	13	12
	<u>246</u>	<u>201</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2018</u>	<u>2017</u>
	£'000	£'000
Trade creditors	149	97
Other taxation and social security	96	90
Other creditors	91	78
Accruals	-	90
Deferred income	189	146
	<u>525</u>	<u>501</u>
Deferred Income		
Deferred income at 1 September 2017	146	53
Released from previous year	(146)	(53)
Resources deferred in the year	189	146
	<u>189</u>	<u>146</u>
Deferred Income at 31 August 2018	<u>189</u>	<u>146</u>

Deferred income is made up of universal free school meals, devolved capital grant monies, early years and rates relief received in advance of the 2018/19 school year.

Ironstone Academy Trust
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Notes to the Financial Statements
for the Year Ended 31 August 2018

13 FUNDS

	<u>Balance</u> <u>at 1</u> <u>September</u> <u>2017</u> £'000	<u>Inherited</u> <u>on</u> <u>conversion</u> £'000	<u>Income</u> £'000	<u>Expenditure</u> £'000	<u>Gains/</u> <u>losses and</u> <u>transfers</u> £'000	<u>Balance at</u> <u>31 August</u> <u>2018</u> £'000
Restricted General Fund						
General Annual Grant	288	-	5,579	(5,450)	(60)	357
Other DfE Group Grants	127	-	254	(381)	-	-
Start Up Grant	-	-	25	(25)	-	-
Pupil Premium	-	-	544	(544)	-	-
Local Authority	-	-	646	(646)	-	-
School Trip Income	-	-	99	(99)	-	-
Sport Premium	-	-	92	(92)	-	-
NLE and NSS	6	-	-	(6)	-	-
Aspire Learning Partnership	1	-	-	(1)	-	-
Enthuse	-	-	4	(4)	-	-
	<u>422</u>	<u>-</u>	<u>7,243</u>	<u>(7,248)</u>	<u>(60)</u>	<u>357</u>
Restricted general funds excluding pension	422	-	7,243	(7,248)	(60)	357
Pension reserve	(1,158)	27	-	(242)	477	(896)
	<u>(736)</u>	<u>27</u>	<u>7,243</u>	<u>(7,490)</u>	<u>417</u>	<u>(539)</u>
Total restricted general fund	(736)	27	7,243	(7,490)	417	(539)
Restricted Fixed Asset Fund						
Transfer on conversion	12,092	1,790	-	(220)	(3,179)	10,483
DfE Group Capital Grants and GAG	582	-	17	(5)	60	654
	<u>12,674</u>	<u>1,790</u>	<u>17</u>	<u>(225)</u>	<u>(3,119)</u>	<u>11,137</u>
Total Restricted Funds	11,938	1,817	7,260	(7,715)	(2,702)	10,598
Total Unrestricted Funds	524	17	469	(323)	-	687
Total Funds	12,462	1,834	7,729	(8,038)	(2,702)	11,285

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

13 FUNDS (continued)

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Normanby Primary	210	296
Nunthorpe Primary	105	132
Ormesby Primary	164	235
Riverdale Primary	66	-
Zetland Primary	199	187
Central Services	300	96
	<hr/>	<hr/>
	1,044	946
Restricted Fixed Asset Fund	11,137	12,674
Pension Reserve	(896)	(1,158)
	<hr/>	<hr/>
	<u>11,285</u>	<u>12,462</u>

Total cost analysis

Expenditure incurred by each academy during the year was as follows:

	<u>Teaching and educational support staff costs</u>	<u>Other support staff costs</u>	<u>Educational supplies</u>	<u>Other costs (excluding depreciation)</u>	<u>Total 2018</u>	<u>Total 2017</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Normanby Primary	1,690	98	129	404	2,321	2,579
Nunthorpe Primary	701	114	44	158	1,017	1,025
Ormesby Primary	1,295	112	75	206	1,688	1,707
Riverdale Primary	719	108	74	112	1,013	-
Zetland Primary	777	113	55	172	1,117	1,036
Central Services	24	319	79	235	657	364
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Academy Trust	<u>5,206</u>	<u>864</u>	<u>456</u>	<u>1,287</u>	<u>7,813</u>	<u>6,711</u>

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

Other DfE group and government grants include Universal Infant Free School Meals, Special Educational Needs, Rates grant, Sponsor Capacity Funding, MAT Growth Funding plus other immaterial amounts.

Start up grants are received to assist with the cost of converting to an academy.

Pupil premium grant is received to raise the attainment of disadvantaged pupils of all abilities and to close the gap between them and their peers.

The Local Authority funds were received for spending for Early Years and Special Educational Needs.

School trip income is received from parents/carers to cover the cost of children's educational visits.

Sports premium grant are provided to assist with the costs of providing PE.

Ironstone Academy Trust
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Notes to the Financial Statements
for the Year Ended 31 August 2018

13 FUNDS continued)

NLE and NSS funds are received to allow the Trust to assist other schools who may need additional support.

Aspire Learning partnership funding is received to allow the Trust to help other schools as the ALP.

Enthuse grants are provided to improve teaching and learning in science.

The pension reserve represents the deficit of the LGPS.

Restricted fixed assets were funded by government grants or transferred from the local authority.

Fund Transfers

£60,151 has been transferred from the general restricted fund to the restricted fixed assets fund. This represents fixed assets purchased from the GAG.

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	<u>Unrestricted</u> <u>Funds</u> £'000	<u>Restricted</u> <u>General</u> <u>Funds</u> £'000	<u>Fixed</u> <u>Asset</u> <u>Funds</u> £'000	<u>2018</u> <u>Total</u> <u>Funds</u> £'000
Tangible fixed assets	-	-	11,137	11,137
Current assets	687	882	-	1,569
Current liabilities	-	(525)	-	(525)
Pension scheme liability	-	(896)	-	(896)
Total net assets	<u>687</u>	<u>(539)</u>	<u>11,137</u>	<u>11,285</u>

Comparative information in respect of the preceding period is as follows:

	<u>Unrestricted</u> <u>Funds</u> £'000	<u>Restricted</u> <u>General</u> <u>Funds</u> £'000	<u>Fixed</u> <u>Asset</u> <u>Funds</u> £'000	<u>2017</u> <u>Total</u> <u>Funds</u> £'000
Tangible fixed assets	-	-	12,674	12,674
Current assets	524	923	-	1,447
Current liabilities	-	(501)	-	(501)
Pension scheme liability	-	(1,158)	-	(1,158)
Total net assets	<u>524</u>	<u>(736)</u>	<u>12,674</u>	<u>12,462</u>

15 CAPITAL COMMITMENTS

	<u>2018</u> £'000	<u>2017</u> £'000
Contracted for, but not provided in the financial statements	-	37

Ironstone Academy Trust
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Notes to the Financial Statements
for the Year Ended 31 August 2018

16 COMMITMENTS UNDER OPERATING LEASES

Operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases as follows:

	<u>2018</u>	<u>2017</u>
	<u>Total</u>	<u>Total</u>
	£'000	£'000
Amounts within one year	22	8
Amounts within two to five years	24	13
	<u>46</u>	<u>21</u>

17 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>2018</u>	<u>2017</u>
	£'000	£'000
Net income for the reporting period (as per the statement of financial activities)	1,525	8,758
Adjusted for:		
Depreciation (note 10)	225	277
Capital grants from DfE group	(22)	(220)
Defined benefit pension scheme obligation inherited	(17)	721
Defined benefit pension scheme finance costs (note 21)	26	38
Defined benefit pension scheme cost less contributions payable (note 21)	216	235
Inherited on conversion	(1,817)	(7,943)
Transferred from another academy trust	-	(1,728)
Increase in debtors	(45)	(57)
Increase in creditors	25	326
Net current liabilities transferred from another academy trust	-	(50)
Net cash provided by operating activities	<u>116</u>	<u>357</u>

18 CASH FLOWS FROM INVESTING ACTIVITIES

	<u>2018</u>	<u>2017</u>
	£'000	£'000
Purchase of tangible fixed assets	78	304
Capital grants from Dfe group	(22)	(220)
	<u>56</u>	<u>84</u>

19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
	£'000	£'000
Cash at bank and in hand	<u>1,323</u>	<u>1,246</u>

Ironstone Academy Trust
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Notes to the Financial Statements
for the Year Ended 31 August 2018

20 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 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.

21 PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the year ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £89,295 (2017: £77,785) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' pension scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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

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 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.
- 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%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £471,000 (2017 - £498,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

21 PENSION COMMITMENTS (continued)

Valuation of the teachers' pension scheme (continued)

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £304,000 (2017: £219,000), of which employer's contributions totalled £225,000 (2017: £161,000) and employees' contributions totalled £79,000 (2017: £58,000). The agreed contribution rates for future years are 16.6 per cent for employers and range from 5.5 to 12.5 per cent for employees.

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

	<u>31 August</u> <u>2018</u> <u>% per annum</u>	<u>31 August</u> <u>2017</u> <u>% per annum</u>
Rate of increase in salaries	3.0	3.0
Rate of increase in pensions in payment/inflation	2.0	2.0
Discount rate for scheme liabilities	2.8	2.5
Inflation assumptions (CPI)	2.0	2.0

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

	<u>31 August</u> <u>2018</u>	<u>31 August</u> <u>2017</u>
Retiring today		
Males	22.9	22.8
Females	25.0	24.9
Retiring in 20 years		
Males	25.1	25.0
Females	27.3	27.2

Sensitivity analysis (movement in scheme obligation)

	<u>31 August</u> <u>2018</u> <u>£'000</u>	<u>31 August</u> <u>2017</u> <u>£'000</u>
Discount rate + 0.1%	(0.119)	(0.098)
Discount rate - 0.1%	0.112	0.100
Mortality assumption – 1 year increase	(0.153)	(0.132)
Mortality assumption – 1 year decrease	0.152	0.131
CPI rate + 0.1%	(0.075)	(0.062)
CPI rate - 0.1%	0.074	0.061

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Notes to the Financial Statements
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21 PENSION COMMITMENTS (continued)
Principal Actuarial Assumptions (continued)

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

	<u>Fair Value at</u> <u>31 August</u> <u>2018</u> £'000	<u>Fair Value at</u> <u>31 August</u> <u>2017</u> £'000
Equity instruments	3,212	2,536
Debt instruments	-	3
Property	339	205
Cash and other	849	462
	<hr/>	<hr/>
Total market value of assets	<u>4,400</u>	<u>3,206</u>

The actual return on scheme assets was £229,000 (2017 : £708,000).

Amounts recognised in the statement of financial activities:-

	<u>2018</u> £'000	<u>2017</u> £'000
Current service costs	(441)	(401)
Interest income	100	45
Interest cost	(126)	(83)
	<hr/>	<hr/>
Total amount recognised in SOFA	<u>(467)</u>	<u>(439)</u>

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

	<u>2018</u> £'000	<u>2017</u> £'000
At 1 September 2017	4,364	1,936
Upon conversion	601	1,917
Transferred from another academy trust	-	415
Current service cost	441	401
Interest cost	126	83
Actuarial gains	(348)	(462)
Benefits paid	33	16
Employee contributions	79	58
	<hr/>	<hr/>
At 31 August 2018	<u>5,296</u>	<u>4,364</u>

Movement in the fair value of academy trust's share of scheme assets:-

	<u>2018</u> £'000	<u>2017</u> £'000
At 1 September 2017	3,206	869
Upon conversion	628	1,196
Transferred from another academy trust	-	193
Interest income	100	45
Actuarial gains	129	663
Employer contributions	225	161
Employee contributions	79	58
Benefits paid	33	21
	<hr/>	<hr/>
At 31 August 2018	<u>4,400</u>	<u>3,206</u>

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

21 PENSION COMMITMENTS (continued)

Principal Actuarial Assumptions (continued)

It must be appreciated in accordance with the Charity Commission publication, 'Charity Reserves and Defined Pension Schemes' that where, under FRS 102, a charity discloses a significant pension fund deficit, this does not mean that an immediate liability for this amount crystallises. Similarly, where a pension surplus is disclosed this does not create an immediately realisable asset that can be released straight away and expended on the purposes of the charity. In particular, the disclosure of a pension liability does not mean that the equivalent amount is already committed and is no longer available to the trustees to further the charity's objectives.

22 CONVERSION TO AN ACADEMY TRUST

On 1 September 2017 Riverdale Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Ironstone Academy Trust from Redcar and Cleveland for £nil consideration.

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

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

	<u>Unrestricted</u> <u>Funds</u> <u>£'000</u>	<u>Restricted</u> <u>General</u> <u>Funds</u> <u>£'000</u>	<u>Restricted Fixed</u> <u>Asset</u> <u>Funds</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Tangible fixed assets				
Leasehold land and buildings	-	-	1,790	1,790
Budget surplus/(deficit) on LA Funds	17	-	-	17
LGPS pension surplus/ (deficit)	-	27	-	27
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	17	27	1,790	1,834
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23 CENTRAL SERVICES

The academy trust has provided the following central services to its academies during the year:

- human resources
- financial services
- legal services
- educational support services

The academy trust charges for these services on the following basis:

6.5% of GAG, Pupil led factors, other factors and ESG protection if applicable,

The actual amounts charged during the year were as follows:

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Normanby Primary	200	-
Nunthorpe Primary	99	-
Ormesby Primary	144	-
Riverdale Primary	76	-
Zetland Primary	88	-
	<hr/>	<hr/>
Net assets	607	-
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the Financial Statements
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24 POST BALANCE SHEET EVENTS

Overfields Primary School joined the trust on 1 October 2018.