

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

Financial Statements  
for the Period  
14 May 2014 to 31 August 2015

Company Registration Number: 09040348

**ANDERSON BARROWCLIFF**  
**Chartered Accountants**

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

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**for the Period Ended 31 August 2015**

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**Ironstone Academy Trust**  
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**Reference and Administrative Information**

**MEMBERS**

C Barwell	Chair, appointed 14.05.14
S Laverick	Vice-chair, appointed 14.05.14
L Payne	Appointed 14.05.14
S Cochrane	Vice-chair, appointed 14.05.14, resigned 11.02.15

**TRUSTEES**

C Faulkner	Head Teacher, appointed 14.05.14
A Stogdale	Appointed 14.05.14
I Craddy	Parent, appointed 14.05.14
K Wood	Staff, appointed 14.05.14
N D'Inverno	Staff, appointed 14.05.14
J James	Appointed 14.05.14, resigned 08.03.15
R Hatfield	Parent, appointed 14.05.15
M Whitfield	Parent, appointed 11.06.15
C Clark	Appointed 14.05.14
G Connor	Appointed 14.05.14
S Lloyd	Appointed 14.05.14
A Watchman	Appointed 14.05.14, resigned 01.10.14

**SENIOR MANAGEMENT TEAM**

C Faulkner	Head Teacher
K Wood	Deputy Head Teacher
S Hall	Business Manager
K Pentney	Assistant Head Teacher
S May	Assistant Head Teacher
J Miller	TLR post holder

**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  
Waterloo House  
Teesdale South  
Thornaby Place  
Thornaby on Tees TS17 6SA

**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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**Ironstone Academy Trust**  
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**Trustees' Report**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 14 May 2014 to 31 August 2015. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The Trust operates an academy for pupils ages 3 to 11 serving a catchment area in the Borough of Redcar and Cleveland. It has a pupil capacity of 494 (455 school, 39 nursery) full time and had a roll of 570 (531 full time equivalent) in the school census on 1 October 2015. The nursery capacity is 39 morning places and 39 afternoon places.

**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 is known as Ironstone Academy Trust.

Details of the trustees who were in office at 31 August 2015 and served throughout the period 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 period ended 31 August 2015 was £1,115. 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:-

- Head Teacher
- 6 Co-opted
- 3 elected members of staff
- 3 elected parents
- 3 trust appointed members

**Ironstone Academy Trust**  
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**Trustees' Report (continued)**

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

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

**Organisational Structure**

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

- Finance & Resources
- School Effectiveness
- Governor Self Evaluation Working Party
- Performance Management
- Pupil Discipline and Complaints
- Staff Hearing
- Staff Appeals

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

**Related parties and other connected charities and organisations**

Ironstone Academy Trust is a member of the North East Schools Teaching Alliance which includes 5 local primary schools and 2 secondary schools. The Head Teacher and a governor represents the Academy at regular meetings throughout the year. The Alliance has worked collaboratively to secure the delivery of initial teacher training. The Head Teacher is a board member of Schools North East. The Academy is also a National Support School.

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.

**OBJECTIVES AND ACTIVITIES**

**Objects and 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.

**Objectives, Strategies and Activities**

The school 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 school to be well led.
- Ensuring that the above takes place within the context of strong financial management.

**Ironstone Academy Trust**  
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**Trustees' Report (continued)**

**Public Benefit**

In setting our objectives and planning our activities, the Governing Body has given careful consideration to the Charity Commission general guidance on public benefit.

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.

**STRATEGIC REPORT**

**Achievements & Performance**

Taken from the OfSTED Inspection Dashboard the attainment data is very positive, attainment has also been consistently good and improving over the last three years.

- *The School is above all floor standards.*
- *Attendance is above the national average.*
- *Disadvantaged children do particularly well at Normanby.*

KS2 value added was broadly average or above in all subjects.

KS2 value added in all subjects was broadly average or above for disadvantaged pupils and those who have special educational needs.

From each starting point, the proportions of KS2 pupils making and exceeding expected progress in reading, in writing and in mathematics were above national figures.

From at least 5 out of every 6 starting points, the proportion of disadvantaged KS2 pupils making and exceeding expected progress in reading, in writing and in mathematics was similar to that of other pupils nationally.

Disadvantaged KS2 pupils had an average point score equal to or above the national score for other pupils in reading.

The proportion of disadvantaged KS2 pupils that attained at least Level 4 was equal to or above the national figure for other pupils in reading and mathematics.

The proportion of disadvantaged KS1 pupils that attained at least Level 2B was equal to or above the national figure for other pupils in reading, writing and mathematics.

The proportion of Year 1 pupils that met the expected standard in phonics was above the national figure.

Attendance was above average.

Persistent absence was below average.

**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 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 by the Finance Handbook for Academies published by the EFA and requirements as laid down by Academy's Financial Handbook.

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

During the period ended 31 August 2015 total resources expended were £3,090,000 and the surplus income over expenditure was £2,914,000 which included depreciation of £72,000.

At 31 August 2015 the net book value of the fixed assets was £3,023,000. The assets were used exclusively for providing the education and associated support services to the pupils of Ironstone Academy Trust.

**Ironstone Academy Trust**  
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**Trustees' Report (continued)**

**Reserves Policy**

The Governors review the level of reserves of the Academy 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 Governors have determined that the appropriate level of free reserves should be equivalent to at least 1 month of the GAG. 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 Academy Trust's free reserves (total funds less the amount held in fixed assets and restricted funds) at the end of the period are £200,000.

**Investment Policy**

During this initial period of operation the Trust has held 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.

**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.

**PLANS FOR FUTURE PERIODS**

**Normanby Primary School Improvement Plan**

Staff and Governors have created the School Improvement Plan to address the priorities for change at Normanby. It will be reviewed at least termly, and its impact will be shared via the Head Teachers reports to Governors and Leadership Team Meetings

**The School will strengthen its self-review processes:**

CfBT Peer Review Programme will allow Normanby to benefit from close working with two outstanding academies who operate as a multi academy trust.

**Closing Attainment Gaps:**

Gaps in attainment will be closed for groups identified within cohorts through Performance Management. Standards achieved by all pupils are raised through continual measuring of impact of focused support and the targeted use of good and better teaching.

**Developing the School site:**

The kitchen will be refurbished and the Foundation Stage developed, subject to successful grant applications.

**Governance and sustainability:**

The School will develop partnerships working with other schools, including the possible expansion of the Trust.

**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 17 December 2015 and signed on the board's behalf by:

.....

**Carol Barwell**  
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 Head Teacher, 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. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the period. Attendance during the period at meetings of the Board of Trustees were as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
C Barwell	5	5
S Laverick	3	5
L Payne	5	5
S Cochrane	3	3
C Faulkner	4	5
A Stogdale	2	5
S Lloyd	2	5
I Craddy	4	5
G Connor	5	5
K Wood	5	5
N D'Inverno	4	5
J James	2	4
R Hatfield	1	1
M Whitfield	1	1
A Watcham	0	2
C Clark	4	5

**Governance Review**

- The governing body reviewed the existing Improvement Plan covering 2013-2015 and the majority of these actions are now complete. This is due for revision January 2016.
- A further skills audit was conducted August 2015. This evidenced that we have the correct skills where required. However training is offered to all on a regular basis via Redcar and Cleveland Governor support.
- Self Evaluation is timetabled for December 2015.

The Finance and Resources 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.

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

- The successful opening of a newly built 2 year old provision
- Complete re roof of school paid for by capital funding
- The unsuccessful application to Conditional Improvement Fund for extension to Foundation Stage



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**Governance Statement (continued)**

**Governance Review continued...**

Attendance at meetings in the period was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
C Barwell	6	6
K Wood	5	6
C Faulkner	6	6
G Connor	4	6
S Lloyd	3	6
I Craddy	4	6
S Cochrane	3	3
R Hatfield	1	1

The School Effectiveness 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 meeting in the period was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
K Wood	3	3
G Connor	2	3
A Stogdale	2	3
N D'Inverno	2	3
C Barwell	3	3
S Laverick	3	3
L Payne	3	3
I Craddy	1	3
C Faulkner	3	3

**Review of Value for Money**

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

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

- Almost 50% saving on previous year's insurance by using LA brokerage and gaining discount with maintained schools; £15,840 to £8,461.
- Swimming Services moved to another Local Authority provider saving almost £2,000.
- Additional income from Mellors catering re the use of our kitchen to make pack outs for 2 local schools who were omitted from their catering tender due to them having no kitchen facilities; £1,000.
- 2 year old provision - funding increased by £25,000 by Local Authority due to rising costs and increased space.
- HR/Payroll provider changed at a saving of around £6,000
- Employment of an Early Help Intervention Practitioner (fully trained social worker) saving on average £1,000 per annum in the leadership salaries.

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 period 1 June 2014 to 31 August 2015 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 period 1 June 2014 to 31 August 2015 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 period 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 EFA'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 Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period 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). The submission of the FMGS was followed up with a validation visit from the EFA. All recommendations were reported to the Board.

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 weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Members of the Board of Trustees on 17 December 2015 and signed on its behalf by:

.....  
Carol Barwell  
Chair

.....  
Carl Faulkner  
Accounting Officer

**Ironstone Academy Trust**  
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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 Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 the EFA.

.....  
Carl Faulkner  
Accounting Officer

**Ironstone Academy Trust**  
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**Statement of Trustees' Responsibilities**

The Trustees (who act as governors of Ironstone Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the Trustees to prepare 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 2005;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 17 December 2015 and signed on its behalf by:

.....  
Carol Barwell  
Chair

**Ironstone Academy Trust**  
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**Independent Auditor's Report to the Members of Ironstone Academy Trust**

We have audited the financial statements of Ironstone Academy Trust for the period ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an 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 and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 13), the trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency

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**Independent Auditor's Report to the Members of Ironstone Academy Trust (continued)**

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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

D J Robertson  
Senior Statutory Auditor for and on behalf of  
Anderson Barrowcliff LLP  
Statutory Auditor  
Chartered Accountants  
Waterloo House  
Teesdale South  
Thornaby Place  
Thornaby on Tees  
TS17 6SA

Dated: .....

**Ironstone Academy Trust**  
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**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 Funding Agency (EFA), as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period 14 May 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Ironstone Academy Trust and the EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ironstone Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**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 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions confirm to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 14 May 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies: Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy 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.



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**Independent Reporting Auditor's Assurance on Regularity to the Governing Body of**  
**Ironstone Academy Trust and the Education Funding Agency (continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 14 May 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

D J Robertson  
Reporting Accountant  
Anderson Barrowcliff LLP  
Statutory Auditor  
Chartered Accountants  
Waterloo House  
Teesdale South  
Thornaby Place  
Thornaby on Tees  
TS17 6SA

Dated: .....

**Ironstone Academy Trust**  
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**Statement of Financial Activities**  
**for the Period 14 May 2014 to 31 August 2015**

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	<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>2015</u> <u>Total</u> £'000
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
• Voluntary Income	2	9	-	-	9
• Activities for generating funds	3	41	-	-	41
• Voluntary Income - Transfer from Local Authority on conversion	22	226	(354)	2,939	2,811
• Investment income – Pension finance income	21	-	2	-	2
<b>Incoming resources from charitable activities:</b>					
• Funding for the Academy's educational operations	4	116	3,025	-	3,141
<b>TOTAL INCOMING RESOURCES</b>		392	2,673	2,939	6,004
<b>RESOURCES EXPENDED</b>					
<b>Charitable Activities:</b>					
• Academy's educational operations	6	183	2,736	72	2,991
• Governance Costs	7	9	90	-	99
<b>TOTAL RESOURCES EXPENDED</b>	5	192	2,826	72	3,090
<b>Net incoming/(outgoing) resources before transfers</b>					
Gross transfers between funds	14	-	(156)	156	-
<b>Net income/(expenditure) for the year</b>		200	(309)	3,023	2,914
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes	14,21	-	(93)	-	(93)
<b>NET MOVEMENT IN FUNDS IN THE YEAR</b>		200	(402)	3,023	2,821
<b>FUNDS CARRIED FORWARD AT 31 AUGUST 2015</b>	14	200	(402)	3,023	2,821

All of the academy trust's activities derive from continuing operations during the above financial period.

The notes on pages 19 to 33 form part of these financial statements.

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Balance Sheet**  
**As at 31 August 2015**

	Note	£'000	<u>2015</u> £'000
<b>FIXED ASSETS:</b>			
Tangible assets	11		3,023
<b>CURRENT ASSETS:</b>			
Debtors	12	200	
Cash at bank and in hand		232	
		<u>432</u>	
<b>CREDITORS:</b>			
Amounts falling due within one year	13	189	
		<u>189</u>	
<b>NET CURRENT ASSETS</b>			<u>243</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,266</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			
Pension scheme liability	21		(445)
			<u>(445)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u><u>2,821</u></u>
<b>FUNDS OF THE ACADEMY:</b>			
<b>Restricted funds</b>			
General funds	14		43
Fixed asset funds	14		3,023
Pension reserve	14		(445)
			<u>2,621</u>
<b>Total restricted funds</b>			<u>2,621</u>
<b>Unrestricted funds</b>			
General fund	14		200
			<u>200</u>
<b>Total unrestricted funds</b>			<u>200</u>
<b>TOTAL FUNDS</b>			<u><u>2,821</u></u>

The accounts have been prepared in accordance with special provisions in Part 15 of the Companies Act 2006 relating to small companies.

The financial statements on pages 18 to 33 were approved by the Trustees, and authorised for issue on .....and are signed on their behalf by:

.....  
Carol Barwell  
Chair

The notes on pages 19 to 33 form part of these financial statements.

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Cash Flow Statement**  
**for the Period 14 May 2014 to 31 August 2015**

	Note	<u>2015</u> £'000
Net cash inflow from operating activities	18	162
Cash transferred on conversion to an academy trust	22	226
Capital expenditure	11	(156)
<b>Increase in cash in the period</b>		<u>232</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		<u>232</u>
<b>Net funds at 31 August 2015</b>	19	<u><u>232</u></u>

All of the cash flows are derived from activities in the current financial period.

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**1 ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA 2014 to 2015 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Going Concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**Incoming Resources**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. Incoming resources are not shown net of expenditure.

**Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

**Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

**Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

**VAT**

Under the VAT 126 scheme, costs incurred are shown net of recoverable VAT.

**Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**1 ACCOUNTING POLICIES continued ...**

**Governance costs**

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

**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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. 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:

Freehold buildings	2% on cost
Computer and educational equipment	33% on cost

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.

**Leasehold**

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.

**Leased assets**

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

**Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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 Period Ended 31 August 2015**

**1 ACCOUNTING POLICIES continued ...**

**Pensions**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS') and Prudential. These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

***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 quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

***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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. 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 Trust 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 EFA and DfE.

***Conversion to Academy***

The conversion from a local authority controlled school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operations of the school for the consideration of £nil. The substance of the transaction is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred from the local authority to the Academy Trust at fair value, with the exception of the long leasehold property which was transferred at depreciated replacement cost. This is in line with the accounting policies adopted by the Academy Trust. The accounts have been recognised under the appropriate balance sheet headings with corresponding amounts recognised under incoming resources. Fixed assets are held in a restricted fixed asset fund and all other assets are held as a general unrestricted fund.

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**2 VOLUNTARY INCOME**

	Unrestricted £'000	Restricted £'000	Total 2015 £'000
Other donations	9	-	9
	<u>          </u>	<u>          </u>	<u>          </u>

**3 ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted £'000	Restricted £'000	Total 2015 £'000
Other income	41	-	41
	<u>          </u>	<u>          </u>	<u>          </u>

**4 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted £'000	Restricted £'000	Total 2015 £'000
<b>DfE/EFA grants</b>			
General Annual Grant (GAG)	-	2,166	2,166
Start up Grant	-	25	25
Capital Grants	-	201	201
Other EFA/DfE Grants	-	259	259
	<u>          </u>	<u>          </u>	<u>          </u>
	-	2,651	2,651
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other government grants</b>			
Local Authority Grants	-	296	296
Special educational projects	-	35	35
	<u>          </u>	<u>          </u>	<u>          </u>
	-	331	331
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other income</b>			
School Trip income	-	43	43
Catering income	76	-	76
Other	40	-	40
	<u>          </u>	<u>          </u>	<u>          </u>
	116	43	159
	<u>          </u>	<u>          </u>	<u>          </u>
	116	3,025	3,141
	<u>          </u>	<u>          </u>	<u>          </u>



**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**5 RESOURCES EXPENDED**

	Non Pay Expenditure			Total
	Staff Costs	Premises	Other Costs	2015
	£'000	£'000	£'000	£'000
Academy's educational operations				
• Direct costs	1,819	-	214	2,033
• Allocated support costs	189	286	483	958
	2,008	286	697	2,991
Governance costs including allocated support costs	-	-	99	99
	2,008	286	796	3,090
	2,008	286	796	3,090
				<b>2015</b>
				<b>£'000</b>
Net income for the period includes:				
Operating leases – plant and machinery				24
Fees payable to auditor - audit				4
- other services				4
				24
				4
				4
				24

**6 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS**

	<b>2015</b>
	<b>£'000</b>
<b>Direct costs</b>	
Teaching and educational support staff costs	1,819
Staff development	8
Technology costs	13
Other direct costs	193
	2,033
	2,033

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**6 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS continued ...**

	<b>2015</b> <b>£'000</b>
<b>Support costs</b>	
Support staff costs	189
Technology costs	39
Maintenance of premises and equipment	286
Depreciation	72
Catering	184
Energy costs	17
Security and transport	64
Insurance	27
Rates	15
Cleaning	5
Other costs	60
	958
<b>Total</b>	<b>2,991</b>

**7 GOVERNANCE COSTS**

	<b>2015</b> <b>£'000</b>
Legal and professional fees	57
Auditors remuneration - audit of the financial statements	4
- other audit costs	4
Other staff related costs	29
Other costs	5
	99
	<b>99</b>

**8 STAFF COSTS**

	<b>2015</b> <b>£'000</b>
<b>a) Staff costs during the period were:</b>	
Wages and salaries	1,624
Social security costs	110
Operating costs of defined benefit pension scheme	260
	1,994
Supply teacher costs	14
	<b>2,008</b>

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**8 STAFF COSTS continued ...**

**b) Staff numbers**

The average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2015 expressed as full time equivalents was as follows:

	<b>2015</b>
	<b>No</b>
<b>Charitable Activities</b>	
Teachers and Assistants	<b>46</b>
Administration and support	<b>7</b>
Management	<b>1</b>
Lunchtime/afterschool	<b>1</b>
	<hr/>
	<b>55</b>
	<hr/> <hr/>

- c) No employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the period ended 31 August 2015.

**9 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES**

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy. The Head Teacher and other staff trustees only receive remuneration in respect of services that they provide undertaking the roles of Head Teacher and staff members and not in respect of their role as trustees. The value of the trustees' remuneration was as follows (15 months):

C Faulkner (Principal & Trustee)	Remuneration £70,000 - £75,000 Employers' Pension Contributions £10,000 - £15,000
K Wood (Staff Trustee)	Remuneration £55,000 - £60,000 Employers' Pension Contributions £5,000 - £10,000
G Connor (Staff Trustee)	Remuneration £20,000 - £25,000 Employers' Pension Contributions £Nil - £5,000
N D'Inverno (Staff Trustee)	Remuneration £30,000 - £35,000 Employers' Pension Contributions £Nil- £5,000

During the period ended 31 August 2015 no travel and subsistence expenses were reimbursed.

No other related party transactions occurred in the period.

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**10 TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim. The cost for the period ended 31 August 2015 was £1,115. The cost of this insurance is included in the total insurance cost.

**11 TANGIBLE FIXED ASSETS**

	Long Leasehold Buildings £'000	Assets in the Course Of Construction £'000	Computer & Educational Equipment £'000	Total £'000
<b>COST:</b>				
Transfer on conversion	2,939	-	-	2,939
Additions	128	25	3	156
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 August 2015</b>	<b>3,067</b>	<b>25</b>	<b>3</b>	<b>3,095</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>DEPRECIATION:</b>				
Charge in year	72	-	-	72
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 August 2015</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>72</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>NET BOOK VALUE:</b>				
<b>At 31 August 2015</b>	<b>2,995</b>	<b>25</b>	<b>3</b>	<b>3,023</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**12 DEBTORS**

	<b>2015</b>
	<b>£'000</b>
Trade debtors	8
Prepayments	19
Accrued income	22
VAT recoverable	151
	<hr/>
	<b>200</b>
	<hr/> <hr/>

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2015</b> <b>£'000</b>
Trade creditors	53
Taxation and social security	24
Other creditors	31
Accruals	28
Deferred income	53
	189
	189
<b>Deferred Income</b>	
Resources deferred in the period	53
	53
Deferred Income at 31 August 2015	53

Deferred income is made up of universal free school meals and devolved capital grant monies received in advance of the 2015/16 school year.

**14 FUNDS**

	<b>Inherited on conversion £'000</b>	<b>Incoming resources £'000</b>	<b>Resources expended £'000</b>	<b>Gains/ losses and transfers £'000</b>	<b>2015 £'000</b>
<b>RESTRICTED FUNDS</b>					
General Annual Grant	-	2,165	(2,048)	(81)	36
Start up Grant	-	25	(25)	-	-
Other EFA/DfE Grants	-	460	(460)	-	-
Local Authority	-	297	(222)	(75)	-
British Council	-	3	(3)	-	-
School Trip Income	-	43	(43)	-	-
Pension reserve	(354)	2	-	(93)	(445)
NCTL	-	20	(13)	-	7
NSS Bursary	-	7	(7)	-	-
CfBT	-	1	(1)	-	-
Global Ed Training	-	4	(4)	-	-
	(354)	3,027	(2,826)	(249)	(402)
	(354)	3,027	(2,826)	(249)	(402)
<b>RESTRICTED FIXED ASSET FUND</b>					
	2,939	-	(72)	156	3,023
<b>UNRESTRICTED FUNDS:</b>					
General Fund	226	166	(192)	-	200
	226	166	(192)	-	200
	2,811	3,193	(3,090)	(93)	2,821

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**14 FUNDS continued ...**

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 2015.

Start up grant was received to assist with the costs of conversion to academy.

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

Other DfE and government grants include Pupil Premium and Special Educational Needs.

The pension reserve represents the deficit of the LGPS.

The Local Authority funds were received for spending for Early Years and Special Educational Needs. A capital grant was received to help with the Early Years capital costs.

British Council funding was received for a cultural exchange.

NCTL and NSS Bursary Fund were received to allow the Trust to help other schools in the area improve standards.

CFTB Education Trust and Global Ed Fund were received for special educational projects.

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

**Fund Transfers**

£81,144 and £75,000 have been transferred from the general restricted fund and the Local Authority Fund respectively to the restricted fixed assets fund. This represents fixed assets purchased from the GAG and local authority grant.

**15 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2015 are represented by:

	<b>Unrestricted Fund £'000</b>	<b>Restricted General Fund £'000</b>	<b>Fixed Asset Fund £'000</b>	<b>Total £'000</b>
Tangible fixed assets	-	-	3,023	<b>3,023</b>
Current assets	200	232	-	<b>432</b>
Creditors due within one year	-	(189)	-	<b>(189)</b>
Pension scheme liability	-	(445)	-	<b>(445)</b>
Total	<u>200</u>	<u>(402)</u>	<u>3,023</u>	<u><b>2,821</b></u>

**16 CAPITAL COMMITMENT**

	<b>2015 £'000</b>
Contracted for, but not provided in the accounts	<u><b>26</b></u>

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**17 FINANCIAL COMMITMENTS**

**Operating leases**

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	<b>2015</b>
	<b>£'000</b>
Other leases which expire:	
• Within one year	15
• Within two to five years	6
	6

**18 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2015</b>
	<b>£'000</b>
Net income	2,914
Depreciation (note 11)	72
FRS 17 Finance Income (note 21)	(2)
FRS 17 pension cost less contributions payable	-
Inherited on conversion (note 22)	(2,585)
Cash transferred on conversion (note 22)	(226)
Increase in debtors	(200)
Increase in creditors	189
	162

**19 ANALYSIS OF CHANGES IN NET FUNDS**

	<b>Cashflows</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	232	232
	232	232

**20 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.

**21 PENSION COMMITMENTS**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 1 June 2014.

Contributions amounting to £30,430 were payable to the schemes at 31 August and are included within creditors.

**Ironstone Academy Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**21 PENSION COMMITMENTS continued ...**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% (currently 14.1%) 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 earning. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £160,000.

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

Under the definitions set out in Financial Reporting Standard (FRS 17), the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.



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**Notes to the Financial Statements**  
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**21 PENSION COMMITMENTS continued ...**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £124,000, of which employer's contributions totalled £97,000 and employees' contributions totalled £27,000. The agreed contribution rates for future years are 14.6 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**

	<b>31 August 2015</b> % per annum
Rate of increase in salaries	3.5
Rate of increase in pensions	2.0
Discount rate for liabilities	3.8
Pension accounts revaluation rates	2.0

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

	<b>31 August 2015</b>
Retiring today	
Males	23.0
Females	25.5
Retiring in 20 years	
Males	25.2
Females	27.8

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

	<b>Fair Value at 31 August 2015</b> £'000
Equity	560
Bonds	25
Property	42
Cash and other	56
Total market value of assets	683
Present value of scheme liabilities	-
Funded	(1,128)
Deficit in the scheme	(445)

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**21 PENSION COMMITMENTS continued ...**

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 June 2014 for the year to 31 August 2015). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The actual return on the scheme assets in the year was £7,000.

Amounts recognised in the statement of financial activities:-

	<b>2015</b> <b>£'000</b>
Analysis of pension finance income/(costs)	52
Expected return on pension scheme assets	(50)
Interest on pension liabilities	2
Pension finance income	2

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a loss of £445,000.

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

	<b>2015</b> <b>£'000</b>
At 1 June 2014	898
Current service cost	95
Interest cost	50
Actuarial losses	50
Benefits paid	8
Employee contributions	27
At 31 August 2015	1,128

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

	<b>2015</b> <b>£'000</b>
At 1 June 2014	544
Expected return on Scheme assets	52
Actuarial losses	(45)
Employer contributions	97
Employee contributions	27
Benefits paid	8
At 31 August 2015	683

The estimated value of employer contributions for the year ended 31 August 2016 is £58,000.

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**Notes to the Financial Statements**  
**for the Period Ended 31 August 2015**

**21 PENSION COMMITMENTS continued ...**

History of experience adjustments is as follows:-

	2015	2014
	£'000	£'000
Present value of defined benefit obligation	(1,128)	(898)
Fair value of share of scheme assets	683	544
Deficit in the scheme	(445)	(354)
Experience adjustments on Scheme liabilities	-	-
Experience adjustments on share of scheme assets	(45)	-

It must be appreciated in accordance with the Charity Commission publication, 'Charity Reserves and Defined Pension Schemes' that where, under FRS17, 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 June 2014 the Normanby 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 the local authority for £nil consideration.

The transfer has been accounted for using the acquisition method. 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 net incoming resources in the statement of financial activities as other voluntary income.

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

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible fixed assets:				
Leasehold land and building	-	-	2,939	2,939
Budget surplus on school funds	226	-	-	226
LGPS pension deficit	-	(354)	-	(354)
	226	(354)	2,939	2,811
Net assets/(liabilities)	226	(354)	2,939	2,811

