Registered number: 06544825 (England and Wales)

SENTAMU ACADEMY LEARNING TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

SENTAMU ACADEMY LEARNING TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Trust, its Members, Directors and Advisers	1 - 2
Directors' Report	3 - 13
Governance Statement	14 - 17
Statement on Regularity, Propriety and Compliance	18
Statement of Directors' Responsibilities	19
Independent Auditors' Report on the Financial Statements	20 - 21
Independent Reporting Accountants' Assurance Report on Regularity	22 - 23
Statement of Financial Activities Incorporating an Income and Expenditure Account	24
Balance Sheet	25
Statement of Cash Flows	26
Notes to the Financial Statements	27 - 51

SENTAMU ACADEMY LEARNING TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS MEMBERS, DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

P P Ashton
J C Downing
The Right Reverend P Ferguson
The Most Revd and Rt Hon Dr John Sentamu

Directors

J C Downing, Chair[1]
Dr R A Lees, Vice Chair (resigned 17 November 2016)
A N Chubb, Executive Principal and Accounting Officer[1]
C J Coulter
J L Daniels
R A Davies
P D Duffield[1]
E A McGuire (appointed 9 June 2016, resigned 26 September 2016)
R A Pritchard (resigned 4 February 2016)

[1] members of the Audit committee

Company registered number

06544825

Company name

Sentamu Academy Learning Trust

Principal and registered office

1 Bilton Grove
Hull
East Yorkshire
HU9 5YB

REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS MEMBERS, DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Company secretary

M Watson

Senior leadership team

A N Chubb, Executive Principal
C Bell, Associate Principal
C Mulqueen, Principal (Aspire)
C J Coulter, Principal (Stockwell)
S Wilson, Principal (Newland St John's)
J L Daniels, Principal (St James)
K Matchett, Chief Financial Officer

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Yorkshire Bank
46 Coney Street
York
North Yorkshire
YO1 9NQ

Solicitors

Rollits LLP
Citadel House
58 High Street
Hull
East Yorkshire
HU1 1QE

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Trust operates 3 primaries,1 secondary and 1 alternative provision academy in Hull. Its academies have a combined pupil capacity of 2,532 and had a roll of 2,415 in the school census on 8 June 2016.

The Trust has adopted SORP (FRS102) for the first time which has led to remapping of certain items of income and expenditure. Further details are given in note 30.

OBJECTIVES AND ACTIVITIES

The vision of the Trust is: "Be Extraordinary".

Our mission statement sets out how we intend to achieve this for our young people:

We believe that young people achieve their fullest potential when they have a vision of everything their lives could become. The Bible (John 10:10) quotes Jesus as saying, "I have come that they may have life and may have it in all its fullness". As the Trust's academies, we commit ourselves to inspiring our students, and equipping them with the resilience and determination to unlock their unique gifts and realise their highest aspirations. We aim to achieve this through following distinctly Christian principles and focusing on four key areas: service, achievement, leadership and teamwork.

Objects and Aims

The principal object and activity of the charitable company is the operation of 3 primary academies (Stockwell, St. James' and Newland St John's), an Alternative Provision (AP) academy (ASPIRE), and an 11-19 academy (Archbishop Sentamu Academy) to provide education for students of different abilities.

Two of the academies (Stockwell and Aspire) are without a religious designation.

In accordance with the articles of association, the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objective of the Trust during the year ended 31 August 2016 is summarised below:

To advance for the public benefit education in the United Kingdom, within the context of a Christian ethos and practice, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a group of academies that offer a broad curriculum enabling all students to flourish and reach their full potential.

OBJECTIVES AND ACTIVITIES (CONTINUED)

Objectives, strategies and activities

The Trust's main objectives are based on in its mission statement which is "Be Extraordinary". To this end the objectives and the strategies used to achieve them include:

Service:
We serve our local communities by committing to welcome all young people local to our academies, including those who present the most challenge. We welcome those who need a "second chance", in line with the city-wide agreed Fair Access Policy, and will encourage other schools and academies to do the same, that those young people being so welcomed will meet each other as equals in God's love.

We serve our young people by providing them with a disciplined and rigorous academic environment, in which they are able to flourish spiritually, emotionally, academically and physically. We model graciousness and forgiveness to them, and expect them to exhibit the same attitudes towards each other. We make every effort to develop their skills so that they can become outstanding learners who are highly ambitious and capable of self-direction and highly ambitious to serve our local, national and global communities.

We serve our staff by providing them with the support, challenge and training that they need to flourish as professionals, focusing in particular on enabling all to become reflective, proactive practitioners so that we create a self-improving system across the Trust.

Achievement:
Our academies demonstrate a relentless drive to raise standards, year on year, ensuring that each young person is supported to reach his or her full potential as children of Christ. This encompasses achievement in all areas - academic, sporting, practical and artistic, as well as the aim of developing well-rounded individuals, who are ready to serve each other and to take their place in society.

We aim to inspire all our young people through a rich curriculum, which includes a range of memorable activities, stretching them to achieve the highest levels of progress in relation to their individual starting points. Our commitment to the highest levels of pastoral care ensures that we nurture them so that they may fulfill the unique purpose God has intended for them.

Leadership:
Each of our academies is characterised by a determination to identify the causes of under-achievement, and to put into place strategies that lead to breakthroughs in the performance of its young people. To achieve this, leadership development is at the heart of our staff training programmes.

Equally, our young people are shown the importance of providing leadership themselves, and are given a wide range of opportunities to do so.

Teamwork:
Whilst stressing the importance of personal accountability, our young people are taught the TEAM principle: "Together, Everyone Achieves More"; our academies are characterised by giving them a range of opportunities to do so.

By the same token, our Performance Management systems for staff emphasise the centrality and value of staff supporting each other in teams; as well as being accountable for their own performance, colleagues are also developed to be accountable to each other.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 3 and 19.

OBJECTIVES AND ACTIVITIES (CONTINUED)

Public benefit

The Trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Directors have considered this guidance in deciding what activities the Trust should undertake.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Trust has had a mixed year. Exam results at ASPIRE were excellent, and the DfE monitoring visit confirmed that the academy should achieve at least "Good", and probably "Outstanding" when they have their Ofsted inspection. The 3 primary academies achieved KS2 results that were broadly in line with the national average. ASA's A and A/S level results improved significantly over the previous year's, as did its first-entry GCSE grades. However, in May, a no-notice inspection resulted in a judgement of Special Measures by Ofsted. A recovery plan was immediately put into place, and the academy is working hard to be judged "Good" again in the shortest time-frame possible.

Key Performance Indicators

Aspire has achieved the following GCSE and equivalent results:

	No. of end of KS4 pupils	% entered for 5+ GCSEs or equiv	% 5+ GCSE at A*-C or equiv	% 5+ GCSE at A*-C inc eng and maths GCSE	5+ GCSE at A*-G or equiv
Aspire 14/15	31	100	3	3	87
Aspire 15/16 Predicted	36	100	35	26	97
Aspire 15/16 Actual	33	100	33	33	97
Yorkshire and the Humber	1008	35.4	10.8	3.4	27.5
Kingston upon Hull	266	62.4	35	11.3	55.6
AP National	9,750	32.8	5.4	1.5	24.4
Mainstream National	**632,676**	**95.7**	**81.8**	**59.2**	**94.3**

	Level 2 English and maths skills	Level 1 English and maths skills	A pass in any qual	Av GCSE/equiv point score per pupil end of KS4
Aspire 14/15	3	87	100	159
Aspire 15/16 Predicted	26	97	100	
Aspire 15/16 Actual	33	97	100	190
Yorkshire and the Humber	6.4	36.6	82.7	117.9
Kingston upon Hull	13.5	47.7	94.7	239.6
AP National	5.2	35.4	81	95.2
Mainstream National	61	92	99.6	458.9

ACHIEVEMENTS AND PERFORMANCE (continued)

Archbishop Sentamu Academy has achieved the following Post 16 results:

	National 2016 %	ASA 2016 %	Difference	Percentage Points Improvement
A*	8.1	2	-6.1	2.1
A*-A	25.8	14	-11.8	10.1
A*-B	52.9	38	-14.9	22.9
A*-C	77.6	78	.4	33.7
A*-D	91.6	90	-1.6	25.4
A*-E	97.4	98	0.6	10.1

Archbishop Sentamu Academy has achieved the following AS Level results:

Measure	2016	2015	Change 2015-2016
A	8	6	2
B	16	9	7
C	23	21	2
D	22	16	6
E	9	18	-9
U	22	30	-8

Archbishop Sentamu Academy has achieved the following GCSE results:

	2016	2015
5A* to C inc. Maths & English	34%	16%
English Maths Cross Over	36%	15%
P8	-0.17	-0.94
A8	4.3	3.47

Significant improvers for ASA include:

	2016	2015	+ / -
English Literature	57%	47%	10%
GCSE Food	39%	17%	22%
GCSE Business	67%	0%	67%
Chinese	100%	58%	42%
GCSE Music	50%	0%	50%
RE	70%	43%	27%
French	76%	46%	30%

Progress measures for each of the primary schools for KS1 to KS2

Criteria	Newlands	St James	Stockwell
% of eligble pupils included in the reading progress measure	79%	96%	88%
% of eligble pupils included in the writing progress measure	82%	100%	97%
% of eligble pupils included in the maths progress measure	79%	100%	91%

Average scaled score per pupil

Criteria	Newlands	St James	Stockwell
Average scaled score in reading	103	100	102
Average scaled score in grammar, punctuation and spelling	104	102	102
Average scaled score in maths	102	100	101

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Individual subjects - attainment

Criteria	Newlands	St James	Stockwell
Reading: % of pupils achieving expected standard	67%	52%	64%
Reading: % of pupils achieving a high standard	26%	7%	9%
Reading: % of pupils absent or unable to access the test	3%	0%	3%
Writing: % of pupils achieving expected standard	74%	78%	76%
Writing: % of pupils working at greater depth within the expected standard	18%	15%	9%
Writing: % of pupils absent or disapplied	0%	0%	0%
Mathematics: % of pupils achieving expected standard	62%	67%	61%
Mathematics: % of pupils achieving a high standard	15%	4%	9%
Mathematics: % of pupils absent or unable to access the test	3%	0%	3%
Grammar, punctuation & spelling: % of pupils achieving the expected standard	72%	67%	61%
Grammar, punctuation & spelling: % of pupils achieving a high standard	23%	7%	15%
Grammar, punctuation & spelling: % of pupils absent or unable to access the test	3%	0%	3%

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the 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

Financial Report for the Year

Most of the Trust's income is obtained from the Department of Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/EFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition to local and national government funding, the Trust received contributions of £115,000 towards catering costs, £246,000 in additional funding towards salaries and £149,000 in general income relating to trips, donations and sales of uniform and equipment.

During the year ended 31 August 2016, total expenditure of £17,495,000 exceeded recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £100,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trust's objectives.

At 31 August 2016 the net book value of fixed assets was £35,796,000 and movements in tangible fixed assets are shown in note 15 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £3,953,000 recognised on the balance sheet.

The Academy Trust held fund balances at 31 August 2016 of £33,626,000 comprising £32,974,000 of restricted funds and £389,000 of unrestricted funds.

FINANCIAL REVIEW (continued)

Reserves policy

The Trust holds endowment, restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as raise attainment, develop teaching and learning and achieve positive outcomes for all students.

- To cover on-going costs in relation to the running of the Trust, including catering provision, school trip and uniform costs.

The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the on-going needs of the Trust is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors therefore consider it prudent to hold reserves of £850,000 made up of restricted and unrestricted reserves.

This is considered sufficient to provide the ability to assist any or all the constituent academies through a period of deficit outturns for a period of three years

When setting the reserve policy the Trust considers the combined balance of both restricted (£1,131,000) and unrestricted reserves (£389,000) as one fund. The rationale for this is that the conditions of the restricted funds are the same as the purpose and objective of the Trust; the furtherance of education.

The Directors continue to consider additional activities, related to the Trust's objectives, to which the excess reserves may be applied including:

a) Buildings condition and the teaching environment

b) Central services – for the benefit of all students within the Trust.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the Trust. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment by making support resources available and through training and career development.

Investment policy

The Trust takes advantage of savings and investment accounts available within the pre-approved banking structure. Money is invested to maximise returns in products which cannot returnless than the capital invested, protecting the Trust's reserves. The decision to invest only in products which are offered by the Trust's pre-approved banks gives the Executive Principal and the Chief Financial Officer the flexibility to invest funds quickly, maximising returns on short term products.

FINANCIAL REVIEW (continued)

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Trust balance sheet.

The Directors have assessed the major risks to which the Trust is exposed, in particular those relating specifically to teaching provision, facilities and other operational areas of the academy, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trust has fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area, in addition to training on Child Protection.

The Trust is subject to a number of risks and uncertainties, in common with other academies. The Trust has in place procedures to identify and mitigate financial risks.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The 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 Trust. The Trustees of Sentamu Academy Learning Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Sentamu Academy Learning Trust.

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

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up 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.

Method of recruitment and appointment or election of Directors

The articles require that the members shall appoint a minimum of six Directors and may appoint up to two Academy Principals, in addition to the Executive Principal, as Directors.The number of Directors employed by the company cannot exceed one third of the total number of Directors. The six Directors appointed by the members may also co-opt up to two co-opted Directors with the consent of the members. The term of office for any Director shall be 4 years (other than co-opted Directors), save that this time limit shall not apply to the Executive Principal or any Academy Principal. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected. When a vacancy arises, any new Directors are recruited by Directors/members based on needs as determined by a skills audit.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of Directors

The training and induction provided for new Directors depends partly on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new Directors are given a tour and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need in order to undertake their role as Directors. As there are normally only one or two new Directors a year, induction tends to be done informally and is tailored specifically to the individual. However, the Trust also organises an ongoing and structured programme of training for all directors, to enable them to provide appropriate levels of challenge to the Executive Principal on the performance of each of the academies.

Pay policy for key management personnel

The Trust has a central pay policy which cleary sets out the processes and criteria which must be adhered to in taking any pay related decisions.

The Executive Principal's, the Chief Financial Officer's and the Director of Human Resource's renumeration is reviewed and decided by the Trust board.

Principals and key members of SLT's salaries are set by the respective LGCs, as per the applicable scheme of delegation.

Teachers' pay and progression is assessed in the first instance by a department head or SLT link against their performance in the year and how they have performed against their targets. This is then reviewed by SLT and a recommendation is made to a panel made up of the relevant academy's governors and Principal. Where appropriate the Director of Human Resources also attends.

All non-teaching employees are employed on a four point grade on the administration pay scales. With satisfactory performance and behaviour they progress along their scale each April until they reach the top of the scale.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

During the year, the Trust continued to operate a unified management structure. The structure consists of a Board of Directors, who run each of the five academies through a local governing committee for each academy, that operates under a scheme of delegation, setting out clearly their roles and responsibilities and powers to act. Each academy in turn has a senior leadership team and a middle management team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors meet at least seven times a year (including the AGM) to discuss the management information provided by the executive group, make recommendations on their findings, set the strategic vision and direction of the Trust and review the performance of the Executive Principal and the overall effectivenss of the Trust's senior leaders and key positions. The Trust board consists of the Executive Principal, two primary Principals, a primary Chair of Governors and three non-executives with legal, financial and educational expertise.

The executive group consists of the Executive Principal (who is also the Principal of one of the academies), the four other academy Principals, the Chief Financial Officer and the Director of Human Resources. These roles are the key personnel within the Trust who deliver the board's vision and goals, provide the management information system for Directors to assess the effectiveness of the Trust, and guide them in their decision-making.

There is a senior leadership team (SLT) at each academy which (including Principals) totals around thirty across the Trust. SLTs have the role of administering and managing their respective academies, developing teaching and learning, increasing positive outcomes for all learners and reporting on and reviewing the effectiveness of their academy, for the pruposes of continual improvement.

The middle leadership of each academy is centred on subject directors, department heads and key roles for specific development strategies, such as numeracy and literacy. The role of these personnel is to deliver the functional day-to-day requirements of teaching through the direction provided by the levels of management above.

Connected organisations, including related party relationships

The Trust is a Church of England Trust that works closely with the Diocese of York Board of Education to deliver modern education, underpinned by religious education, whilst respecting other beliefs and faiths.

Further details are stated in note 27 to the Financial Statements.

Directors' indemnities

The Trust has purchased insurance to protect governors, directors and members from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 13.

PLANS FOR FUTURE PERIODS

Future developments

The Trust plans to continue to develop and deliver the best levels of education for all students in the future by continuing to commit increased levels of funding to working with established and successful school improvement partners to improve outcomes across the Trust.

A review of facilities and site development issues will lead to the Trust expending surplus reserves in order to maintain and develop the furtherance of education, whilst maintaining sufficient levels of reserves to safeguard all operations in the future.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Directors are aware:

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

This report was approved by the Board of Directors on 5 December 2016 and signed on its behalf by:

J C Downing
Chair

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

As Directors we acknowledge we have overall responsibility for ensuring that Sentamu Academy Learning 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 Directors has delegated the day-to-day responsibility to the Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreement between Sentamu Academy Learning Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 7 times during the year. Attendance during the year was as follows:

Director	Meetings attended	Out of a possible
J C Downing, Chair	7	7
Dr R A Lees, Vice Chair	7	7
A N Chubb, Executive Principal and Accounting Officer	7	7
C J Coulter	7	7
J L Daniels	7	7
R A Davies	7	7
P D Duffield	7	7
E A McGuire	2	2
R A Pritchard	0	2

During the academic year, Robert Pritchard left the board. The Board continues actively to seek new appointments that will strengthen the Trust, in line with the Articles of Assocation, in competitive conditions.

The audit committee is also a sub-committee of the main Board of Directors. Its purpose is to review the internal systems of control within the Trust and provide the Board with assurances, monitor and review the performance of the Chief Financial Officer, monitor and mitigate risk, direct the audit plan and monitor the auditors performance. The chair of the audit committee is a Fellow of the Institute of Chartered Accountants.

The committee is responsible for managing risks within the Trust on behalf of the Board and reviewing and reporting on the suitablities of systems and controls throughout the Trust, with a particular emphasis on finance. It also reviews the work and effectiveness of the internal and external auditors through the setting of the audit timetable and reviewing their findings at termly meetings.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
A N Chubb	3	3
J C Downing	3	3
P D Duffield, Chair	3	3

Review of Value for money

As Accounting Officer, the Executive Principal has responsibility for ensuring that the 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 Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- The Trust investing in additional teaching capacity, throughout the year, after the end of the academy day, with a view to driving up exam outcomes. The investment has resulted in a significant rise in GCSE results, especially in Science and better than the national baseline on whole academy progress in the secondary setting.
- The Trust investing £60,000 in school improvement partners for its three primaries. The Trust used its purchasing power to negotiate a favourable day rate, saving £26,000.
- The Trust has taking a lease on an AP service previously run by a commercial firm. In securing a long term lease on the service, the Trust can now offer these services to all of its academies and will make annual savings of around £10,000.
- The Trust re-negotiating a major contract relating to printing and document management, which will generate immediate saving of £50,000 and, through careful management, could lead to a further saving of £20,000 over the duration of the contract.
- Moving all academies onto one accounting system, saving support costs of £20,000.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Sentamu Academy Learning Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a sufficiently formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

The 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 Directors;
- regular reviews by the Finance and Personnel committees 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 Directors has considered the need for a specific internal audit function and has decided to appoint the Local Authority as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of funding and compliance to grant conditions
- testing of other income and charging

On a minimum of a termly basis, the auditor reports to the Board of Directors, through the audit committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. The auditor creates a rolling action plan, which reports its findings and rates them in terms of seriousness, the Chief Financial Officer adds comments and a time frame for the work needed (if appropriate) and then the action plan is submitted to the audit committee for review.

When matters are resolved they are moved to the bottom of the plan as closed. Once the audit committee has seen the closed items and agrees with the auditor's decision, they are removed from the plan.

The internal auditor's reports have been delivered as scheduled, in line with the agreed plan. The management of the Trust has reviewed the reports and actioned recommendations provided.

Review of Effectiveness

As Accounting Officer, the Executive Principal 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 internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the results of there reviews of the system of internal control and any plans to address weaknesses and ensure continuous improvement of the system.

Approved by the Board of Directors on 5 December 2016 and signed on its behalf, by:

J C Downing
Chair

A N Chubb
Accounting Officer

SENTAMU ACADEMY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sentamu Academy Learning Trust I have considered my responsibility to notify the Academy Trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust Board of Directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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

A N Chubb

A N Chubb
Accounting Officer

5 December 2016

SENTAMU ACADEMY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

The Directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction 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 Directors to prepare financial statements for each financial year. Under company law the Directors 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 Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

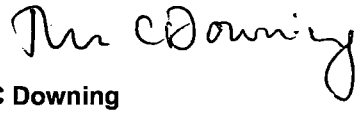
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that, in its conduct and operation, the Trust 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 Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors on 5 December 2016 and signed on its behalf by:



J C Downing
Chair

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SENTAMU ACADEMY LEARNING TRUST

We have audited the financial statements of Sentamu Academy Learning Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating an Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the 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 Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 Trust's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SENTAMU ACADEMY LEARNING TRUST

Matters on which we are required to report by exception

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

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

Christopher Beaumont BA(Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
5 December 2016

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SENTAMU ACADEMY LEARNING TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sentamu Academy Learning Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Sentamu Academy Learning Trust's and the reporting accountants

The Accounting Officer is responsible, under the requirements of Sentamu Academy Learning Trust's funding agreement with the Secretary of State for Education dated 23 May 2008 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by 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 Trust's income and expenditure.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SENTAMU ACADEMY LEARNING TRUST AND THE EDUCATION FUNDING AGENCY (continued)

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of Internal Audit reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

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 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clive Owen LLP

Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

5 December 2016

SENTAMU ACADEMY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Endowment funds 2016 £000	Total funds 2016 £000	As restated Total funds 2015 £000
INCOME AND ENDOWMENTS FROM:							
Donations & capital grants:							
Transfer from Local Authority on conversion	3	-	-	-	-	-	3,839
Other donations and capital grants	3	-	-	74	-	74	729
Charitable activities	6	-	16,057	-	-	16,057	14,525
Other trading activities	4	473	-	-	-	473	442
Investments	5	6	-	-	-	6	7
TOTAL INCOME AND ENDOWMENTS		479	16,057	74	-	16,610	19,542
EXPENDITURE ON:							
Charitable activities		459	15,977	1,059	-	17,495	15,325
TOTAL EXPENDITURE	8	459	15,977	1,059	-	17,495	15,325
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		20	80	(985)	-	(885)	4,217
Transfers between Funds	20	-	(147)	147	-	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES		20	(67)	(838)	-	(885)	4,217
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(1,039)	-	-	(1,039)	119
NET MOVEMENT IN FUNDS		20	(1,106)	(838)	-	(1,924)	4,336
RECONCILIATION OF FUNDS:							
Total funds brought forward		369	(1,716)	36,634	263	35,550	31,214
TOTAL FUNDS CARRIED FORWARD		389	(2,822)	35,796	263	33,626	35,550

All activities relate to continuing operations.

The notes on pages 27 to 51 form part of these financial statements.

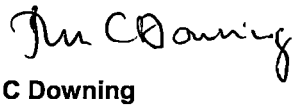
The Surplus for the year excluding fixed asset funds and movement on the Local Government Pension Scheme liability was £235,000.

SENTAMU ACADEMY LEARNING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 06544825

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	£000	As restated 2015 £000
FIXED ASSETS					
Tangible assets	15		35,796		36,634
Investments	16		-		-
			35,796		36,634
CURRENT ASSETS					
Stocks	17	8		14	
Debtors	18	504		446	
Cash at bank and in hand		2,803		2,874	
		3,315		3,334	
CREDITORS: amounts falling due within one year	19	(1,532)		(1,786)	
NET CURRENT ASSETS			1,783		1,548
TOTAL ASSETS LESS CURRENT LIABILITIES			37,579		38,182
Defined benefit pension scheme liability	24		(3,953)		(2,632)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			33,626		35,550
FUNDS OF THE ACADEMY					
Endowment funds	20		263		263
Restricted funds:					
Restricted funds	20	1,131		916	
Restricted fixed asset funds	20	35,796		36,634	
Restricted funds excluding pension liability		36,927		37,550	
Pension reserve		(3,953)		(2,632)	
Total restricted funds			32,974		34,918
Unrestricted funds	20		389		369
TOTAL FUNDS			33,626		35,550

The financial statements were approved by the Board of Directors, and authorised for issue, on 5 December 2016 and are signed on its behalf, by:



J C Downing
Chair

The notes on pages 27 to 51 form part of these financial statements.

SENTAMU ACADEMY LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	As restated 2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	22	67	491
Cash flows from investing activities:			
Dividends, interest and rents from investments		9	7
Purchase of tangible fixed assets		(221)	(518)
Capital grants from DfE/EFA		74	216
Cash transferred on conversion to an Academy Trust		-	231
Net cash used in investing activities		(138)	(64)
Change in cash and cash equivalents in the year		(71)	427
Cash and cash equivalents brought forward		2,874	2,447
Cash and cash equivalents carried forward		2,803	2,874

1. 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.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

1.2 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

1.3 INCOME

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities Incorporating Income and Expenditure Account 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 Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Directors 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 Trust to continue as a going concern. The Directors 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.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% on cost
Leasehold property	-	over the residual period of lease
Motor vehicles	-	25% on cost
Fixtures and fittings	-	20% on cost
Computer equipment	-	33.33% on cost

1. ACCOUNTING POLICIES (continued)

1.7 INVESTMENTS

The Trust's shareholding in the wholly owned subsidiary, Archie Student Activities Limited iis included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of preparing a valuation exceeds the benefit derived.

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the Bank.

1.10 TAXATION

The 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 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.

1.11 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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 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.

1.14 FINANCIAL INSTRUMENTS

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1. ACCOUNTING POLICIES (continued)

1.15 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.16 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The financial statements contain information about Archbishop Sentamu Academy as an individual charitable company and do not contain consolidated financial information as the parent of a group. The charitable company is exempt under Section 398 of the Companies Act 2006 and Section 24.12 of the SORP (FRS 102) from the requirement to prepare consolidated accounts.

1.17 AGENCY ARRANGEMENTS

The Trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 28.

1. ACCOUNTING POLICIES (continued)

1.18 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less it's residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £1,059,000.

Land and buildings - Land and buildings at Archibishop Sentamu Academy, ASPIRE and Stockwell Primary School, as well as the playing fields at Newland St John C of E and St James' C of E, are held under 125 year leases from Kingston Upon Hull City Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

The buildings at Newland St John C of E and St James' C of E are owned by the Diocese of York. The Trust occupies the buildings under a mere licence. The licence delegates aspects of the management of the buildings to the Trust for the time being, but does not vest any rights over the buildings in the Trust. The Diocese of York has given an undertaking to the Secretary of State that they will not give Trust less than two years notice to terminate the occupation of the buildings. Having considered the factual matrix under which the Trust is occupying the buildings the Directors have concluded that the value of the buildings occupied by the Trust will not be recognised on the balance sheet of the Trust. In addition, whilst this occupation constitutes a donation in kind to the Trust, the Directors consider that the cost of obtaining a valuation for such a donation outweighs the expense and therefore no such donation and related expense are included in the Statement of Financial Activities.

Management Fund - The academy has a contractual obligation to make monthly payments into a maintenance fund in respect of the building as Archbishop Sentamu Academy.
This fund will cover specified future maintenance of the building. This fund is held in trust by Sentamu Academy Learning Trust but does not belong to the Trust and is therefore excluded from the financial statements.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State some academies within the Trust were subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the Trust exceeded the limits during the year ended 31 August 2016.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Endowment funds 2016 £000	Total funds 2016 £000	As restated Total funds 2015 £000
Transfer from Local Authority on conversion	-	-	-	-	-	3,839
Donated assets (ASPIRE)	-	-	-	-	-	513
Devolved formula capital	-	-	74	-	74	-
Other EFA capital grants	-	-	-	-	-	216
Subtotal	-	-	74	-	74	729
Total donations and capital grants	-	-	74	-	74	4,568

In 2015, of the total income from donations and capital grants, *£231,000* was to unrestricted funds and *£4,337,000* was to restricted funds

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Endowment funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry income	219	-	-	219	260
Lettings	17	-	-	17	18
Uniform	7	-	-	7	16
School trips	89	-	-	89	54
Staff absence insurance	26	-	-	26	-
Catering	115	-	-	115	94
	473	-	-	473	442

In 2015, of the total income from other trading activities, *£442,000* was to unrestricted funds and *£ NIL* was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Endowment funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Bank interest	6	-	-	6	7
	6	-	-	6	7

In 2015, of the total investment income, *£7,000* was to unrestricted funds and *£ NIL* was to restricted funds.

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Endowment funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants					
General Annual Grant (GAG)	-	13,569	-	13,569	11,748
Pupil Premium	-	1,232	-	1,232	1,029
Start Up Grant A	-	-	-	-	88
Start Up Grant B	-	-	-	-	45
Academy Conversion Grant	-	-	-	-	75
School Improvement Funding	-	-	-	-	45
PE Teacher Grant	-	27	-	27	11
Primary Academy Chain Development Grant	-	-	-	-	100
Other DfE/EFA Grants	-	284	-	284	414
	-	15,112	-	15,112	13,555
Other government grants					
Aspire Direct Commissioning	-	629	-	629	659
Early Years Foundation Stage	-	198	-	198	155
Other Government Grants	-	118	-	118	56
	-	945	-	945	870
Other funding					
Other grants	-	-	-	-	100
	-	-	-	-	100
	-	16,057	-	16,057	14,525

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and *£14,525,000* was to restricted funds.

7. CHARITABLE ACTIVITIES

	2016 £000	2015 £000
DIRECT COSTS		
Wages and salaries	8,595	7,313
National insurance	686	518
Pension cost	1,488	1,169
Educational supplies	469	592
Examination fees	237	250
Staff development	69	96
Educational consultancy	81	69
Other direct costs	242	137
	11,867	10,144
SUPPORT COSTS		
Wages and salaries	1,455	1,278
National insurance	77	57
Pension costs	190	152
Net interest costs on pension scheme	103	69
Depreciation	1,059	965
Technology costs	446	492
Travel and subsistence	38	35
Recruitment and support	27	43
Maintenance of premises and equipment	515	652
Cleaning	148	92
Rates	112	83
Energy	266	251
Insurance	71	65
Security	24	30
Catering	400	211
Occupancy costs	111	104
Bank interest and charges	1	2
Other support costs	552	497
Governance costs	33	103
	5,694	5,219
	17,495	15,325

8. EXPENDITURE

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	As restated Total 2015 £000
Academy's educational operations:					
Direct costs	10,769	-	1,201	11,970	10,144
Support costs	1,722	1,993	1,810	5,525	5,219
	12,491	1,993	3,011	17,495	15,363

In 2016, of the total expenditure, £459,000 (2015 - *£442,000*) was to unrestricted funds and £17,036,000 (2015 - *£14,921,000*) was was to restricted funds.

There were no individual transactions exceeding £5000 for:
- Ex-gratia/compensation payments
- Gifts made by the academy trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £000	As restated 2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	1,059	965
Operating lease rentals	7	42
Auditors remuneration	20	15

10. STAFF COSTS

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	9,804	8,257
Social security costs	763	575
Operating costs of defined benefit pension schemes	1,678	1,321
	12,245	10,153
Supply teacher costs	227	307
Compensation	19	27
	12,491	10,487

Included within pension costs is a debit of £179,000 in respect of the LGPS movement.

The average number of persons employed by the Trust during the year (based on headcount) was as follows:

	2016 No.	2015 No.
Teachers	162	157
Administration and support	336	328
Management	7	6
	505	491

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	8	3
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	-	1
In the band £140,001 - £150,000	1	1

The key management personnel of the Trust comprise the Senior Leadership Team as listed on page 2. The total amount of employee benefits (including pension contributions) received by key management personnel for their services to the Trust was £656,000 (2015: £454,000).

11. CENTRAL SERVICES

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

- audit (including external, internal & teachers' pension scheme audits)
- LGPS reports
- governors' insurance
- school improvement
- specific initiatives
- Central salary cash

The Trust Board approves these charges based on recommendation by CEO. The charge is based on a percentage of GAG and Local Authority income.

The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
Aspire	81	60
Newland St John C of E	46	18
St James' C of E	38	15
Stockwell	58	21
Total	223	114

12. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the Trust. The Executive Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of Executive Principal and other staff members under their contracts of employment, and not in respect of their role as Directors, The value of Directors' remuneration and other benefits was as follows:

		2016 £000	2015 £000
A N Chubb, Principal of Archbishop Sentamu Academy and Executive Principal of SALT	Remuneration	145-150	140-145
	Pension contributions paid	20-25	20-25
C J Coulter, Principal of Stockwell (2015 - 7 months)	Remuneration	65-70	35-40
	Pension contributions paid	10-15	5-10
J L Daniels, Principal of St James' C of E (2015 - 7 months)	Remuneration	60-65	35-40
	Pension contributions paid	10-15	5-10

During the year, no Directors received any benefits in kind (2015 - £NIL).
During the year, no Directors received any reimbursement of expenses (2015 - £NIL).

13. DIRECTORS', GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim. It is not possible to quantify the directors and officers indemnity element from the overall cost of the RPA scheme.

14. NET FINANCE INCOME ON PENSION SCHEME

	2016 £000	As restated 2015 £000
Expected return on pension scheme assets	164	125
Interest on pension scheme liabilities	(267)	(194)
	(103)	(69)

15. TANGIBLE FIXED ASSETS

	Freehold property £000	Leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST						
At 1 September 2015 (as previously stated)	485	41,512	25	868	282	43,172
Prior year adjustment	-	(3,123)	-	-	-	(3,123)
At 1 September 2015 (as restated)	485	38,389	25	868	282	40,049
Additions	85	-	23	89	24	221
At 31 August 2016	570	38,389	48	957	306	40,270
DEPRECIATION						
At 1 September 2015 (as previously stated)	25	2,737	5	599	87	3,453
Prior year adjustment	-	(38)	-	-	-	(38)
At 1 September 2015 (as restated)	25	2,699	5	599	87	3,415
Charge for the year	16	764	8	178	93	1,059
At 31 August 2016	41	3,463	13	777	180	4,474
NET BOOK VALUE						
At 31 August 2016	529	34,926	35	180	126	35,796
At 31 August 2015 (as restated)	460	35,690	20	269	195	36,634

The leasehold property of Archbishop Sentamu Academy has been included as an asset although the lease has not formally been transferred to SALT due to outstanding snaggings. The academy has occupied the building since 1 September 2011 and the substance is that ownership transferred at this date when the benefits, risks and rewards transferred to the Trust.

The leasehold property of ASPIRE Academy has been included as an asset although the lease has not formally been transferred to SALT due to outstanding snaggings. The academy has occupied the building since 2 January 2015 and the substance is that ownership transferred at this date when the benefits, risks and rewards transferred to the Trust.

16. FIXED ASSET INVESTMENTS

SUBSIDIARY COMPANY

	2016 £000	2015 £000
Investment in wholly owned subsidiary company at cost (£2)	-	-

The Trust owns 100% of the issued ordinary shares of Archie Student Activities Limited. The investment is shown in the balance sheet at cost.

17. STOCKS

	2016 £000	2015 £000
Goods for resale	8	14

18. DEBTORS

	2016 £000	2015 £000
Trade debtors	7	22
Amounts owed by group undertakings	-	8
VAT recoverable	79	109
Other debtors	2	7
Prepayments and accrued income	416	300
	504	446

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Trade creditors	532	702
Other taxation and social security	220	190
Other creditors	197	181
Accruals and deferred income	583	713
	1,532	1,786

	2016 £000	2015 £000
DEFERRED INCOME		
Deferred income at 1 September 2015	247	394
Resources deferred during the year	208	247
Amounts released from previous years	(247)	(394)
Deferred income at 31 August 2016	208	247

Deferred income relates to Devolved Formula Capital, Rates Grant, Universal Infant Free School Meals, Pupil Premium received via the Local Authority and other EFA grants that straddle the academic year end.

20. STATEMENT OF FUNDS

	Brought Forward As restated £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS						
Unrestricted funds	369	479	(459)	-	-	389
ENDOWMENT FUNDS						
Endowment Funds	263	-	-	-	-	263
RESTRICTED FUNDS						
General Annual Grant (GAG)	898	13,569	(13,268)	(147)	-	1,052
Pupil Premium	-	1,232	(1,232)	-	-	-
Primary Academy Chain Development	18	-	(13)	-	-	5
Catch Up Grant	-	34	(34)	-	-	-
Summer School	-	83	(83)	-	-	-
High Needs	-	118	(118)	-	-	-
PE Teachers Grant	-	27	(27)	-	-	-
Rates Rebate	-	76	(76)	-	-	-
UIFSM	-	91	(91)	-	-	-
Aspire Direct Commissioning	-	629	(555)	-	-	74
Early Years Foundation Stage	-	198	(198)	-	-	-
Pension reserve	(2,632)	-	(282)	-	(1,039)	(3,953)
	(1,716)	16,057	(15,977)	(147)	(1,039)	(2,822)
RESTRICTED FIXED ASSET FUNDS						
Private Sector Capital Sponsorship	199	-	-	-	-	199
Legacy assets	35,813	-	(885)	-	-	34,928
Capital expenditure from GAG	413	-	(79)	147	-	481
DfE/EFA Capital grants	209	74	(95)	-	-	188
	36,634	74	(1,059)	147	-	35,796
Total restricted funds	34,918	16,131	(17,036)	-	(1,039)	32,974
Total of funds	35,550	16,610	(17,495)	-	(1,039)	33,626

20. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the schools see fit to support deprived students.

Primary Academy Chain Development Grant is available to fund a two year chain development programme for new multi-academy trusts.

Universal Infant Free School Meals income is received to provide free school meals to infants.

The PE Teachers Grant is to be spent on the costs of a PE co-ordinator.

Other DfE/EFA grants include Free School Funding for ASPIRE, Catch Up Grant, and Summer School Grants.

Early Years Foundation Stage (EYFS) is funding to be spent on nursery and reception resources.

Other Government Grants include Direct Commissioning for ASPIRE places, High Need funding which is additional funding for pupils with special educational needs and Pupil Growth funding.

Transfers from GAG and other EFA grants have been made to fund the purchase of capital assets.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 24.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated assets.

Under the funding agreement with the Secretary of State, the Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
Archbishop Sentamu Academy	949	926
ASPIRE	326	251
Newland St John C of E Primary	199	174
St James' C of E Primary	155	90
Stockwell Primary	129	95
Sentamu Academy Learning Trust (central MAT)	25	12
Total before fixed asset fund and pension reserve	1,783	1,548
Restricted fixed asset fund	35,796	36,634
Pension reserve	(3,953)	(2,632)
Total	33,626	35,550

20. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2016 £000	Total 2015 £000
Archbishop Sentamu Academy	6,569	1,230	254	2,105	10,158	9,891
ASPIRE	1,427	145	112	321	2,005	1,863
Newland St John C of E Primary	919	123	32	293	1,367	787
St James' C of E Primary	734	85	32	208	1,059	613
Stockwell Primary	1,160	138	36	377	1,711	921
Sentamu Academy Learning Trust (central MAT)	(40)	1	3	172	136	285
	10,769	1,722	469	3,476	16,436	14,360

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Endowment funds 2016 £000	Total funds 2016 £000	As restated Total funds 2015 £000
Tangible fixed assets	-	-	35,796	-	35,796	36,634
Current assets	389	2,663	-	263	3,315	3,334
Creditors due within one year	-	(1,532)	-	-	(1,532)	(1,786)
Pension reserve	-	(3,953)	-	-	(3,953)	(2,632)
	389	(2,822)	35,796	263	33,626	35,550

22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £000	As restated 2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(885)	4,217
Adjustment for:		
Depreciation charges	1,059	965
Dividends, interest and rents from investments	(9)	(7)
Decrease in stocks	6	13
Increase in debtors	(58)	(90)
Decrease in creditors	(254)	(293)
Capital grants from DfE and other capital income	(74)	(216)
Net (loss) on assets and liabilities from local authority on conversion	-	(5,499)
Pension inherited on conversion	-	1,378
LGPS adjustments	282	254
Assets inherited on conversion	-	(231)
Net cash provided by operating activities	67	491

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand	2,803	2,874
Total	2,803	2,874

24. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Riding Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £185,000 were payable to the schemes at 31 August 2016 (2015 - £171,000) and are included within creditors.

24. 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% of pensionable pay, including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- 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%.

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

The employer's pension costs paid to TPS in the period amounted to £898,000 (2015 - £*659,000*).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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.

24. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £788,000 (2015 - £*630,000*), of which employer's contributions totalled £601,000 (2015 - £*478,000*) and employees' contributions totalled £187,000 (2015 - £*152,000*). The agreed contribution rates for future years are 14.7% for employers and 5.5 - 7.5% 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:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	2.30 %	4.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Inflation assumption (CPI)	3.10 %	2.30 %
Commutation of pensions to lump sums	65.00 %	65.00 %

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

	2016	2015
Retiring today		
Males	21.9	21.9
Females	24.1	24.1
Retiring in 20 years		
Males	24.2	24.2
Females	26.7	26.7

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	4,130	2,970
Debt instruments	606	397
Property	606	436
Cash	165	158
Total market value of assets	5,507	3,961

The actual return on scheme assets was £788,000 (2015 - (£*8,000*).

24. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £000	2015 £000
Net interest cost	(103)	(69)
Current service cost	(780)	(567)
Total	(883)	(636)
Actual return on scheme assets	788	8

Movements in the present value of the defined benefit obligation were as follows:

	2016 £000	2015 £000
Opening defined benefit obligation	6,593	4,051
Interest cost	267	194
Contributions by employees	187	152
Actuarial losses/(gains)	1,663	(236)
Benefits paid	(30)	(17)
Current service cost	780	662
Transferred from Local Authority	-	1,787
Closing defined benefit obligation	9,460	6,593

Movements in the fair value of the Trust's share of scheme assets:

	2016 £000	2015 £000
Opening fair value of scheme assets	3,961	2,931
Return on plan assets (excluding net interest on the net defined pension liability)	164	125
Actuarial gains and (losses)	624	(117)
Contributions by employer	601	478
Contributions by employees	187	152
Transferred from Local Authority	-	409
Benefits paid	(30)	(17)
Closing fair value of scheme assets	5,507	3,961

25. OPERATING LEASE COMMITMENTS

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

	2016 £000	2015 £000
AMOUNTS PAYABLE:		
Within 1 year	7	42
Between 1 and 2 years	6	7
Between 2 and 5 years	-	6
Total	13	55

26. FINANCIAL COMMITMENTS

The Trust received funding towards the purchase of The Mouthlock Centre. This money may become repayable in certain circumstances and is secured by a charge over the freehold property.

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

A N Chubb is a Director of The Diocese of York Educational Trust to which the Trust paid £1,649 (2015: £1,849) in respect of RE teaching.

At 31 August 2016, the balance owed from the wholly owned subsidiary, Archie Student Activities Limited, was £250 (2015: £7,853).

In entering into the transactions the Trust has complied with the requirements of the EFA's Academies Financial Handbook.

28. AGENCY ARRANGEMENTS

The Trust distributes 16-19 bursary funds to students as an agent for EFA. In the year 31 August 2016 the Trust received £30,000 and disbursed £30,000 from the fund.

29. PRIOR YEAR ADJUSTMENT

On conversion to multi academy status on 1 February 2015, buildings held on licence from the Diocese at Newland St John C of E Primary and St James' C of E Primary were recognised as a donation and included as an asset on the Trust balance sheet. Following advice from The National Society and the Diocese of York, the Directors have taken the decision to remove these buildings from the balance sheet through a prior year adjustment. The effect of this on the comparative figures was a reduction in income of £3,123,000, a reduction in the depreciation charge of £38,000, and a reduction in the balance sheet of £3,085,000.

30. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		31,214	35,550
Total funds reported under FRS 102		31,214	35,550

Reconciliation of net income	Notes	31 August 2015 £000
Net income previously reported under UK GAAP		4,287
Change in recognition of LGPS interest cost	A	(70)
Actuarial gains/(losses) brought above the line	B	119
Net movement in funds reported under FRS 102		4,336

Explanation of changes to previously reported funds and net income/expenditure:

A Change in recognition of LGPS interest cost

Under previous UK GAAP the academy recognised an expected return on defined befefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined befefit liability, is recognised in the expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the debit to expense by £70,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

B Actuarial gains/(losses) brought above the line

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.