

# The Stephenson Studio School Trust

(A company limited by guarantee)

## ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended  
31 August 2015

Company Registration No. 07662709

The Stephenson Studio School Trust  
REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Members</b>	W Devitt G Tacey N Leigh	
<b>Governors (Trustees)</b>	M Anderson*	appointed 7 March 2012 resigned 10 July 2015
	A Collard**	appointed 30 January 2014 resigned 10 July 2015
	W Devitt**	appointed 14 December 2011
	G Gudger**	appointed 7 March 2012 resigned 10 December 2014
	R Kelly*	appointed 14 December 2011
	S Kibble**	appointed 1 August 2013
	G Laird*	appointed 1 January 2013
	N Leigh*	appointed 8 June 2011
	S Forbes	appointed 10 December 2014
	G Tacey*	appointed 8 June 2011
<b>Co-optee</b>	V Creedon	appointed 10 December 2014
* members of the Performance & Review Committee		
** members of the Audit Committee		
<b>Chair</b>	N Leigh	
<b>Accounting Officer</b>	G Laird	
<b>Company Secretary</b>	S Royle	

**Principal and Registered Office:** The Stephenson Studio School Trust  
C/O Stephenson College  
Thornborough Road  
Coalville  
LE67 3TN

**Company Registration Number:** 07662709

The Stephenson Studio School Trust  
REFERENCE AND ADMINISTRATIVE DETAILS

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**Professional advisors:**

Independent Auditor:  
RSM UK Audit LLP  
(formerly Baker Tilly UK Audit LLP)  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

Bankers:  
Lloyds Bank plc  
PO Box 908  
125 Colmore Row  
Birmingham  
B3 2DS

Solicitors:  
Marrons  
1 Meridian South  
Meridian Business Park  
Leicester  
LE19 1WY

Internal Auditor:  
Mazars LLP  
45 Church Street  
Birmingham  
B3 2RT

Martineau Johnson LLP  
No. 1 Colmore Square  
Birmingham  
B4 6AA

## The Stephenson Studio School Trust GOVERNORS' REPORT

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The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2015.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Stephenson Studio School 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 Stephenson Studio School Trust.

The Governors act as trustees for charitable activities of The Stephenson Studio School Trust Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Stephenson Studio School.

Details of the Governors who served throughout the year except as noted 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.

#### **Governors' indemnities**

The Charitable Company has purchased Governors and Officers insurance, details of which can be found in note 10 of the accounts.

#### **Principal activities**

The Trust's object is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

#### **Method of recruitment and appointment or election of governors**

The Studio School Trust has the capacity to have as governors:

- Up to six Sponsor Governors
- Any Staff Governors
- A minimum of one Parent Governor
- The Headteacher (deemed Principal and Accounting Officer)
- Whilst additional governor(s) can be appointed by the Secretary of State, the Secretary of State has not exercised this right for The Stephenson Studio School Trust.

The total number of governors (including the Headteacher) who are employees of The Stephenson Studio School Trust must not exceed one third of the total number of governors.

The Parent Governors are nominated by parents of registered pupils at the school.

#### **Policies and procedures adopted for the induction and training of governors**

New governor training takes place through meetings held with the Clerk to the Corporation.

## The Stephenson Studio School Trust GOVERNORS' REPORT (continued)

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### **Organisational structure**

Under Section 94 of the Articles of Association, the business of The Studio School Trust is managed by the Governors, the Governing Body and its makeup is defined by the Articles of Association.

The Governing Body's primary role is to approve the strategic direction and objectives of The Stephenson Studio School and monitor its progress towards those objectives. To do this effectively, the Governing Body has formed the following two committees: Performance & Review and Audit.

The makeup and function of the committees are as stated in the standing orders of the Governing Body.

The Governors have delegated to the Headteacher the internal organisation, management and control of the school (including implementation of all policies approved by the Governors and for the teaching and curriculum of the school).

The Headteacher was appointed Accounting Officer on 1 January 2013.

At the meeting on 7 March 2012, the holder of Chair of the Audit Committee had been appointed Responsible Officer of The Stephenson Studio School Trust. At the Board of Trustees meeting of 13 March 2013 it was agreed that as the Academies Financial Handbook no longer made this appointment a requirement and in view of internal audit arrangements put in place by the Board, the role of Responsible Officer would be discontinued.

### **Risk management**

The Governors have assessed the major risks to which The Stephenson Studio School is currently exposed and ensure that steps are taken to mitigate risks. This is done through the sub-committees and includes Educational risks such as The Stephenson Studio School not achieving the planned educational outcomes and maintenance and improvement on previous examination results, whole or partial building loss, financial and operational risks, including budget risks and health and safety reviews and safeguarding students. Some significant risks such as public and employee liability are covered by The Stephenson Studio School's insurance policy. Governors have directed the creation of a formal risk register that will be reviewed at least annually.

### **Connected organisations, including related party relationships**

The Stephenson Studio School has strong connections with Stephenson College. When The Stephenson Studio School was created in September 2011, the Stephenson College was the lead sponsor of the Studio School. The Chair of Governors and the Principal of the College sit on the Governing Body of the School.



## OBJECTIVES AND ACTIVITIES

### Objects and aims

The principal object and activity of the Stephenson Studio School is to advance for public benefit the provision of education in the United Kingdom. In doing so it meets the requirements of the Funding Agreement signed by the Secretary of State for Education. It provides a balanced and broad curriculum, provides curriculum emphasis on the English Baccalaureate and meets the requirements of the Schools Admissions Code in drawing up its own Admissions Policy. The Governors confirm that they have had due regard to the Charity Commission's guidance on public benefit.

Stephenson Studio School opened in September 2011. The main objectives of the Stephenson Studio School for the year ended 31 August 2015 are summarised as follows:

- to provide value for money for the funds expended;
- to ensure that the Stephenson Studio School is suitably staffed;
- to comply with all statutory and curriculum requirements;
- to develop and maintain links with local industry and the wider community including working with other educational establishments;
- to conduct the Stephenson Studio School's business in accordance with the highest standards of integrity, probity and openness.

### Objectives, Strategies and Activities

The Stephenson Studio School's Mission is: excellence and enterprise in learning. The corporate objectives, core values and core behaviours designed to deliver the mission during 2014/15 were:

#### Corporate Objectives

<b>Quality</b>	Our school will establish a reputation as best performing school in the locations in which we operate. It is our aim that all students progress to further education, higher education or employment.
<b>Growth</b>	We will recruit the target number of students into the school within three years.
<b>Efficiency</b>	We will attract employer sponsors to the school. We will achieve the best value standards aligned to those of the College.
<b>Corporate Social Responsibility</b>	We will operate an admissions policy to maximise opportunity. We will promote student ambassadors. We will seek to support economic recovery through the promotion of entrepreneurship.

#### Core Values:

- Strive to be the best
- To be the School of choice
- Help each other and our environment
- Use our resources to the benefit of our students

The Stephenson Studio School Trust  
GOVERNORS' REPORT (continued)

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**Core Behaviours:**

- Lead by example
- Promote the Studio School
- Question and Challenge
- Accept responsibility and be accountable

**Public benefit**

The Stephenson Studio School Trust recognises its legal requirement to be able to demonstrate that its aims are for the public benefit; in this case specifically the school has as its main charitable purpose the advancement of education.

**Achievements and Performance**

In the year up to the 31 August 2015 the following were achieved by the School:

- 97 students were on the school role in the year ended 31 August 2015
- The invalidated results for key stage 4 Students for 2015 are:

	%
Percentage of Students Achieving 5 or more A*-C grades including English and mathematics	33
Percentage of students achieving 5 or more A*-C GCSE grades	33
Percentage of students achieving 3+ A*-A grades	0
Percentage of students achieving 5A*-G grades including English and mathematics	88
Students making 3 or more levels of progress in English between Key Stage 2 and Key Stage 4	75
Students making 3 or more levels of progress in mathematics between Key Stage 2 and Key Stage 4	50
Percentage of students achieving A*-C in English	64
Percentage of students achieving A*-C in mathematics	55

It should be noted that the above results do not highlight the progress made between entry to the school (student starting points) and completion at the end of KS4.

The data below evidences student progress from entry to the school:-

Expected progress from baseline English 94%

- 1.5 grades of progress over one Key Stage equivalent to 3 full grades of progress KS2 to KS4

Good progress from baseline English 75%

- full grades of progress over one Key Stage equivalent to 4 full grades of progress KS2 to KS4

Expected progress from baseline mathematics 78%

- 1.5 grades of progress over one Key Stage equivalent to 3 full grades of progress KS2 to KS4

Good progress from baseline mathematics 50%

2 full grades of progress over one Key Stage equivalent to 4 full grades of progress KS2 to KS4

## The Stephenson Studio School Trust GOVERNORS' REPORT (continued)

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### **Going concern**

After making appropriate enquiries, the Governing Body has a reasonable expectation that The Stephenson Studio School 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.

It should however be noted that after the year end The Stephenson Studio School Trust was inspected by Ofsted and has been placed into special measures. Following on from discussions with Ofsted and the regional schools commissioner, there are no plans to close or remove the sponsor of The Stephenson Studio School Trust. The Stephenson Studio School Trust will need to secure improvements to ensure its existence post 31<sup>st</sup> August 2016. Actions have already taken place to strengthen The Stephenson Studio School Trust, by both The Stephenson Studio School Trust and its sponsor to secure the required improvements. On this basis The Stephenson Studio School Trust continues to adopt the going concern basis

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **Key Performance Indicators - Financial Review**

During the year ended 31 August 2015, the School received income of £896,000 (2013/14: £1,051,000) from DfE in respect of General Annual Grant and other Government funding, £6,000 (2013/14: £6,000) in the form of DfE capital grants and £37,000 (2013/14: £17,000) other income, giving a total income of £939,000 (2013/14: £1,074,000) for the year. Expenditure for the year amounted to £1,097,000 (2013/14: £1,162,000).

At 31 August 2015 the net book value of fixed assets was £171,000 (2013/14: £248,000) and movements in tangible fixed assets are shown in note 11 to the financial statements.

The School held fund balances at 31 August 2015 of £257,000 (2013/14: £415,000) comprising of surplus of £1,000 (2013/14: £116,000) of restricted general funds, surplus of £207,000 (2013/14: £285,000) of restricted fixed assets and surplus of £49,000 (2013/14: £14,000) of unrestricted general funds.

### **Financial and risk management objectives and policies**

The Governors aim to minimise financial risk as part of their overall responsibilities for risk management. The measures used by the Governors to manage financial risk are included in the separate statement on internal control on page 10.

### **Principal risks and uncertainties**

The School has undertaken work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the School's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the School is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the School. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.



## The Stephenson Studio School Trust GOVERNORS' REPORT (continued)

A risk register is maintained at the School level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the School and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the School. Not all the factors are within the School's control. Other factors besides those listed below may also adversely affect the School.

### *Liquidity risk*

The School manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

### *Interest rate risk*

In the absence of borrowings and with low prevailing interest rates, the School is not exposed to significant interest rate risk.

### *Other risks*

The School is exposed to price risks, but is funded by government on the same basis as other schools and budgets accordingly. Nearly all funding comes from government so credit risk is considered to be negligible.

### **Reserves policy**

The College seeks to maximise returns from its investments, minimise risk and maintain flexibility and access to funds. Free reserves at the period end totalled £49,000.

### **Investment policy**

The Stephenson Studio School Trust has no current plans to move surplus funds into separate investment funds.

### **Plans for Future Periods**

The future plans for the Studio School include focusing on:

- Strengthening the excellent links with local businesses.
- Embedding core projects that develop student contribution to their community.
- Increase roll numbers by promoting positive relationships within the community.

### **Auditors**

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to continue in office.

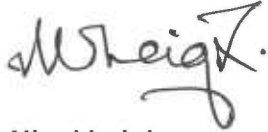
### **Statement as to disclosure of information to auditors**

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Stephenson Studio School Trust  
GOVERNORS' REPORT (continued)

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Approved by order of the Governing Board at its meeting on 9 December 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'N. Leigh', with a stylized flourish at the end.

Nigel Leigh  
Chair  
18 December 2015

## The Stephenson Studio School Trust

### GOVERNANCE STATEMENT

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#### Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that The Stephenson Studio School Trust has effective and appropriate systems 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 Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The Stephenson Studio School Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met three times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of possible
M Anderson	4	4
A Collard	4	4
V Creedon	1	3
W Devitt	3	4
S Forbes	1	3
S Kibble	4	4
R Kelly	2	4
G Laird	4	4
N Leigh	3	4
G Tacey	3	4

The Performance & Review committee is a sub-committee of the main governing body. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Anderson	3	3
R Kelly	2	3
G Laird	3	3
N Leigh	1	3
G Tacey	3	3

The Audit Committee is also a sub-committee of the main governing body. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
A Collard	1	3
W Devitt	1	3
S Forbes	1	2
S Kibble	2	3

## The Stephenson Studio School Trust

### GOVERNANCE STATEMENT (continued)

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#### **Governance reviews**

There will be a review of Governance during the 2015/16 Academic Year.

#### **Review of Value for Money**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year demonstrated by:

1. Key Stage 4 student progress was broadly average or above in most subject areas (based upon value added).
2. The proportion of disadvantaged students making and exceeding expected progress in English and mathematics was similar to that of other pupils nationally.
3. Ensuring that students at The Stephenson Studio School Trust have a positive experience and enjoy their time with The Stephenson Studio School Trust. This is evidenced by above average attendance statistics, 0% of students leaving the The Stephenson Studio School Trust are classified at NEET ( Not in Employment, Education or Training) and 100% of Key Stage 5 got into their first choice university (50% of the cohort).

The Stephenson Studio School Trust has identified that it can further improve value for money through providing early intervention to new students who have not made sufficient progress from Key Stage 2 to ensure these students reach their full potential and achieve there expected outcomes.

#### **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 Studio School 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 The Stephenson Studio School Trust for the year ended 31 August 2015 and up to the date of approval of The Stephenson Studio School Trust's annual report and financial statements.

#### **Capacity to handle risk**

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



The Stephenson Studio School Trust  
GOVERNANCE STATEMENT (continued)

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**The risk and control framework**

The Studio School 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 Governing Body;
- regular reviews by the Performance & Review committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and have appointed Mazars LLP to perform agreed procedures. The role of Responsible Officer formerly undertaken by a designated governor has now been discontinued and the Audit Committee are responsible for giving advice on financial matters and use Mazars LLP to perform a range of checks on the Studio School Trust's financial systems and systems of control to gain assurance.

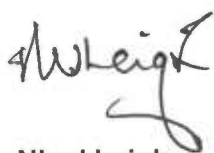
**Review of effectiveness**

As Accounting Officer, the Headteacher 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 Responsible Officer, now replaced by the agreed procedures performed by Mazars LLP
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the managers within the Studio School 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 result of their review of the system of internal control by the Performance & Review Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 9 December 2015 and signed on its behalf by:



Nigel Leigh  
Chair



Gillian Laird  
Accounting Officer

The Stephenson Studio School Trust  
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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As Accounting Officer of The Stephenson Studio School Trust I have considered my responsibility to notify the Studio School Trust's Governing Body 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 Stephenson Studio School Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and The Stephenson Studio School Trust Governing Body are able to identify any irregular or improper use of funds by The Stephenson Studio School Trust or material non-compliance with the terms and conditions of funding under The Stephenson Studio School Trust funding agreement and the Academies Financial Handbook.

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



**Gillian Laird**  
**Accounting Officer**

**18 December 2015**

## The Stephenson Studio School Trust STATEMENT OF GOVERNORS' RESPONSIBILITIES

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The governors (who act as trustees for charitable activities of The Stephenson Studio School Trust Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and, expenditure, for that period. In preparing these financial statements, the governors are required to:

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

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

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

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

Approved by order of the members of the Governing Body on 9 December 2015 and signed on its behalf by:



**Nigel Leigh**  
Chair



The Stephenson Studio School Trust  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE  
STEPHENSON STUDIO SCHOOL TRUST YEAR ENDING ON 31 AUGUST 2015**  
(continued)

We have audited the financial statements of The Stephenson Studio School Trust for the year ended 31 August 2015 on page 17 to 36. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

**Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities set out on page 14, the governors (who act as governors for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

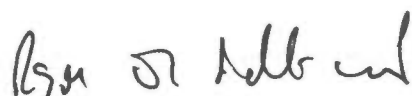
**Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Governors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- the charity has not kept adequate accounting records, 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



PAUL OXTOBY (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP), Statutory Auditor Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

18 October 2015



The Stephenson Studio School Trust  
**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND  
EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS  
AND LOSSES)**  
for the year ended 31 August 2015

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2015 £'000	Total 2014 £'000
<b>INCOMING RESOURCES</b>						
Income from generated funds:						
Activities for generating funds	2	36	-	-	36	14
Investment income	3	1	-	-	1	3
Income from charitable activities:						
Funding for the Academy's educational operations	4	-	896	6	902	1,057
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		37	896	6	939	1,074
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>RESOURCES EXPENDED</b>						
Charitable activities:						
Academy's educational operations	5	2	997	84	1,083	1,147
Governance costs	7	-	14	-	14	15
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended		2	1,011	84	1,097	1,162
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET (OUTGOING) / INCOMING RESOURCES BEFORE TRANSFERS AND NET (EXPENDITURE) / INCOME FOR THE PERIOD</b>						
		35	(115)	(78)	(158)	(88)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial gain on defined benefit pension scheme	23	-	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET MOVEMENT IN FUNDS</b>		35	(115)	(78)	(158)	(88)
<b>RECONCILIATION OF FUNDS:</b>						
Funds brought forward as at 1 September 2014		14	116	285	415	503
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Funds carried forward as at 31 August 2015	14	49	1	207	257	415
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All of the Academy Trust's activities derive from continuing operations.

The Stephenson Studio School Trust  
BALANCE SHEET  
31 August 2015

Company Registration No. 07662709

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
FIXED ASSETS					
Tangible assets	11		171		248
CURRENT ASSETS					
Debtors	12	36		50	
Cash at bank and in hand		141		304	
		<u>177</u>		<u>354</u>	
CREDITORS: Amounts falling due within one year	13	(71)		(174)	
		<u></u>		<u></u>	
NET CURRENT ASSETS			106		180
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>277</u>		<u>428</u>
NET ASSETS EXCLUDING PENSION LIABILITY			277		428
Pension scheme liability	23		(20)		(13)
NET ASSETS INCLUDING PENSION LIABILITY			<u>257</u>		<u>415</u>
THE FUNDS OF THE ACADEMY TRUST:					
RESTRICTED FUNDS					
Fixed asset fund	14		207		285
General fund	14		21		129
Pension reserve	14		(20)		(13)
TOTAL RESTRICTED FUNDS			<u>208</u>		<u>401</u>
TOTAL UNRESTRICTED FUNDS	14		<u>49</u>		<u>14</u>
TOTAL FUNDS			<u>257</u>		<u>415</u>

The financial statements on pages 17 to 36 were approved by the governors and authorised for issue on 9 December 2015, and are signed on their behalf by:

  
Nigel Leigh  
Chair

The Stephenson Studio School Trust  
**CASH FLOW STATEMENT**  
for the year ended 31 August 2015

	Notes	2015 £'000	2014 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	18	(163)	(185)
Returns on investments and servicing of finance	19	1	3
Capital expenditure	20	(1)	(122)
		<u>          </u>	<u>          </u>
DECREASE IN CASH IN THE YEAR	21	(163)	(304)
		<u>          </u>	<u>          </u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Net funds at 1 September 2014		304	608
Decrease in cash in the year		(163)	(304)
		<u>          </u>	<u>          </u>
NET FUNDS AT 31 AUGUST		<u>141</u>	<u>304</u>

# The Stephenson Studio School Trust

## ACCOUNTING POLICIES

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### Statement of Accounting Policies

#### Basis of Preparation

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

#### Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Studio School Trust has adequate resources to continue in existence for the foreseeable future. It should however be noted that after the year end The Stephenson Studio School Trust was inspected by Ofsted and has been placed into special measures. Following on from discussions with Ofsted and the regional schools commissioner, there are no plans to close or remove the sponsor of The Stephenson Studio School Trust. The Stephenson Studio School Trust will need to secure improvements to ensure its existence post 31<sup>st</sup> August 2016. Actions have already taken place to strengthen The Stephenson Studio School Trust, by both The Stephenson Studio School Trust and its sponsor to secure the required improvements. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

#### Incoming resources

All incoming resources are recognised when the Studio School Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

#### Grants receivable

- Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.
- General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the restricted assets fund.

#### Other income

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

#### Resources expended

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

#### Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.



## The Stephenson Studio School Trust

### ACCOUNTING POLICIES (continued)

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#### **Charitable activities**

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

#### **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

#### **Tangible fixed assets**

Assets costing £200 or more are capitalised as tangible fixed assets and are carried at cost net of depreciation and any provision for impairment.

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

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

Long leasehold buildings	Over the life of the lease
ICT equipment	3 years
Equipment	5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

#### **Leased assets**

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

#### **Taxation**

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

## The Stephenson Studio School Trust

### ACCOUNTING POLICIES (continued)

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#### **Pensions benefits**

Retirement benefits to employees of The Studio School Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and members are contracted out of the State Earnings Related Pension Scheme "SERPS" (until April 2016) and the assets held separately from those of the Studio School 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 Studio School Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and the Studio School Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of The Studio School Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### **Fund Accounting**

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

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

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

#### **Liabilities**

Liabilities are recognised when either a constructive or legal obligation exists.

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

1 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Trust was subject to limits at 31 August 2015 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.

The Studio School Trust has not exceeded these limits during the year ended 31 August 2015.

2 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £'000	Restricted Funds £'000	2015 Total £'000	2014 Total £'000
Miscellaneous income	36	-	36	14

3 INVESTMENT INCOME

	Unrestricted £'000	2015 Total £'000	2014 Total £'000
Short term deposits	1	1	3

4 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	Total 2015 £'000	Total 2014 £'000
DfE/EFA grants				
General annual grant (GAG) (note 1)	-	862	862	958
Start up grants	-	29	29	61
Capital grants	-	6	6	6
Other DfE/EFA grants	-	5	5	32
	<u>-</u>	<u>902</u>	<u>902</u>	<u>1,057</u>

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

5 RESOURCES EXPENDED

	Staff costs £'000	Non pay expenditure Premises £'000	Other costs £'000	Total 2015 £'000	Total 2014 £'000
Academy's educational operations					
Direct costs	531	-	42	573	625
Allocated support costs	155	282	73	510	522
	<u>686</u>	<u>282</u>	<u>115</u>	<u>1,083</u>	<u>1,147</u>
Governance costs including allocated support costs	-	-	14	14	15
	<u>686</u>	<u>282</u>	<u>129</u>	<u>1,097</u>	<u>1,162</u>
Net (outgoing) /incoming resources for the year is stated after charging:				2015 £'000	2014 £'000
Operating leases – land and buildings				108	108
External Audit Fees payable to RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)				7	14
Internal Audit Fees payable to Mazars LLP				2	0
				<u>117</u>	<u>122</u>



The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

6 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £'000	Total 2014 £'000
<b>DIRECT COSTS</b>				
Teaching and educational support staff costs	-	526	526	550
Educational supplies	2	23	25	51
Examination fees	-	17	17	16
Staff development	-	5	5	8
	<u>2</u>	<u>571</u>	<u>573</u>	<u>625</u>
<b>ALLOCATED SUPPORT COSTS</b>				
Support staff costs	-	155	155	191
Depreciation	-	84	84	67
Recruitment and support	-	-	-	7
Maintenance of premises and equipment	-	26	26	19
Rent and rates	-	137	137	131
Insurance	-	3	3	2
Security and transport	-	16	16	13
Other support costs	-	89	89	92
	<u>-</u>	<u>510</u>	<u>510</u>	<u>522</u>
	<u>2</u>	<u>1,081</u>	<u>1,083</u>	<u>1,147</u>

7 GOVERNANCE COSTS

	Unrestricted Funds £000	Restricted Funds £000	2015 £'000	2014 £'000
Auditors' remuneration:				
Audit of financial statements	-	7	7	14
Agreed internal control procedures	-	-	-	(2)
Support costs	-	7	7	3
	<u>-</u>	<u>14</u>	<u>14</u>	<u>15</u>

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

8 STAFF

STAFF COSTS

	2015 £'000	2014 £'000
Staff costs during the year were:		
Wages and salaries	455	493
Social security costs	33	37
Pension costs	62	71
	<u>550</u>	<u>601</u>
Supply Staff Costs	22	18
Staff Training	5	7
Staff Restructuring Costs	-	12
	<u>577</u>	<u>638</u>

In addition to the above an amount of £109k (2014: £110k) was recharged from Stephenson College resulting in resources expended in relation to staff costs of £686k (2014: £748k) as disclosed in Note 5.

The average number of persons (including senior management team) employed by the Studio School Trust during the year was as follows:

STAFF NUMBERS

	Persons	FTE	Persons	FTE
	2015 No	2015 No	2014 No	2014 No
Teachers	16	15	15	14
Administration and support	4	2	3	2
	<u>20</u>	<u>17</u>	<u>18</u>	<u>16</u>

HIGHER PAID STAFF

The number of employees whose emoluments exceeded £60,000 was:

	2015 No	2014 No
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>1</u>

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

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9 GOVERNORS' REMUNERATION AND EXPENSES

In the year to 31 August 2015 no remuneration was paid to governors in respect of work as Trustees (2014: nil).

During the year ended 31 August 2015, remuneration was paid in respect of employment as staff to the following trustees:

	2015	2014
G Laird (Accounting Officer and Trustee)	£71,883	£69,091
A Collard (Staff Trustee appointed 30 January 2014)	£25,000 - £30,000	£20,000 - £25,000

During the year ended 31 August 2015, pension contributions were paid in respect of employment as staff to the following trustees:

	2015	2014
G Laird (Accounting Officer and Trustee)	£10,136	£9,742
A Collard (Staff Trustee appointed 30 January 2014)	£0 - £5,000	£0 - £5,000

During the year ended 31 August 2015, travel and subsistence expenses totalling £nil were reimbursed to governors in respect of work conducted as Trustees (2014: nil)

Related party transactions involving the trustees are set out in note 24.

10 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Studio School Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Studio School Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was £2,000 (2014: £2,000). The cost of this insurance is included in the total insurance cost.

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

11 TANGIBLE FIXED ASSETS

	<i>Leasehold Property Improvements £'000</i>	<i>Computers &amp; Equipment £'000</i>	<i>Total £'000</i>
<b>Cost:</b>			
At 1 September 2014	109	272	381
Additions	6	1	7
	<hr/>	<hr/>	<hr/>
31 August 2015	115	273	388
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>			
At 1 September 2014	18	115	133
Charged in the year	7	77	84
	<hr/>	<hr/>	<hr/>
	25	192	217
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value 31 August 2015	90	81	171
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value 31 August 2014	91	157	248
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12	DEBTORS	2015 £'000	2014 £'000
	Prepayments	23	26
	Other debtors	13	24
		<hr/>	<hr/>
		36	50
		<hr/> <hr/>	<hr/> <hr/>
13	CREDITORS: Amounts falling due within one year	2015 £'000	2014 £'000
	Trade creditors	1	31
	Due to Stephenson College	21	21
	Other taxation and social security	10	11
	Other creditors	30	32
	Accruals and deferred income	9	79
		<hr/>	<hr/>
		71	174
		<hr/> <hr/>	<hr/> <hr/>



The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

14 FUNDS

	<i>At 1 September 2014 £'000</i>	<i>Incoming resources £'000</i>	<i>Resources expended £'000</i>	<i>At 31 August 2015 £'000</i>
<b>RESTRICTED GENERAL FUNDS</b>				
General Annual Grant (GAG)	33	861	(944)	(50)
Start Up Grant	66	29	(33)	62
Other DfE/YPLA grants	30	6	(27)	9
Pension reserve	(13)	-	(7)	(20)
	<u>116</u>	<u>896</u>	<u>(1,011)</u>	<u>1</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>				
DfE capital grants	285	6	(84)	207
Capital expenditure from GAG	-	-	-	-
	<u>285</u>	<u>6</u>	<u>(84)</u>	<u>207</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>401</u>	<u>902</u>	<u>(1,095)</u>	<u>208</u>
<b>UNRESTRICTED FUNDS</b>				
Unrestricted funds	14	37	(2)	49
<b>TOTAL UNRESTRICTED FUNDS</b>	<u>14</u>	<u>37</u>	<u>(2)</u>	<u>49</u>
<b>TOTAL FUNDS</b>	<u>415</u>	<u>939</u>	<u>(1,097)</u>	<u>257</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the Studio School. The Studio School is allowed to carry forward up to 12% of the current GAG. Of any carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Studio School but any balance over 2% must be used for capital purposes or the upkeep and improvement of premises.

The Start Up grant must be used to meet the start-up costs of the school. Costs incurred for this purpose have been set off against this income.

The DfE capital grants are provided by the Government for specific capital projects.

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

15	ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
	Tangible fixed assets	-	-	171	171
	Current assets	49	92	36	177
	Current liabilities	-	(71)	-	(71)
	Pension scheme liability	-	(20)	-	(20)
		<u>49</u>	<u>1</u>	<u>207</u>	<u>257</u>
	TOTAL NET ASSETS	<u>49</u>	<u>1</u>	<u>207</u>	<u>257</u>

16	CAPITAL COMMITMENTS	2015 £'000	2014 £'000
	Contracted for, but not provided in the financial statements	-	-
		<u>-</u>	<u>-</u>

17 FINANCIAL COMMITMENTS

OPERATING LEASES

At 31 August the Studio School Trust had annual commitments under non-cancellable operating leases as follows:

	2015 £'000	2014 £'000
Land and buildings: Expiring in over five years	108	108
	<u>108</u>	<u>108</u>
	<u>108</u>	<u>108</u>
18 RECONCILIATION OF NET (DEFICIT) / INCOME TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	2015 £'000	2014 £'000
Net deficit	(158)	(88)
Depreciation	84	67
Capital grants from DfE and others	(6)	(6)
Interest receivable	(1)	(3)
FRS 17 pension cost less contributions payable (note 23)	7	3
Decrease/(Increase) in debtors	14	(24)
Decrease in creditors	(103)	(134)
	<u>(163)</u>	<u>(185)</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(163)</u>	<u>(185)</u>

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

19	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2015 £'000	2014 £'000
	Interest received	1	3
	NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	<u>1</u>	<u>3</u>
20	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2015 £'000	2014 £'000
	Purchase of tangible fixed assets	(7)	(128)
	Capital grants from DfE/EFA	6	6
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>(1)</u>	<u>(122)</u>
21	ANALYSIS OF CHANGES IN NET FUNDS	At 1 September 2014 £'000	Cash flows £'000 At 31 August 2015 £'000
	Cash in hand and at bank	304	(163) 141
		<u>304</u>	<u>(163)</u> <u>141</u>

22 MEMBERS' LIABILITY

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

23 PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

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

The pension costs paid to TPS in the period amounted to £85,000 (2014: £99,000).

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



The Stephenson Studio School Trust  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2015

23 PENSION AND SIMILAR OBLIGATIONS (continued)

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £15,000, of which employer's contributions totalled £11,000 and employees' contributions totalled £4,000. The agreed contribution rates for future years are 16.7 per cent for employers and between 5.5 and 12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**Principal actuarial assumptions**

	2015	2014
Rate of increase in salaries	4.6%	4.5%
Rate of increase for pensions in payment	2.7%	2.7%
Discount rate	3.8%	3.7%
Expected return on assets	3.8%	5.5%

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

	2015	2014
Retiring today:		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years:		
Males	24.2	24.2
Females	26.6	26.6

The Stephenson Studio School Trust  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2015

23 PENSION AND SIMILAR OBLIGATIONS (continued)

**Local Government Pension Scheme (continued)**

The Studio School Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	N/A	36	6.3%	27
Bonds	N/A	12	3.3%	6
Property	N/A	6	4.5%	4
Cash	N/A	1	3.3%	1
		<hr/>		<hr/>
TOTAL MARKET VALUE OF ASSETS		55		38
Present value of scheme liabilities				
- Funded		(75)		(51)
		<hr/>		<hr/>
DEFICIT IN THE SCHEME		(20)		(13)
		<hr/>		<hr/>

The expected return on scheme assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long term real rates of return experienced in the respective markets.

The actual return on scheme assets was £2k (2014: £2k).

Amounts recognised in the statement of financial activities	2015 £'000	2014 £'000
Current service cost (net of employee contributions)	19	12
Interest cost	2	2
Expected Return on Employer Assets	(3)	(2)
	<hr/>	<hr/>
Total operating charge	18	12
	<hr/>	<hr/>

The actuarial gains and losses for the current year are recognised in the SOFA.

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £9,000.

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

23 PENSION AND SIMILAR OBLIGATIONS (continued)

**Local Government Pension Scheme (continued)**

<b>Movements in the present value of defined benefit obligations were as follows:</b>	2015 £'000	2014 £'000
At 1 September	51	34
Current service cost	19	12
Interest cost	2	2
Employee contributions	4	4
Actuarial loss	(1)	(1)
	<hr/>	<hr/>
At 31 August	75	51
	<hr/>	<hr/>
<b>Movements in the fair value of Studio School's Trust's share of scheme assets:</b>		
At 1 September	38	24
Employer contributions	11	9
Employee contributions	4	4
Expected Return on Assets	3	2
Actuarial gains	(1)	(1)
	<hr/>	<hr/>
At 31 August	55	38
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 August 2016 is £12,000.

The Stephenson Studio School Trust  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2015

23 PENSION AND SIMILAR OBLIGATIONS (continued)

**Local Government Pension Scheme (continued)**

**The five-year history of experience adjustments is as follows:**

	2015 £'000	2014 £'000	2013 £'000
Present value of defined benefit obligations	(75)	(51)	(34)
Fair value of share of scheme assets	55	38	24
Deficit in the scheme	(20)	(13)	(10)
Experience adjustments on share of scheme assets Amount £'000	(1)	(1)	2
Experience adjustments on scheme liabilities: Amount £'000	-	10	-

24 RELATED PARTIES

Owing to the nature of the Studio School Trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Studio School Trust's financial regulations and normal procurement procedures.

During the period the Studio School Trust was charged an amount of £372,300 (2014: £363,800) from Stephenson College, its parent undertaking, in respect of accommodation and other costs. The Studio School Trust charged an amount of £700 (2014: £Nil) to Stephenson College. At 31 August 2015 there was an amount of £20,500 (2014: £20,600) due to Stephenson College and included within creditors.

25 PARENT UNDERTAKING AND CONTROLLING PARTY

The Studio School Trust's immediate and ultimate parent undertaking is Stephenson College, an exempt charity, for the reason that Stephenson College has control over the appointment of governors in the school trust.



## Independent Reporting Accountant's Assurance Report on Regularity to The Stephenson Studio School Trust and the Education Funding Agency

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In accordance with the terms of our engagement letter dated 12 August 2014 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Stephenson Studio School Trust during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Stephenson Studio School Trust and the EFA in accordance with the terms of our engagement letter dated 12 August 2014. Our work has been undertaken so that we might state to The Stephenson Studio School 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 The Stephenson Studio School Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of The Stephenson Studio School Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Stephenson Studio School Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

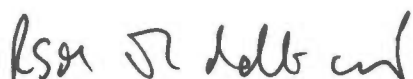
Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Independent Reporting Accountant's Assurance Report on Regularity to The  
Stephenson Studio School Trust and the Education Funding Agency (Continued)

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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18 Dec 2015