

**The Stephenson Studio School Trust**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

for the year ended  
31 August 2016

Company Registration No. 07662709

The Stephenson Studio School Trust  
Reference and Administrative Details

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**Members**

W Devitt  
G Tacey  
N Leigh

**Governors (Trustees)**

W Devitt\*\* appointed 14 December 2011  
S Forbes\*\* appointed 10 December 2014  
resigned 13 June 2016  
V Gould\* appointed 16 March 2016  
K Johnson appointed 16 March 2016  
R Kelly\* appointed 14 December 2011  
reappointed as co-optee 9 December  
2015  
S Kibble\*\* appointed 1 August 2013  
G Laird\* appointed 1 January 2013  
left the school 31 August 2016  
N Leigh\* appointed 8 June 2011  
G Tacey\* appointed 8 June 2011

**Co-optee**

P Scales\* Appointed 9 December 2015  
V Creedon\* appointed 10 December 2014  
removed 14 January 2016

\* members of the Performance &  
Review Committee

\*\* members of the Audit Committee

**Chair**

N Leigh

**Accounting Officer**

K Hobbs

**Company Secretary**

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  
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 2016.

### **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 11 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 Board of Trustees.

### **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 and left the employment of the school on 31 August 2016. The Deputy Headteacher, Keith Hobbs, was appointed Acting Headteacher on 21 September 2016 and has been appointed Accounting Officer until 31 July 2017 or until permanent arrangements are put in place.

### **Arrangements for setting pay and remuneration of key management personnel**

The Remuneration Committee, on behalf of the Board of Trustees, will determine the Head Teacher's salary upon appointment, in accordance with the School's pay range for Head Teachers. For other key management/leadership roles upon appointment new post-holders will be placed on a 5 point scale within the pay range for leadership roles. Subject to satisfactory performance, employees will receive an annual increment to the maximum scale point of their relevant pay range. A review of performance will take into consideration appraisal outcomes, whether objectives have been met and an assessment of performance against the appropriate Head Teacher/Teacher Standards.

### **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, 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 2016 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 2015/16 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

**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 2016 the following were achieved by the School:

- 106 students were on the school role in the year ended 31 August 2016
- The unvalidated results for key stage 4 Students for 2016 are:

**Cohort information for pupils at the end of key stage 4**

Number of pupils at the end of Key Stage 4 was 34

**Progress 8**

Progress 8 score : -0.51

**Attainment 8**

Average attainment 8 score per pupil: 38.44

**Progress 8 element breakdown**

English: -0.42  
Maths: -0.10

**Disadvantaged pupils**

Number of disadvantaged pupils in the Progress 8 score: 12  
Progress 8 score for disadvantaged pupils: -0.27  
Progress 8 score for disadvantaged pupils – English: -0.35  
Progress 8 score for disadvantaged pupils – Maths: 0.02  
Average Attainment 8 score per disadvantaged pupil: 40.83  
Average Attainment 8 score per disadvantaged pupil – English: 8.83  
Average Attainment 8 score per disadvantaged pupil – Maths: 8.33

**GCSE and equivalent achievements of pupils at the end of key stage 4**

Percentage achieving a good pass in English and maths: 38%

These unevaluated results do not include Vocational subject results in Engineering and Business or the impact of remarks in English where 2 students English grade improved from a D to a C.

## The Stephenson Studio School Trust Governor's Report (continued)

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The schools internal dashboard suggests that the impact of these results being included will result in the following statistics:

Percentage of Students Achieving 5 or more A*-C grades including English and mathematics	44%
Percentage of students achieving 5 or more A*-C GCSE grades	44%
Percentage of students achieving basics measure	44%
Progress 8	-0.39
Attainment 8	39.38
Percentage of students achieving A*-C in English	53%
Percentage of students achieving A*-C in mathematics	65%

### **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 during the financial year The Stephenson Studio School Trust was inspected by Ofsted and was 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. 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 and remain financially viable. 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 2016, the School received income of £1,187,000 (2014/15: £896,000) from DfE in respect of General Annual Grant and other Government funding, £6,000 (2014/15: £6,000) in the form of DfE capital grants and £130,000 (2014/15: £37,000) other income, giving a total income of £1,323,000 (2014/15: £939,000) for the year. Expenditure for the year amounted to £1,411,000 (2014/15: £1,098,000).

At 31 August 2016 the net book value of fixed assets was £114,000 (2014/15: £171,000) and movements in tangible fixed assets are shown in note 12 to the financial statements.

The School held fund balances at 31 August 2016 of £150,000 (2014/15: £257,000) comprising of surplus of £1,000 (2014/15: surplus £1,000) of restricted general funds, surplus of £149,000 (2014/15: surplus £207,000) of restricted fixed assets and £nil (2014/15: surplus £49,000) 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 governance statement 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.

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.

#### *Student recruitment risk*

The School is at risk if it fails to recruit sufficient learners to make it viable.

#### *Other risks*

During the year the School was placed into special measures. There is risk that the School fails to secure sufficient improvement towards the removal of special measures status.

### **Reserves policy**

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

### **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.

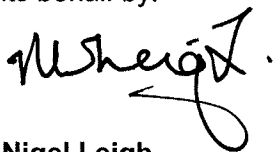
**Auditors**

RSM UK Audit LLP 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.

Approved by order of the Governing Board at its meeting on 14 December 2016 and signed on its behalf by:



**Nigel Leigh**  
**Chair**  
**14 December 2016**

## 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 six times during the year. Attendance during the year at all meetings was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of possible</b>
W Devitt	5	6
S Forbes	1	5
V Gould	3	3
K Johnson	3	3
R Kelly	6	6
S Kibble	6	6
G Laird	5	6
N Leigh	6	6
G Tacey	4	6
P Scales	4	4

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

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
R Kelly	3	3
G Laird	2	3
N Leigh	2	3
G Tacey	3	3

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

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
W Devitt	3	3
S Kibble	3	3

### **Governance reviews**

An independent review of the schools governance was undertaken during 2015/16. The outcomes were presented to the Board of Trustees in June 2016 and an action plan was agreed. The key message was that “the trust board has the capacity and capability to become fully fit for purpose within a relatively short time frame. Significant improvements have taken place since the time of the Ofsted inspection. Once the committee structure and the terms of reference have been amended and the Board is clear about the assurances that it needs, and how these will be established governance will be totally secured.” Stephen Hopkins, National Governors Association.

### **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.) Significant improvement in results exemplified by a 15% improvement in the proportion of students achieving 5A\*-C including English and mathematics and 44% of learners achieving the basics measure.
- 2.) Ensuring that students at The Stephenson Studio School Trust have a positive experience and enjoy their time with The Stephenson Studio School Trust. 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.
- 3.) 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 2016 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 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

### **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.

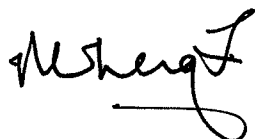
### **Review of effectiveness**

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 14 December 2016 and signed on its behalf by:



**Nigel Leigh**  
Chair



**Keith Hobbs**  
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 irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



**Keith Hobbs**  
**Accounting Officer**

**14 December 2016**

## 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:

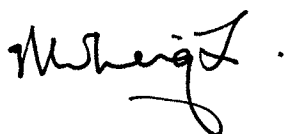
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 14 December 2016 and signed on its behalf by:



**Nigel Leigh**  
Chair

# Independent Auditors' Report to the Members of The Stephenson Studio School Trust for the year ending 31 August 2016

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We have audited the financial statements of The Stephenson Studio School Trust for the year ended 31 August 2016 on pages 16 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), 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 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 trustees 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 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 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



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



The Stephenson Studio School Trust

Statement of Financial Activities (including Income and Expenditure Account and Total Recognised Gains and Losses)  
for the year ended 31 August 2016

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
<b>Income and endowments from:</b>									
Donations and capital grants	3	102	6	-	108	-	-	6	6
Charitable activities:									
Funding for the academy trust's educational operations	4	16	1,187	-	1,203	25	896	-	921
Other trading activities	5	10	1	-	11	11	-	-	11
Investments	6	1	-	-	1	1	-	-	1
<b>Total</b>		<b>129</b>	<b>1,194</b>	<b>-</b>	<b>1,323</b>	<b>37</b>	<b>896</b>	<b>6</b>	<b>939</b>
<b>Expenditure on:</b>									
Charitable activities:									
Academy trust educational operations	8	178	1,175	58	1,411	2	1,012	84	1,098
<b>Total</b>		<b>178</b>	<b>1,175</b>	<b>58</b>	<b>1,411</b>	<b>2</b>	<b>1,012</b>	<b>84</b>	<b>1,098</b>
<b>Net income / (expenditure)</b>		<b>(49)</b>	<b>19</b>	<b>(58)</b>	<b>(88)</b>	<b>35</b>	<b>(116)</b>	<b>(78)</b>	<b>(159)</b>
<b>Transfers between funds</b>	16	-	-	-	-	-	-	-	-
<b>Other recognised gains / (losses):</b>									
Actuarial (losses) / gains on defined benefit pension scheme	25	-	(19)	-	(19)	-	1	-	1
<b>Net movement in funds</b>		<b>(49)</b>	<b>-</b>	<b>(58)</b>	<b>(107)</b>	<b>35</b>	<b>(115)</b>	<b>(78)</b>	<b>(158)</b>
<b>Reconciliation of funds</b>									
Total funds brought forward		49	1	207	257	14	116	285	415
<b>Total funds carried forward</b>		<b>-</b>	<b>1</b>	<b>149</b>	<b>150</b>	<b>49</b>	<b>1</b>	<b>207</b>	<b>257</b>

# The Stephenson Studio School Trust

Balance Sheet  
as at 31 August 2016

Company Registration No. 07662709

	Notes	£000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Tangible assets	12		114		171
<b>Current assets</b>					
Debtors	13	36		36	
Cash at bank and in hand		<u>292</u>		<u>141</u>	
		<b>328</b>		<b>177</b>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	<u>(243)</u>		<u>(71)</u>	
<b>Net current assets</b>			<u><b>85</b></u>		<u>106</u>
<b>Total assets less current liabilities</b>			<b>199</b>		277
Creditors: Amounts falling due after more than one year			-		-
<b>Net assets excluding pension liability</b>			<u><b>199</b></u>		<u>277</u>
Defined benefit pension scheme liability	25		<u>(49)</u>		(20)
<b>Total assets</b>			<u><b>150</b></u>		<u>257</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
. Fixed asset fund	16	149		207	
. Restricted income fund	16	50		21	
. Pension reserve	16	<u>(49)</u>		<u>(20)</u>	
<b>Total restricted funds</b>			<b>150</b>		208
<b>Unrestricted income funds</b>	16		-		49
<b>Total funds</b>			<u><b>150</b></u>		<u>257</u>

The financial statements on pages 16 to 36 were approved by the trustees, and authorised for issue on 14 December 2016 and are signed on their behalf by:



Nigel Leigh  
Chair

The Stephenson Studio School Trust  
Statement of Cash Flows  
for the year ended 31 August 2016

	Notes	<b>2016</b> <b>£000</b>	2015 £000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	20	145	(163)
<b>Cash flows from investing activities</b>			
	21	6	-
<b>Change in cash and cash equivalents in the reporting period</b>		<b>151</b>	<b>(163)</b>
<b>Cash and cash equivalents at 1 September 2015</b>		141	304
<b>Cash and cash equivalents at the 31 August 2016</b>	22	<b>292</b>	141

# The Stephenson Studio School Trust

Notes to the Financial Statements  
for the year ended 31 August 2016

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## 1 Statement of Accounting Policies

### General Information

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

### Basis of Preparation

The financial statements of The Studio School 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 (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2015) 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 (FRS102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements of The Studio School for the year ended 31 August 2016 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

The Stephenson Studio School Trust meets the definition of a public benefit entity under FRS 102.

### Going Concern

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

During the year, Ofsted have inspected The Stephenson Studio School Trust and have placed the school in special measures. Since the inspection, the Studio School Trust have put into action various measures to improve the school. The School continues to be financially supported by its main sponsor, Stephenson College and as such is still considered a going concern.

### Income

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

- **Grants**

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

## 1 Statement of Accounting Policies (continued)

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

Capital grants are recognised when 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.

- **Sponsorship Income**

Sponsorship income provided to the Studio School Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other Income**

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

### Expenditure

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

- **Charitable Activities**

These are costs incurred on the Studio School Trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.