

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

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

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

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

Quality	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.
Growth	We will recruit the target number of students into the school within three years.
Efficiency	We will attract employer sponsors to the school. We will achieve the best value standards aligned to those of "the College".
Corporate Social Responsibility	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)

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.

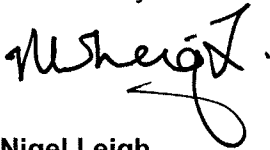
Auditors

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:

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

Nigel Leigh
Chair
14 December 2016

The Stephenson Studio School Trust

Governance Statement

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:

Governor	Meetings attended	Out of possible
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:

Governor	Meetings attended	Out of a possible
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:

Governor	Meetings attended	Out of a possible
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.

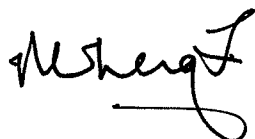
Review of effectiveness

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

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

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:

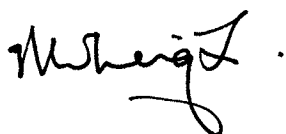
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures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

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.

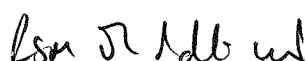
Opinion on other requirement of the Companies Act 2006

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

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2015
	Note	£000	£000	£000	£000	£000	£000	£000	£000
Income and endowments from:									
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
Total		<u>129</u>	<u>1,194</u>	<u>-</u>	<u>1,323</u>	<u>37</u>	<u>896</u>	<u>6</u>	<u>939</u>
Expenditure on:									
Charitable activities:									
Academy trust educational operations	8	178	1,175	58	1,411	2	1,012	84	1,098
Total		<u>178</u>	<u>1,175</u>	<u>58</u>	<u>1,411</u>	<u>2</u>	<u>1,012</u>	<u>84</u>	<u>1,098</u>
Net income / (expenditure)		(49)	19	(58)	(88)	35	(116)	(78)	(159)
Transfers between funds	16	-	-	-	-	-	-	-	-
Other recognised gains / (losses):									
Actuarial (losses) / gains on defined benefit pension scheme	25	-	(19)	-	(19)	-	1	-	1
Net movement in funds		<u>(49)</u>	<u>-</u>	<u>(58)</u>	<u>(107)</u>	<u>35</u>	<u>(115)</u>	<u>(78)</u>	<u>(158)</u>
Reconciliation of funds									
Total funds brought forward		49	1	207	257	14	116	285	415
Total funds carried forward		<u>-</u>	<u>1</u>	<u>149</u>	<u>150</u>	<u>49</u>	<u>1</u>	<u>207</u>	<u>257</u>

The Stephenson Studio School Trust

Balance Sheet

as at 31 August 2016

Company Registration No. 07662709

			2016	2015	2015
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	12		114		171
Current assets					
Debtors	13	36		36	
Cash at bank and in hand		292		141	
		<u>328</u>		<u>177</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	(243)		(71)	
Net current assets			<u>85</u>		<u>106</u>
Total assets less current liabilities			199		277
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			<u>199</u>		<u>277</u>
Defined benefit pension scheme liability	25		(49)		(20)
Total assets			<u>150</u>		<u>257</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	16	149		207	
. Restricted income fund	16	50		21	
. Pension reserve	16	(49)		(20)	
Total restricted funds			150		208
Unrestricted income funds	16		-		49
Total funds			<u>150</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	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	145	(163)
Cash flows from investing activities	21	6	-
Change in cash and cash equivalents in the reporting period		151	(163)
Cash and cash equivalents at 1 September 2015		141	304
Cash and cash equivalents at the 31 August 2016	22	292	141

The Stephenson Studio School Trust

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

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.

1 Statement of Accounting Policies (continued)

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

• Long leasehold buildings	Over the life of the lease
• Fixtures, fittings and equipment	5 years
• ICT hardware	3 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.

Liabilities

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

Leased Assets

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

1 Statement of Accounting Policies (continued)

Taxation

The Studio School Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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 the assets are held separately from those of the academy 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 quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1 Statement of Accounting Policies (continued)

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Studio School Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Stephenson Studio School Trust

Notes to the Financial Statements

for the year ended 31 August 2016 (continued)

2 General Annual Grant (GAG)

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

The Studio School Trust has not exceeded these limits during the year ended 31 August 2016.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital Grants	-	6	6	6
Donations	102	-	102	-
	<u>102</u>	<u>6</u>	<u>108</u>	<u>6</u>

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA grants				
. General Annual Grant (GAG)	-	1,156	1,156	862
. Start Up Grants	-	4	4	29
. Other DfE/EFA grants	-	27	27	5
. Miscellaneous income	16	-	16	25
	<u>16</u>	<u>1,187</u>	<u>1,203</u>	<u>921</u>

5 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Miscellaneous income	10	1	11	11
	<u>10</u>	<u>1</u>	<u>11</u>	<u>11</u>

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

7 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
	£000	Premises	Other	2016	2015
	£000	£000	£000	£000	£000
Academy's educational operations:					
. Direct costs	739	-	63	802	574
. Allocated support costs	111	259	239	609	524
	<u>850</u>	<u>259</u>	<u>302</u>	<u>1,411</u>	<u>1,098</u>

Net (income)/expenditure for the period includes:

	2016	2015
	£000	£000
Operating lease rentals	108	108
Depreciation	58	84
Fees payable to auditor for:		
- audit	7	7
- other services	-	2
	<u>-</u>	<u>2</u>

8 Charitable Activities

	Total	Total
	2016	2015
	£000	£000
Direct costs – educational operations	802	574
Support costs – educational operations	609	524
	<u>1,411</u>	<u>1,098</u>

Analysis of support costs

	Total	Total
	2016	2015
	£000	£000
Support staff costs	111	155
Depreciation	58	84
Technology costs	5	3
Premises costs	201	203
Other support costs	228	65
Governance costs	6	14
Total support costs	<u>609</u>	<u>524</u>

9 Staff

a. Staff costs

Staff costs during the period were:

	Total 2016 £000	Total 2015 £000
Wages and salaries	605	455
Social security costs	48	33
Operating costs of defined benefit pension schemes	106	62
	<u>759</u>	<u>550</u>
Supply staff costs	59	22
Staff training	4	5
Staff restructuring costs	28	-
	<u>850</u>	<u>577</u>
Staff restructuring costs comprise:		
Redundancy payments	4	-
Severance payments	24	-
	<u>28</u>	<u>-</u>

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs was a non-statutory/non-contractual severance payment totalling £21,000 (2015: nil).

c. Staff numbers

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

	Persons 2016 No.	FTE 2016 No.	Persons 2015 No.	FTE 2015 No.
Teachers	20	13	13	12
Administration and support	10	6	4	2
Management	4	3	3	3
	<u>34</u>	<u>22</u>	<u>20</u>	<u>17</u>

d Higher paid staff

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

	2016 No.	2015 No.
£70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

9 Staff (continued)

e Key management personnel

The key management personnel of the Studio School Trust comprises the directors, trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Studio School Trust was £208,000 (2015: £237,000).

10 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Studio School Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

G Laird (principal and trustee):

- . Remuneration received of £73,107 (2015: £71,883)
- . Employer's pension contributions paid of £12,048 (2015: £10,136)

V Gould (staff trustee appointed 16 March 2016):

- . Remuneration received of £15,700
- . Employer's pension contributions paid £2,622

A Collard (staff trustee resigned 01 July 2015):

- . Remuneration £nil (2015: £25,419)
- . Employer's pension contributions paid £nil (2015: £3,467)

During the period ended 31 August 2016, travel and subsistence expenses totalling £122 were reimbursed or paid directly to 1 trustee (2015: £nil).

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2016 for the Management Liability Policy is £220 (2015: £220).

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

12 Tangible Fixed Assets

	Leasehold Property Improvements	Computers and Equipment	Total
	£000	£000	£000
Cost			
At 1 September 2015	115	273	388
Additions	-	1	1
At 31 August 2016	<u>115</u>	<u>274</u>	<u>389</u>
Depreciation			
At 1 September 2015	25	192	217
Charged in year	8	50	58
At 31 August 2016	<u>33</u>	<u>242</u>	<u>275</u>
Net book values			
At 31 August 2015	90	81	171
At 31 August 2016	<u>82</u>	<u>32</u>	<u>114</u>

13 Debtors

	2016	2015
	£000	£000
VAT recoverable	9	13
Prepayments and accrued income	<u>27</u>	<u>23</u>
	<u>36</u>	<u>36</u>

14 Creditors: Amounts Falling due within one year

	2016	2015
	£000	£000
Trade creditors	10	1
Due to Stephenson College	38	21
Other taxation and social security	15	10
EFA creditor: GAG clawback	120	-
Other creditors	22	9
Accruals and deferred income	<u>38</u>	<u>30</u>
	<u>243</u>	<u>71</u>
Deferred income		
	2016	2015
	£000	£000
Deferred income at 1 September 2015	9	79
Released from previous years	(3)	(86)
Resources deferred in the year	<u>4</u>	<u>16</u>
Deferred Income at 31 August 2016	<u>10</u>	<u>9</u>

At the balance sheet date The Studio School Trust was holding funds received from bursary payments not yet spent.

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

15 Financial Instruments

The Studio School Trust has the following financial instruments:

	2016 £000	2015 £000
Financial assets		
Debt instruments measured at amortised cost	-	-
	<u>-</u>	<u>-</u>
Financial liabilities		
Financial liabilities measured at amortised cost	218	52
	<u>218</u>	<u>52</u>

16 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	(50)	1,156	(1,136)	30	-
Start Up Grant	62	4	(4)	(30)	32
Other grants	9	34	(25)	-	18
Pension reserve	(20)	-	(10)	(19)	(49)
	<u>1</u>	<u>1,194</u>	<u>(1,175)</u>	<u>(19)</u>	<u>1</u>
Restricted fixed asset funds					
DfE/EFA capital grants	207	-	(58)	-	149
Capital expenditure from GAG	-	-	-	-	-
	<u>207</u>	<u>-</u>	<u>(58)</u>	<u>-</u>	<u>149</u>
Total restricted funds	<u>208</u>	<u>1,194</u>	<u>(1,233)</u>	<u>(19)</u>	<u>150</u>
Total unrestricted funds	<u>49</u>	<u>129</u>	<u>(178)</u>	<u>-</u>	<u>-</u>
Total funds	<u>257</u>	<u>1,323</u>	<u>(1,411)</u>	<u>(19)</u>	<u>150</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 Trust. The Studio School Trust 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 Trust 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.

16 Funds (continued)

Other restricted grants comprise income received in relation to pupil premium to support pupils in care or in receipt of free school meals. Additionally the devolved capital grant has been used for premises upkeep and maintenance.

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

17 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	114	114
Current assets	-	293	35	328
Current liabilities	-	(243)	-	(243)
Pension scheme liability	-	(49)	-	(49)
Total net assets	-	1	149	150

18 Capital Commitments

There were no capital commitments, contracted but not provided for, present at year end (2015: £nil).

19 Commitments under operating leases

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

	2016	2015
	£000	£000
Amounts due within one year	108	108
Amounts due between one and five years	216	324
Amounts due after five years	-	-
	<u>324</u>	<u>432</u>

20 Reconciliation of Net expenditure to Net Cash Flow from Operating Activities

	2016	2015
	£000	£000
Net expenditure for the reporting period (as per the statement of financial activities)	(88)	(159)
Adjusted for:		
Depreciation charges (note 12)	58	84
Capital grants from DfE and other capital income	(6)	(6)
Interest receivable (note 6)	(1)	(1)
Defined benefit pension scheme cost less contributions payable (note 25)	10	7
Decrease in debtors	-	14
Increase/(decrease) in creditors	172	(102)
Net cash provided by / (used in) Operating Activities	<u>145</u>	<u>(163)</u>

21 Cash Flows from Investing Activities

	2016	2015
	£000	£000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(1)	(7)
Capital grants from DfE/EFA	6	6
Net cash provided by / (used in) investing activities	<u>6</u>	<u>-</u>

22 Analysis of cash and cash equivalents

	At 31 August	At 31 August
	2016	2015
	£000	£000
Cash in hand and at bank	292	141
Total cash and cash equivalents	<u>292</u>	<u>141</u>

23 Contingent Liabilities

There were no contingent liabilities present at year end.

24 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.

25 Pension and Similar Obligations

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

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

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

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.

25 Pension and Similar Obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

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%.

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable 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 £79,000 (2015: £85,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Studio School 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 2016 was £23,000 (2015: £15,000), of which employer's contributions totalled £17,000 (2015: £11,000) and employees' contributions totalled £6,000 (2015: £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.

25 Pension and Similar Obligations (continued)
Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.10%	4.60%
Rate of increase for pensions in payment/inflation	2.10%	2.70%
Discount rate for scheme liabilities	2.10%	3.80%
Commutation of pensions to lump sums	50.00%	50.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.2	22.2
Females	24.3	24.3
<i>Retiring in 20 years</i>		
Males	24.2	24.2
Females	26.6	26.6

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	66	36
Debt instruments	17	12
Property	8	6
Cash	1	1
Total market value of assets	<u>92</u>	<u>55</u>

The actual return on scheme assets was £14,000 (2015: £2,000).

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2016 £000	2015 £000
Amounts included in staff costs		
Current service cost (less employer costs)	<u>10</u>	<u>8</u>
	<u>10</u>	<u>8</u>
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	11	-
Changes in assumptions underlying the present value of plan liabilities	<u>(30)</u>	<u>1</u>
Amount recognised in Other Comprehensive Income	<u>(19)</u>	<u>1</u>

25 Pension and Similar Obligations (continued)

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

	2016 £000	2015 £000
At 1 September	75	51
Current service cost	27	19
Interest cost	3	2
Employee contributions	6	4
Actuarial (gain)/loss	-	(1)
Changes in financial assumptions	30	-
At 31 August	141	75

Changes in the fair value of academy's share of scheme assets:

	2016 £000	2015 £000
At 1 September	55	38
Interest income	3	2
Return on plan assets (excluding net interest on the net defined pension liability)	11	-
Employer contributions	17	11
Employee contributions	6	4
At 31 August	92	55

26 Related Party Transactions

During the period the Studio School Trust was charged an amount of £387,700 (2015: £372,300) from Stephenson College, in respect of accommodation and other costs. The Studio School Trust charged an amount of £nil (2015: £700) to Stephenson College. During the year the Studio School received £102,000 (2015: £nil) in sponsorship income from the Stephenson College. At 31 August 2016 there was an amount of £37,900 (2015: £20,500) due to Stephenson College and included within creditors.

Transactions with key management personnel

Key management compensation disclosure is given in Note 9.

27 Transition to FRS102

Explanation of transition to FRS 102

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below. There have been no adjustments to total funds at transition on 31 August 2015.

Reconciliation of net income/(expenditure)		31 August
	Notes	2015
		£000
Net expenditure previously reported under UK GAAP		(158)
Change in recognition of LGPS interest cost	A	(1)
Net expenditure reported under FRS 102		<u>(159)</u>

A - Change in recognition of LGPS interest cost

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

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

In accordance with the terms of our engagement letter dated 17 November 2015 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, 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 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Stephenson Studio School Trust and the EFA in accordance with the terms of our engagement letter dated 17 November 2015. 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 dated 31 August 2011 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015/6. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015/6 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

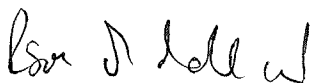
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable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

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 2015 to 31 August 2016 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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2 December 2016

