

STEWARDS ACADEMY TRUST

GOVERNORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

STEWARDS ACADEMY TRUST

CONTENTS

	Page
Reference and Administrative Details of the Academy, its Governors and Advisers	1
Governors' Report	2 - 6
Governance Statement	7 - 9
Statement on Regularity, Propriety and Compliance	10
Governors' Responsibilities Statement	11
Independent Auditors' Report	12 - 13
Independent Reporting Accountant's Assurance Report on Regularity	14 - 15
Statement of Financial Activities	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19 - 33

STEWARDS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2014

Members	Ms R Murthar, Headteacher Mr A Armitage Mr J Tarling
Trustees	Mr A Armitage Mrs J Baldwin Mr A Bower ¹ Mr S Dodd Dr D Guest ¹ Mr J Hewlett Mr P Hickman Mrs K Hunt Mrs P Jenkins ¹ Ms D Johnson Mr B Leadley ¹ Mr B Moldon ¹ Ms R Murthar ¹ Mr P Rogers Mrs K Rushbrooke Mr J Tarling ¹ 1 Member of Finance and General Purpose Committee
Company registered number	07770970
Registered and principal office	Stewards Academy Parnall Road Harlow Essex CM18 7NQ
Company secretary	Mrs P Jenkins
Chief executive officer	Ms R Murthar
Independent auditors	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds 25 East Gate Harlow CM20 1LD

STEWARDS ACADEMY TRUST

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees present their annual report together with the financial statements and auditors' report of Stewards Academy Trust (the Charitable Company) for the year ended 31st August 2014. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The Charitable Company operates an Academy for pupils of all abilities aged 11 – 16. It has a pupil capacity of 1,050 and a current roll of 1,059 in the latest school census [Autumn 2014].

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is also known as Stewards School – Science Specialist.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details section on page 1.

Member's 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.

Trustee and Officers' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim. Details of total insurance costs are disclosed in Note 11 to the accounts.

Method of recruitment and appointment or election of Trustees

- Parent Governors are elected by parents of pupils attending the Academy.
- Staff Governors are elected by staff employed by the Academy.
- Community Governors may be appointed by the Governing Body.
- Co-opted Governors may be appointed by those Governors who are not themselves co-opted.
- The Headteacher is automatically an ex-officio Governor.
- Further Governors may be appointed by the Secretary of State.

Policies and Procedures adopted for the induction and training of Trustees

Upon appointment all Governors are issued with an induction pack that includes: Articles of Association, Terms of Reference, details of Governors' training opportunities, list of Governors with contact details, Code of Conduct, timetable of Governors' meetings, most recent Head's report to Governors, minutes of the last two meetings, list of staff, latest OFSTED report, summary of the SEF [Self Evaluation Form]. New Governors will have a meeting with the Headteacher and are invited to tour the Academy to speak to staff and pupils. New Governors are encouraged to liaise with experienced Academy Governors to assist with background information.

The Academy subscribes to Essex County Council Governor Support Services. A huge range of training courses is available and governors may attend as many as they wish under our umbrella subscription. Governors have attended Safeguarding training sessions delivered by the Academy's Safeguarding Officer.

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Department for Education Funding Agreement.

The Full Governing Body, which meets termly, is responsible for the strategic direction of the Academy. The Governing Body reviews progress towards educational objectives and results and has an overall strategic role. The Governing Body has delegated certain functions to other committees, eg the Finance & General Purposes Committee, the Staffing & Personnel Committee and the Curriculum Committee all of which meet half termly on average. Responsibilities include approving major expenditure plans, setting and monitoring the budget for the following year, approving the organisational staffing structure, monitoring curriculum delivery, and agreeing and monitoring the performance objectives of the Headteacher.

STEWARDS ACADEMY TRUST

GOVERNORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2014

The Headteacher is the designated Accounting Officer of the Academy. In accordance with the Academy's Financial Regulations she has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher and other designated senior staff have delegated authority for expenditure within set limits. Cost centre managers are responsible for managing their own individual budgets, eg Subject Leaders. A system of internal financial controls is in place to manage this process, in line with the Academies Financial Handbook.

The Headteacher manages the Academy on a daily basis supported by a Senior Leadership Team. The Senior Leadership Team meets frequently to discuss strategic matters and pupil progress and wellbeing. Each member of the Senior Leadership Team has designated responsibilities to assist the Headteacher in managing specific aspects of the Academy.

Connected Organisations and Related Parties

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's Financial Regulations and normal procurement procedures. The Academy has entered into payment and receipt transactions with the following organisations solely in connection with the provision of education, pastoral care, facilities management and teacher training.

The Headteacher is a Director of the Harlow Education Consortium. HEC is a non-profit group of primary and secondary schools within Harlow which exists to provide pupil and curriculum support, and to procure best value deals for services. All schools pay a subscription fee to fund the organisation.

The Headteacher is a Governor of the ASPIRE Academy which was established in September 2014 to provide alternative education for young people from Year 3 upwards.

The Headteacher is Secretary to ASHE – the Association of Secondary Headteachers in Essex.

The Academy is associated with the West Essex Teaching Schools Alliance – WETSA. This is an organisation of local schools which co-ordinates and provides teacher training schemes. Stewards is a partner school with Davenant Academy. We organise training programmes and are a hub for English and ICT teacher training.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and aim of the Charitable Company is to enable Stewards Academy Trust to provide free education and care for boys and girls of different abilities between the ages of 11 and 16.

Strategies and Activities

During the year the Academy has worked towards achieving these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and pastoral care;
 - ensuring that pupils and staff have a safe environment in which to work;
 - providing enrichment opportunities [overseas and UK residential trips, theatre visits, visits to places of educational interest];
 - arranging visits to universities and a programme of work experience;
- continuing to raise the standard of educational achievement of all pupils and thereby maintaining the Academy's local and national reputation;
- improving the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- conducting the Academy's business in accordance with the highest standards of integrity

At Stewards Academy we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our goal is that every Stewards pupil will leave equipped to enter the world of work or to go on to further and higher education if that is their career plan.

STEWARDS ACADEMY TRUST

GOVERNORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2014

Public Benefit

The Trustees believe that by working towards the objects and aims of the Academy as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

STRATEGIC REPORT

Achievements and performance

The Academy measures its success through a variety of measures including:

- Academy popularity/admissions applications/waiting lists
- Examination results and other indicators of student progress
- Staff and department performance monitoring
- Financial strength and stability
- Stakeholder surveys, in particular from students and parents.

Key Performance Indicators

Examination results for 2014 were our best ever:

- A record 61% of pupils achieved 5 grades A* to C including English and Maths. This was the highest on record for Stewards and above national average.
- The percentage of students that made the expected levels of progress in English and Maths was as follows:
English = 89% Maths = 71%

To ensure that standards are raised continually, the Academy:

- Operates a programme of departmental reviews which includes observations of lessons
- Operates a sound performance management review system
- Regularly monitors pupil progress data and has a planned intervention programme to tackle underachievement as indicated by a number of measures [for example, by subject, class, student]
- Employs an External Adviser and professional training consultants to provide support to the Headteacher and all staff.

Governors receive half-termly business reports to enable them to monitor the performance of the Academy compared to aims, strategies and financial targets and the School Development Plan.

Funding is based on pupil numbers. Our number on roll in recent times is as follows: January 2013, 1,022; September 2013, 1,041; January 2014, 1,037; September 2014, 1,059. Stewards continues to be oversubscribed with a perpetual waiting list and these figures indicate how numbers are growing.

Another key financial performance indicator is staffing costs as a percentage of income. For 2013/14 this was 81% of Restricted Funds income [General Annual Grant of £6,768,494 and Other Restricted Funds of £313,535, a total of £7,082,029].

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the EFA. For the year ended 31st August 2014 the Trust received £7,418,093 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Academy Trust spent virtually all of its restricted funds and is carrying forward a surplus of £1,615,711. The Academy is carrying a surplus of £1,123,483 forward on its unrestricted funds.

STEWARDS ACADEMY TRUST

GOVERNORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2014

Reserves Policy

The Directors are aware of the requirement to balance current and future needs. The Directors always aim to set a balanced budget with annual income balancing annual expenditure.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,123,483. This has been built up from a mixture of locally raised income, unspent funds, and balances transferred from the pre-Academy school.

It is wise business practice to maintain a general and staffing contingency and this is always included in the budget plan. In 2013-14 these sums totalled £137,950. The above surplus funds have been accumulated over a period of years with the sole purpose of investment in the provision of a sports hall and additional science laboratories. These plans are now well in hand as described on page 6 of these accounts. Where relevant, grant applications will be made to supplement these funds, but the outcome of such bids cannot be predicted.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £2,694,760. The Governors have determined that they should hold a cash contingency equivalent to one month's gross salary expenditure and occupancy costs, approximately £550,000.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a significant overall pension fund deficit of £2,648,000. This does not mean that this amount crystallises as an immediate liability upon the Academy. Such a deficit results in a cash flow effect in the form of increased employer contributions over a number of years. This takes the form of a monthly "top up" payment to the LGPS which is included in the budget plan. Last year the Secretary of State for Education requested that the Government [the Department for Education] should guarantee outstanding pension liabilities should an Academy close. Parliament agreed and this guarantee came into force on 18th July 2013.

Investment Policy

An Investment Policy was approved by the Governing body in September 2013.

The aim of the policy is to consider the current, medium and long term needs of the Academy. Funds that the Academy does not need immediately to cover anticipated expenditure are invested in such a way as to maximise the Academy's income but with minimal risk. The Academy does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow. Such investments are undertaken in order to provide for enhanced facilities which in turn will lead to a wider educational experience for our pupils. Surplus funds are currently held in High Interest Deposit accounts with Lloyds Bank [the Academy's bank]. Sums are invested for varying periods to ensure that funds become available throughout the year. If not required funds are re-invested.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk management process is undertaken on an annual basis. Internal control systems and exposure to risks are monitored on behalf of the Trustees by termly Internal Controls Evaluation assessments and the results are reviewed by Governors at Finance & General Purposes Committee meetings. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an Academy, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and this is relatively stable with contingencies in place to cover such items as sickness and maternity.

The Directors assess the other principal risks and uncertainties facing the Trust as follows:

- The Academy has considerable reliance on continued Government funding through the EFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The

STEWARDS ACADEMY TRUST

GOVERNORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2014

Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

- Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that pupil success and achievement are closely monitored and reviewed.
- Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds – The Academy has appointed the Essex County Council Internal Controls Evaluation Service to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

PLANS FOR FUTURE PERIODS

In October 2014 Harlow Council granted planning permission for the extension of block 3 to provide enlarged dining facilities on the ground floor and two additional Science laboratories on the first floor. It is anticipated that this new facility will be brought into operation in the autumn of 2015. The estimated cost of this project is £750,000. This accommodation is required to provide adequate space for our existing school population: currently dining facilities are much too cramped, and there is a lack of specialist classrooms for Science lessons. A re-roofing programme commenced in the summer of 2014 and the next stage of roofing replacements will also continue during the next year with an estimated cost of £250,000.

Plans for a Sports Hall have been delayed due to issues relating to underground water pipes that run under our land but it is still our intention to proceed with this plan as soon as these difficulties have been resolved. The remainder of our invested funds has been allocated to this project [approximately £1.4million].

PROVISION OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Spring Term meeting of the Full Governing Body.

This report, incorporating the Strategic Report, was approved by order of the Governing Body, as the company directors, on 12 December 2014 and signed on the board's behalf by:

Mr JV Tarling
Chair of Governors

STEWARDS ACADEMY TRUST

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that Stewards Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Stewards Academy 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 Governors' Responsibilities Statement. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mr A Armitage	1	3
Mrs J Baldwin	2	3
Mr A Bower	2	3
Mr S Dodd	3	3
Dr D Guest	3	3
Mr J Hewlett	2	3
Mr P Hickman	3	3
Mrs K Hunt	0	3
Mrs P Jenkins	2	3
Ms D Johnson	1	3
Mr B Leadley	2	3
Mr B Moldon	1	3
Ms R Murthar	3	3
Mr P Rogers	3	3
Mrs K Rushbrooke	2	3
Mr J Tarling	2	3

The Business Manager, who has been in post for over 15 years, indicated a wish to retire in 2013. The recruitment process was put in motion but a suitable candidate was not found. The existing Business Manager remained in post until a new Business Manager was appointed at the end of July 2014, after many rounds of advertising throughout the year.

Governors have also considered succession planning within the Senior Leadership Team which comprises of some long-serving, very experienced staff along with a number of less experienced colleagues. A good deal of thought has been put into developing a programme of work shadowing, taking on additional responsibilities and visiting other schools to ensure that existing staff are prepared for future changes.

In the summer of 2013 the Academy considered whether to apply to become a sponsor of a local primary school. The SLT looked very carefully at the possible impact on Stewards of becoming a single or multi-academy trust. Options were presented to the full Governing Body by a senior officer from the DfE who later attended a meeting of the Governing Body of a potential partner. Ultimately, after due consideration, Governors decided not to pursue this development any further at the present time.

Governance reviews:

Our latest Ofsted report graded leadership and management which includes governance as good.

STEWARDS ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Ms R Murthar	5	5
Mr J Tarling	3	5
Mr B Moldon	4	5
Mrs P Jenkins	5	5
Dr D Guest	5	5
Mr A Bower	5	5
Mr B Leadley	4	5

Governors on this Committee have delegated powers to consider and approve the following:

- Governing Body Terms of Reference
- To set and monitor the budget
- To review financial policies and ensure compliance
- To appoint internal and external auditors and set their work programme, and to ensure that any action points are dealt with promptly
- To take decisions on contracts, eg building cleaning
- To monitor health & safety
- To oversee the planned maintenance and development of the site to ensure that facilities provided for learning are of the highest possible standard.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Stewards Academy Trust for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the Academy 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 ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 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 Academy'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 Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided to appoint Essex County Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the internal auditor reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Essex County Council delivered its schedule of works as planned and no material control issues were identified.

STEWARDS ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

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 internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 Finance and General Purposes 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 12 December 2014 and signed on its behalf, by:

Mr JV Tarling
Chair of Governors

Ms R Murthar
Accounting Officer

STEWARDS ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Stewards Academy Trust I have considered my responsibility to notify the Academy 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 Academy 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 Academy Governing Body are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook.

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

Ms R Murthar
Accounting Officer

Date: 12 December 2014

STEWARDS ACADEMY TRUST

GOVERNORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

The Governors (who act as trustees for charitable activities of Stewards Academy Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Requirements issued by the EFA, United Kingdom Accounting Standards (UKGAAP) 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 of the Charities SORP;
- make judgments and accounting 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;
- 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 12 December 2014 and signed on its behalf by:

Mr J Tarling
Chair of Governors

STEWARDS ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF STEWARDS ACADEMY TRUST

We have audited the financial statements of Stewards Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the Directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

STEWARDS ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF STEWARDS ACADEMY TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Mr Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
15 December 2014

STEWARDS ACADEMY TRUST

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

In accordance with the terms of our engagement letter dated 8 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stewards Academy Trust during the year 1 September 2012 to 31 August 2014 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 Stewards Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stewards Academy Trust and 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 Stewards Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF STEWARDS ACADEMY TRUST'S ACCOUNTING OFFICER AND THE INDEPENDENT REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Stewards Academy Trust's funding agreement with the Secretary of State for Education dated 1 October 2011, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2014 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 2013 to 2014 issued by 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the accounting officer's statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other Key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

STEWARDS ACADEMY TRUST

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Gary Miller (Reporting Accountant)

Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

15 December 2014

STEWARDS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	195,167	-	195,167	314,113
Activities for generating funds	3	340,348	-	-	340,348	323,470
Investment income		14,104	-	-	14,104	19,762
Incoming resources from charitable activities		-	7,444,865	21,246	7,466,111	7,459,166
TOTAL INCOMING RESOURCES		354,452	7,640,032	21,246	8,015,730	8,116,511
RESOURCES EXPENDED						
Charitable activities		235,592	7,664,918	411,483	8,311,993	7,452,320
Governance costs	7	-	12,830	-	12,830	26,250
TOTAL RESOURCES EXPENDED	5	235,592	7,677,748	411,483	8,324,823	7,478,570
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS						
		118,860	(37,716)	(390,237)	(309,093)	637,941
Transfers between Funds	14	-	(56,278)	56,278	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR						
		118,860	(93,994)	(333,959)	(309,093)	637,941
Actuarial gains and losses on defined benefit pension schemes		-	370,000	-	370,000	(164,000)
NET MOVEMENT IN FUNDS FOR THE YEAR						
		118,860	276,006	(333,959)	60,907	473,941
Total funds at 1 September 2013		1,004,623	(1,308,295)	8,088,788	7,785,116	7,311,175
TOTAL FUNDS AT 31 AUGUST 2014		1,123,483	(1,032,289)	7,754,829	7,846,023	7,785,116

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

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

STEWARDS ACADEMY TRUST
REGISTERED NUMBER: 07770970

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	11		7,754,829		8,088,788
CURRENT ASSETS					
Debtors	12	309,675		477,044	
Cash at bank and in hand		2,694,760		2,267,772	
		3,004,435		2,744,816	
CREDITORS: amounts falling due within one year	13	(265,241)		(273,488)	
NET CURRENT ASSETS			2,739,194		2,471,328
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	18		10,494,023		10,560,116
			(2,648,000)		(2,775,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			7,846,023		7,785,116
FUNDS OF THE ACADEMY					
Restricted funds :					
Restricted funds	14	1,615,711		1,466,705	
Restricted fixed asset funds	14	7,754,829		8,088,788	
		9,370,540		9,555,493	
Restricted funds excluding pension liability		9,370,540		9,555,493	
Pension reserve		(2,648,000)		(2,775,000)	
		6,722,540		6,780,493	
Total restricted funds			6,722,540		6,780,493
Unrestricted funds	14		1,123,483		1,004,623
TOTAL FUNDS			7,846,023		7,785,116

The financial statements were approved by the Governors, and authorised for issue, on 12 December 2014 and are signed on their behalf, by:

Mr JV Tarling
Chair of Governors

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

STEWARDS ACADEMY TRUST

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	16	469,162	842,233
Returns on investments and servicing of finance - interest received		14,104	19,762
Capital expenditure		(56,278)	(117,332)
INCREASE IN CASH IN THE YEAR		426,988	744,663

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
Increase in cash in the year	426,988	744,663
MOVEMENT IN NET FUNDS IN THE YEAR	426,988	744,663
Net funds at 1 September 2013	2,267,772	1,523,109
NET FUNDS AT 31 AUGUST 2014	2,694,760	2,267,772

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

STEWARDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Company status

The Academy is a company limited by guarantee. Those members who are Governors are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

1.3 Fund accounting

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

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 and include grants from the DfE.

Investment income, gains and losses are allocated to the appropriate fund.

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

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

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

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

STEWARDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

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

Charitable activities are costs incurred in the Academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Going concern

The Governors 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 Academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.7 Tangible fixed assets and depreciation

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

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

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

Long term leasehold buildings	-	22 years straight line
Long term leasehold land	-	over the term of the lease
Fixtures and fittings	-	5 - 13 years straight line
Computer equipment	-	3 years straight line

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.9 Taxation

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

STEWARDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.10 Pensions

Retirement benefits to employees of the Academy 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 18, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a pension interest adjustment in Note 7. Actuarial gains and losses are recognised immediately in other gains and losses.

2. OTHER VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	-	176,589	176,589	180,460
Grants	-	18,578	18,578	133,653
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	-	195,167	195,167	314,113
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Catering Income	192,787	192,787	184,674
Rental Income	54,893	54,893	55,865
Other Income	15,770	15,770	10,056
Swimming Lessons Income	76,898	76,898	72,875
	<hr/>	<hr/>	<hr/>
	340,348	340,348	323,470
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

STEWARDS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants			
General Annual Grant (GAG)	6,799,998	6,799,998	6,191,002
Other DfE / EFA grants	415,004	415,004	1,105,552
	<u>7,215,002</u>	<u>7,215,002</u>	<u>7,296,554</u>
Other government grants			
Local Authority Grant	154,082	154,082	162,612
Other government grants/reimbursements	97,027	97,027	-
	<u>251,109</u>	<u>251,109</u>	<u>162,612</u>
	<u><u>7,466,111</u></u>	<u><u>7,466,111</u></u>	<u><u>7,459,166</u></u>

5. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other costs 2014 £	Total 2014 £	Total 2013 £
Charitable activities	3,733,959	-	603,978	4,337,937	3,962,579
Provision of education - support costs	1,966,352	937,738	1,069,966	3,974,056	3,489,741
Charitable activities	<u>5,700,311</u>	<u>937,738</u>	<u>1,673,944</u>	<u>8,311,993</u>	<u>7,452,320</u>
Governance	<u>-</u>	<u>-</u>	<u>12,830</u>	<u>12,830</u>	<u>26,250</u>
	<u><u>5,700,311</u></u>	<u><u>937,738</u></u>	<u><u>1,686,774</u></u>	<u><u>8,324,823</u></u>	<u><u>7,478,570</u></u>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Amount £	Individual items above £5,000 Reason
Ex-gratia/compensation payments	5,000	5,000	Settlement agreement

The above payment was only made after taking professional advice and going through proper authorisation procedures.

This ex-gratia settlement payment was considered very carefully by the SLT in accordance with the Academies Financial Handbook, having taken HR advice from Essex County Council and in discussion with Union representatives. This was considered to be the most appropriate course of action in the best interests of the Academy.

STEWARDS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

6. CHARITABLE ACTIVITIES

	Total funds 2014 £	Total funds 2013 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,061,526	2,839,008
National insurance	233,882	230,084
Pension cost	438,551	401,678
Educational Supplies	299,749	260,992
Examination Fees	67,241	97,205
Staff Development	138,727	120,844
Technology Costs	28,249	-
Educational Consultancy	13,462	6,596
Insurance	37,500	-
Transport	19,050	6,172
	4,337,937	3,962,579
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,596,952	1,524,291
National insurance	95,415	92,476
Pension cost	273,985	242,978
Depreciation	390,237	406,442
LGPS FRS17 interest adjustments	125,000	90,000
Provision for doubtful reimbursement debtor	100,885	-
Technology Costs	38,973	47,287
Travel & Subsistence	16,202	21,352
Other Costs	50,436	94,036
Recruitment & Support	74,422	72,188
Maintenance of Premises & Machinery	480,795	207,825
Cleaning	138,021	136,262
Rates	9,158	17,898
Energy	105,684	118,221
Insurance	46,780	39,169
Security	7,717	9,995
Transport	1,890	1,937
Catering	195,306	196,827
Occupancy Costs	30,912	29,065
Bank Interest & Charges	-	96
Telephone	19,091	20,644
Printing, postage and stationary	75,836	74,091
Professional fees	100,359	46,661
	3,974,056	3,489,741
	8,311,993	7,452,320

STEWARDS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

7. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Subcontracted RO assistance	-	2,730	2,730	1,200
Governance statutory auditors' remuneration - audit costs	-	6,500	6,500	6,000
Governance statutory auditors' remuneration - non audit costs including EFA Pilot audit	-	3,600	3,600	19,050
	<u>-</u>	<u>12,830</u>	<u>12,830</u>	<u>26,250</u>

8. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	4,293,951	4,128,725
Social security costs	329,297	322,560
Other pension costs (Note 18)	712,536	644,656
	<u>5,335,784</u>	<u>5,095,941</u>
Supply teacher costs	341,929	234,574
Staff restructuring	22,598	-
	<u>5,700,311</u>	<u>5,330,515</u>

b. Staff severance payments

Included in the staff restructuring costs is a non-contractual severance payments totalling £5,000 (2013 - £nil).

c. Staff numbers

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

	2014 No.	2013 No.
Teachers	61	59
Administration and support	91	84
Management	5	5
	<u>157</u>	<u>148</u>

STEWARDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

8. STAFF (continued)

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2014 No.	2013 No.
In the band £ 60,001 - £ 70,000	3	1
In the band £100,001 - £110,000	1	1
	<u>4</u>	<u>2</u>

Three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £33,123 (2013: £31,980).

One of the above employees participated in the Local Government Pension Scheme. During the year ended 31 August 2014 pension contributions for this member of staff amounted to £7,071 (2013: £nil).

9. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 Governors (2013 - 4 Governors) in respect of defined contribution pension schemes.

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of trustees' remuneration, including pension contributions, and other benefits, was as follows:

	2014 £	2013 £
Ms R Murthar	120,000-125,000	115,000-120,000
Ms D Johnson	50,000-55,000	50,000-55,000
Mr P Hickman	50,000-55,000	50,000-55,000
Ms P Jenkins	65,000-70,000	50,000-55,000

During the year 3 staff governors received reimbursement of expenses in pursuance of their employment of £1,069 (2013: £1,032) No governors received any reimbursement of expenses in their role of governors.

10. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000. on any one claim and the cost for the year ended 31 August 2014. The cost of this insurance is included in the total insurance cost.

STEWARDS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

11. TANGIBLE FIXED ASSETS

	Long Term Leashold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2013	8,567,701	96,956	206,409	8,871,066
Additions	8,875	1,275	46,128	56,278
At 31 August 2014	<u>8,576,576</u>	<u>98,231</u>	<u>252,537</u>	<u>8,927,344</u>
Depreciation				
At 1 September 2013	642,784	52,910	86,584	782,278
Charge for the year	336,074	6,045	48,118	390,237
At 31 August 2014	<u>978,858</u>	<u>58,955</u>	<u>134,702</u>	<u>1,172,515</u>
Net book value				
At 31 August 2014	<u>7,597,718</u>	<u>39,276</u>	<u>117,835</u>	<u>7,754,829</u>
At 31 August 2013	<u>7,924,917</u>	<u>44,046</u>	<u>119,825</u>	<u>8,088,788</u>

12. DEBTORS

	2014 £	2013 £
Trade debtors	12,658	5,673
Other debtors	149,527	59,170
Prepayments and accrued income	147,490	412,201
	<u>309,675</u>	<u>477,044</u>

**13. CREDITORS:
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	-	16,207
Other creditors	248,948	257,281
Accruals and deferred income	16,293	-
	<u>265,241</u>	<u>273,488</u>

STEWARDS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

14. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Unrestricted funds						
General funds	1,004,623	354,452	(235,592)	-	-	1,123,483
Restricted funds						
General Annual Grant (GAG)	1,172,188	6,799,998	(6,278,515)	(56,278)	-	1,637,393
Other government grants	263,617	144,345	(407,962)	-	-	-
SEN Funding	-	154,082	(154,082)	-	-	-
Pupil premium funding	-	319,668	(319,668)	-	-	-
Educational visits	30,900	172,339	(224,921)	-	-	(21,682)
Other restricted funds	-	49,600	(49,600)	-	-	-
Pension reserve	(2,775,000)	-	(243,000)	-	370,000	(2,648,000)
	<u>(1,308,295)</u>	<u>7,640,032</u>	<u>(7,677,748)</u>	<u>(56,278)</u>	<u>370,000</u>	<u>(1,032,289)</u>
Restricted fixed asset funds						
	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Fixed asset fund	8,088,788	-	(390,237)	56,278	-	7,754,829
Devolved Formula Capital Grants	-	21,246	(21,246)	-	-	-
	<u>8,088,788</u>	<u>21,246</u>	<u>(411,483)</u>	<u>56,278</u>	<u>-</u>	<u>7,754,829</u>
Total restricted funds	<u>6,780,493</u>	<u>7,661,278</u>	<u>(8,089,231)</u>	<u>-</u>	<u>370,000</u>	<u>6,722,540</u>
Total of funds	<u><u>7,785,116</u></u>	<u><u>8,015,730</u></u>	<u><u>(8,324,823)</u></u>	<u><u>-</u></u>	<u><u>370,000</u></u>	<u><u>7,846,023</u></u>

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

Other government grants

Represents various grants from local and national government bodies for the provision of specific services to pupils of the Academy Trust.

SEN Funding

This represents funding for special educational needs pupils.

Pupil Premium

This funding is to be used to raise achievement and improve outcomes for pupils from low-income families who are eligible for free school meals, looked after children and those from families with parents in the Armed Forces.

Educational visits

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips.

STEWARDS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

14. STATEMENT OF FUNDS (continued)

Other restricted funds

This represents income received with for reimbursement of Academy expenditure and or income received to be forwarded onto other entities.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from a state controlled school.

Restricted Fixed Asset Funds

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

Devolved Formula Capital (DFC) fund

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

General Annual Grant (GAG)

This represents funding from the EFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

SUMMARY OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/(Losses) £	Carried forward £
General funds	1,004,623	354,452	(235,592)	-	-	1,123,483
Restricted funds	(1,308,295)	7,640,032	(7,677,748)	(56,278)	370,000	(1,032,289)
Restricted fixed asset funds	8,088,788	21,246	(411,483)	56,278	-	7,754,829
	<u>7,785,116</u>	<u>8,015,730</u>	<u>(8,324,823)</u>	<u>-</u>	<u>370,000</u>	<u>7,846,023</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	7,754,829	7,754,829	8,088,788
Current assets	1,388,722	1,615,711	-	3,004,433	2,744,815
Creditors due within one year	(265,239)	-	-	(265,239)	(273,488)
Provisions for liabilities and charges	-	(2,648,000)	-	(2,648,000)	(2,775,000)
	<u>1,123,483</u>	<u>(1,032,289)</u>	<u>7,754,829</u>	<u>7,846,023</u>	<u>7,785,116</u>

STEWARDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	(309,093)	637,941
Returns on investments and servicing of finance	(14,104)	(19,762)
Depreciation of tangible fixed assets	390,237	406,442
Decrease/(increase) in debtors	167,369	(294,170)
Decrease in creditors	(8,247)	(57,218)
FRS 17 adjustments	243,000	169,000
	469,162	842,233
Net cash inflow from operations	469,162	842,233

17. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	2,267,772	426,988	-	2,694,760
Net funds	2,267,772	426,988	-	2,694,760
	2,267,772	426,988	-	2,694,760

18. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £67,039 were payable to the schemes at 31 August 2014 (2013 - 65,111) and are included within creditors.

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

STEWARDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

18. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £379,000, of which employer's contributions totalled £288,000 and employees' contributions totalled £91,000. The agreed contribution rates for future years are 12.3% for employers and 5.5-7.5% for employees.

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

STEWARDS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

18. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance Sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(3,492,000)	(3,550,000)
Fair value of scheme assets	844,000	775,000
	<u> </u>	<u> </u>
Net liability	<u>(2,648,000)</u>	<u>(2,775,000)</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2014 £	2013 £
Current service cost	(385,000)	(349,000)
Interest on obligation	(169,000)	(116,000)
Expected return on scheme assets	44,000	26,000
Gains on curtailments and settlements	(21,000)	-
	<u> </u>	<u> </u>
Total	<u>(531,000)</u>	<u>(439,000)</u>
	<u> </u>	<u> </u>
Actual return on scheme assets	<u>93,000</u>	<u>76,000</u>

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

	2014 £	2013 £
Opening defined benefit obligation	3,550,000	2,749,000
Current service cost	385,000	349,000
Interest cost	169,000	116,000
Contributions by scheme participants	91,000	85,000
Actuarial (Gains)/losses	(324,000)	213,000
Losses on curtailments	21,000	-
Estimated benefits paid net of transfers in	(400,000)	38,000
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u>3,492,000</u>	<u>3,550,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	775,000	307,000
Expected return on assets	44,000	26,000
Actuarial gains	46,000	49,000
Contributions by employer	288,000	270,000
Contributions by employees	91,000	85,000
Estimated benefits paid net of transfer in and including unfunded	(400,000)	38,000
	<u> </u>	<u> </u>
	<u>844,000</u>	<u>775,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was a £369,000 loss (2013 - £739,000 loss).

The Academy expects to contribute £292,000 to its Defined Benefit Pension Scheme in 2015.

STEWARDS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

18. PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	64.00 %	65.00 %
Gilts	6.00 %	8.00 %
Other bonds	11.00 %	9.00 %
Property	12.00 %	11.00 %
Cash	3.00 %	3.00 %
Alternative assets	4.00 %	4.00 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Expected return on scheme assets at 31 August	5.30 %	5.80 %
Rate of increase in salaries	4.50 %	4.70 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %
Inflation assumption (RPI)	3.50 %	3.70 %

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

	2014	2013
Retiring today		
Males	22.7	22.7
Females	25.1	25.3
Retiring in 20 years		
Males	24.9	24.2
Females	27.4	26.9

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(3,492,000)	(3,550,000)	(2,749,000)
Scheme assets	844,000	775,000	307,000
Deficit	(2,648,000)	(2,775,000)	(2,442,000)
Experience adjustments on scheme assets	46,000	49,000	2,000

19. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Within 1 year	18,364	-
Between 2 and 5 years	-	18,364

STEWARDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

20. RELATED PARTY TRANSACTIONS

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

During the period the Academy incurred expenditure of £56,628 (2013 - £79,536) and received £47,000 (2013 - £Nil) in relation to educational services and grant funding from Harlow Education Consortium (HEC). Ms R Murthar, Accounting officer, is a Director of HEC. At the period end, no balance was due to HEC (2013 - £nil). Ms R Murthar is entitled to exercise 16.67% of the voting power and has no financial or profit share entitlement so transactions with HEC are not subject to the 'cost' clauses set out in the financial handbook.

During the period the Academy made sales of £1,609 (2013 - £Nil) in relation to the provision of educational services and room rental to Latton Green Primary School (LGP). Mr B Moldon, Chair of the Finance and General Purposes Committee, was the chair of governors at Latton Green Primary School until March 2014. At the period end, no balance was due from LGP (2013 - £nil).

The spouse of parent governor Mr P Rogers is employed by the Academy on a contract approved by Governors whose remuneration is in line with the standard payscales for the role undertaken and their employment contract is subject to normal terms and conditions.

The Academy is a party to a long term lease with The Harlow Education Trust, a company that Ms R Murthar is a director of, for the use of the premises where it performs its charitable activities. The Academy does not pay rent for its use of the land and buildings.

21. 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.