

**STEWARDS ACADEMY TRUST**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2015**

# STEWARDS ACADEMY TRUST

## CONTENTS

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

## STEWARDS ACADEMY TRUST

### REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2015

<b>Members</b>	Ms R Murthar Mr A Armitage Mr J Tarling
<b>Trustees</b>	Mr A Armitage (resigned 7 March 2015) Mrs J Baldwin Mr A Bower Mr S Dodd Dr D Guest Mr J Hewlett Mr P Hickman Mrs P Jenkins (resigned 4 December 2014) Ms D Johnson (resigned 4 December 2014) Mr B Leadley Mr B Moldon Ms R Murthar Mr P Rogers Ms K Rushbrooke Mr J Tarling Ms A Avis Mr C Waters Mr J Farrow Ms E Thomas
<b>Company registered number</b>	07770970
<b>Registered and principal office</b>	Stewards Academy Parnall Road Harlow Essex CM18 7NQ
<b>Company Secretary</b>	Mrs A Avis
<b>Chief Executive Officer</b>	Ms R Murthar
<b>Senior Leadership Team</b>	Rhonda Murthar Lynn Orwin Marie Erwood Terry O'Neill Helen Ginger Clare O'Sullivan Sally Goddard Mark Scholtes Simon Preece
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
<b>Bankers</b>	Lloyds 25 East Gate Harlow CM20 1LD

# STEWARDS ACADEMY TRUST

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees present their Annual Report together with the financial statements and Auditors' report of Stewards Academy Trust (the Charitable Company the Trust or the Academy) for the year ended 31st August 2015. The Annual Report serves the purpose of both a Trustees' Report, and a Directors' Report under company law.

The Academy operates a school (the School) for pupils of all abilities aged 11 – 16. It has a pupil capacity of 1,050 and a current roll of 1,050 in the Aultum 2015 school census [Autumn 2015].

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. Its Memorandum and Articles of Association are its primary governing documents. The Trustees of the Academy are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The School 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 Academy undertakes to contribute to the assets of the Academy 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 Trustees 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 10 to the accounts.

#### Method of recruitment and appointment or election of Trustees

- Parent Trustees are elected by parents of pupils attending the Academy.
- Staff Trustees are elected by staff employed by the Academy.
- Community Trustees may be appointed by the Governing Body.
- Local Authority Trustees may be appointed with approval from the Local Authority.
- Co-operative Trustee may be appointed with approval from the Co-operative Society.
- Co-opted Trustees may be appointed by those Trustees who are not themselves co-opted.
- The Headteacher is automatically an ex-officio Trustee.

#### Policies and Procedures adopted for the induction and training of Trustees

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

The Academy subscribes to Essex County Council Governor Support Services. A huge range of training courses are available and Trustees may attend as many as they wish under our umbrella subscription. Trustees 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 Board of Trustees, which meets termly, is responsible for the strategic direction of the Academy. The Board of Trustees reviews progress towards educational objectives and results and has an overall strategic role. The Board of Trustees has delegated certain functions to other committees, currently 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

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

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 Academy. 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 Trustee 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. Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academy Financial Handbook.

The Headteacher is a Director of the Harlow Education Consortium(HEC). 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 Trustee 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 a strategic partner of the West Essex Teaching Schools Alliance – WETSA. This is an organisation of local schools which co-ordinates and provides teacher training schemes. Stewards are 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 Academy 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; and
- conducting the Academy's business in accordance with the highest standards of integrity

At Stewards Academy Trust 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

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

#### 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; and
- stakeholder surveys, in particular from students and parents.

##### Key Performance Indicators

Examination results for 2015 were as follows:

- 51% of pupils achieved 5 grades A\* to C including English and Maths;
- The percentage of students that made the expected levels of progress in English and Maths was as follows:  
English = 67%      Maths = 70%

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;
- employs an external adviser and professional training consultants to provide support to the Headteacher and all staff.

Trustees 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 2014, 1,037; September 2014, 1,059; January 2015, 1,045; September 2015, 1,050. The school 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 2014/15 this was 80% of restricted funds income.

##### 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 31 August 2015 the Trust received £7,640,343 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 a large percentage of its restricted funds and is carrying forward a surplus of £805,487. The Academy is carrying a surplus of £1,299,189 forward on its unrestricted funds.

## STEWARDS ACADEMY TRUST

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

#### Reserves Policy

The Trustees are aware of the requirement to balance current and future needs. The Trustees 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 £1,299,189. This has been built up from a mixture of locally raised income, unspent funds, and balances transferred from the pre-Academy school.

The above free reserves have been accumulated over a period of years with the sole purpose of investment in the building infrastructure to enhance education and learning. In September 2015 additional science laboratories, an extended dining facility and the creation of a multi-purpose Performing Arts area were completed. For 2015-16 free reserves have been earmarked to facilitate the building of a sports hall with a planned completion date of November 2016.

Where relevant, grant applications will be made to supplement these funds, but the outcome of such bids cannot be predicted.

It is wise business practice to maintain a general and staffing contingency and this is always included in the budget plan. In 2014-15 these sums totalled £80,315.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £2,405,153. The Trustees 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 £2,768,000. 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. In 2013 the Secretary of State requested that the Department for Education should guarantee outstanding pension liabilities should an Academy close. On the 18th July 2013 this guarantee came into force.

#### Investment Policy

An Investment Policy was approved by the Board of Trustees 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. Free 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 independent termly Internal Controls Evaluation assessments. A full copy of the termly reports and findings along with an action plan highlighting any areas for review are reviewed by Trustees at Finance & General Purposes Committee meetings. The principal risks facing the Academy 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 Academy'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.

## STEWARDS ACADEMY TRUST

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees assess the other principal risks and uncertainties facing the Academy 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 Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- 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;
- 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 Trustees ensure that pupil success and achievement are closely monitored and reviewed;
- staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning; and
- safeguarding and child protection - the Trustees 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.

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

Plans for a Sports Hall are now underway as the issue relating to the location of underground water pipes has been resolved. Planning permission is being sought with the intention that building will begin March 2016. A budget of £1.5million has been allocated to this project to ensure that the facility enhances the health and education of pupils and provides an affordable facility which benefits the wider community.

#### 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 Board of Trustees.

This Report, incorporating the Strategic Report, was approved by the Board of Trustees on 2 December 2015 and signed on the board's behalf by:

**Mr J Tarling**  
Chair of Trustees

## STEWARDS ACADEMY TRUST

### GOVERNANCE STATEMENT

#### SCOPE OF RESPONSIBILITY

As The Board of Trustees, 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 Board of Trustees 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 Board of Trustees any material weaknesses or breakdowns in internal control.

#### GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

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

Trustees have considered succession planning within the Senior Leadership Team which comprises of some long-serving, very experienced staff. 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.

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 Board of Trustees. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Ms R Murthar	5	5
Mr J Tarling	5	5
Mr B Moldon	3	5
Mrs P Jenkins	2	2
Dr D Guest	5	5
Mr A Bower	4	5
Mr B Leadley	2	5
Ms A Avis	5	5
Mr J Farrow	2	3

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

- Board of Trustees 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; and
- to oversee the planned maintenance and development of the site to ensure that facilities provided for learning are of the highest possible standard.

#### 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 by the following actions:

- The Academy's copier contract was up for renewal in September 2015 and extensive work was completed to assess the needs of the Academy in relation to financial value for money and the environment. Over a three year period anticipated savings are £13,000 on rental costs. The addition of a monitoring system allows Academy staff and budget holders to maintain greater control in relation to budget and wastage, which will assist in reducing copy costs and paper wastage.
- The staffing structure continues to be reviewed regularly to ensure best value and sustainability. Recruitment and retention is an important consideration within the School Development Plan since good quality teachers provide the best possible chances of success for pupils. Further investment has been made in relation to teacher training to ensure high quality succession planning is implemented, especially in 'hard to fill' curriculum areas.
- In 2013-14 phase 1 of a 3 phase programme to carry out vital roof repairs and replacement was completed. In 2014-15 a DFE condition improvement grant was successfully applied for to finance phase 2 of this work which was completed in August 2015. The long term benefits of this project contribute to the sustainability of the educational buildings and contribute to further energy efficiencies.

#### 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

## STEWARDS ACADEMY TRUST

### GOVERNANCE STATEMENT (continued)

#### CAPACITY TO HANDLE RISK

The Board of Trustees 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 Board of Trustees 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

#### 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 Board of Trustees;
- 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; and
- identification and management of risks.

The Board of Trustees 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. In particular the checks carried out in the current period included:

- Governance and financial management
- Fixed assets
- Expenditure

On a termly basis, the Internal Auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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

#### 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 the Board of Trustees on 2 December 2015 and signed on its behalf, by:

**Mr JV Tarling**  
Chair of Trustees

**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 Board of Trustees 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the Academy Board of Trustees 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 (2014).

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.

**Ms R Murthar**  
**Accounting Officer**

Date: 7 December 2015

## STEWARDS ACADEMY TRUST

### TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees (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 Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees 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; 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 Trustees 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 Trustees 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 Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 2 December 2015 and signed on its behalf by:

**Mr J Tarling**  
**Chair of Governors**

## **STEWARDS ACADEMY TRUST**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEWARDS ACADEMY TRUST**

We have audited the financial statements of Stewards Academy Trust for the year ended 31 August 2015 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 2014 to 2015 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 TRUSTEES 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 Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' 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 MEMBERS 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.

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  
9 December 2015

## **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 2014 to 2015, 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 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by 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 2015 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

9 December 2015

**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 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	4,893	76,181	-	81,074	176,588
Activities for generating funds	3	386,583	-	-	386,583	340,348
Investment income		26,740	-	-	26,740	14,104
Incoming resources from charitable activities		-	7,336,939	319,805	7,656,744	7,484,690
<b>TOTAL INCOMING RESOURCES</b>		<b>418,216</b>	<b>7,413,120</b>	<b>319,805</b>	<b>8,151,141</b>	<b>8,015,730</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities		242,510	7,747,013	773,232	8,762,755	8,311,994
Governance costs	7	-	11,162	-	11,162	12,830
<b>TOTAL RESOURCES EXPENDED</b>	5	<b>242,510</b>	<b>7,758,175</b>	<b>773,232</b>	<b>8,773,917</b>	<b>8,324,824</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>						
		175,706	(345,055)	(453,427)	(622,776)	(309,094)
Transfers between funds	14	-	(673,167)	673,167	-	-
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>175,706</b>	<b>(1,018,222)</b>	<b>219,740</b>	<b>(622,776)</b>	<b>(309,094)</b>
Actuarial gains and losses on defined benefit pension schemes		-	88,000	-	88,000	370,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>175,706</b>	<b>(930,222)</b>	<b>219,740</b>	<b>(534,776)</b>	<b>60,906</b>
Total funds at 1 September 2014		1,123,483	(1,032,291)	7,754,829	7,846,021	7,785,115
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>1,299,189</b>	<b>(1,962,513)</b>	<b>7,974,569</b>	<b>7,311,245</b>	<b>7,846,021</b>

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 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	11		7,974,569		7,754,829
<b>CURRENT ASSETS</b>					
Debtors	12	318,776		309,674	
Cash at bank and in hand		2,405,153		2,694,760	
		<u>2,723,929</u>		<u>3,004,434</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(619,253)		(265,242)	
<b>NET CURRENT ASSETS</b>			<u>2,104,676</u>		<u>2,739,192</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			10,079,245		10,494,021
Defined benefit pension scheme liability	19		(2,768,000)		(2,648,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>7,311,245</u></u>		<u><u>7,846,021</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds :					
Restricted funds	14	805,487		1,615,709	
Restricted fixed asset funds	14	7,974,569		7,754,829	
		<u>8,780,056</u>		<u>9,370,538</u>	
Restricted funds excluding pension liability		8,780,056		9,370,538	
Pension reserve		(2,768,000)		(2,648,000)	
		<u>6,012,056</u>		<u>6,722,538</u>	
Total restricted funds			6,012,056		6,722,538
Unrestricted funds	14		1,299,189		1,123,483
<b>TOTAL FUNDS</b>			<u><u>7,311,245</u></u>		<u><u>7,846,021</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2015 and are signed on their behalf, by:

**Mr J 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 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	16	356,820	469,161
Returns on investments and servicing of finance - interest received		26,740	14,104
Capital expenditure		(673,167)	(56,278)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<u>(289,607)</u>	<u>426,987</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
(Decrease)/increase in cash in the year	<u>(289,607)</u>	<u>426,987</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<u>(289,607)</u>	<u>426,987</u>
Net funds at 1 September 2014	<u>2,694,760</u>	<u>2,267,773</u>
<b>NET FUNDS AT 31 AUGUST 2015</b>	<u><u>2,405,153</u></u>	<u><u>2,694,760</u></u>

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 2015

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice, 'Accounting and Reporting by Charities' published in March 2005 (SORP), the Academies Accounts Direction 2014 to 2015 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 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 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.

Any 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 2015

#### 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 Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

##### 1.6 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 Academy to continue as a going concern. The Trustees 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 £5,000 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 2015

#### 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 19, 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 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	4,893	76,181	81,074	176,588
	<u>4,893</u>	<u>76,181</u>	<u>81,074</u>	<u>176,588</u>

#### 3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Catering income	203,374	203,374	192,787
Rental income	67,231	67,231	54,893
Other income	29,197	29,197	15,770
Swimming lessons income	86,781	86,781	76,898
	<u>386,583</u>	<u>386,583</u>	<u>340,348</u>

**STEWARDS ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA grants</b>			
General Annual Grant (GAG)	6,736,124	6,736,124	6,799,998
Other DfE / EFA grants	739,504	739,504	433,583
	<u>7,475,628</u>	<u>7,475,628</u>	<u>7,233,581</u>
<b>Other government grants</b>			
Local Authority Grant	130,171	130,171	154,082
Other government grants/reimbursements	50,945	50,945	97,027
	<u>181,116</u>	<u>181,116</u>	<u>251,109</u>
<b>Total</b>	<u><u>7,656,744</u></u>	<u><u>7,656,744</u></u>	<u><u>7,484,690</u></u>

**5. RESOURCES EXPENDED**

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Charitable activities	3,813,438	-	631,238	4,444,676	4,337,937
Provision of education - support costs	2,041,020	1,021,117	1,255,942	4,318,079	3,974,056
<b>Charitable activities</b>	<u>5,854,458</u>	<u>1,021,117</u>	<u>1,887,180</u>	<u>8,762,755</u>	<u>8,311,993</u>
<b>Governance</b>	<u>-</u>	<u>-</u>	<u>11,162</u>	<u>11,162</u>	<u>12,830</u>
	<u><u>5,854,458</u></u>	<u><u>1,021,117</u></u>	<u><u>1,898,342</u></u>	<u><u>8,773,917</u></u>	<u><u>8,324,823</u></u>

**STEWARDS ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**6. CHARITABLE ACTIVITIES**

	Total funds 2015 £	Total funds 2014 £
<b>DIRECT COSTS</b>		
Wages and salaries	3,085,853	3,061,526
National insurance	254,506	233,882
Pension cost	473,079	438,551
Educational supplies	300,218	299,750
Examination fees	81,197	67,241
Staff development	176,099	138,727
Technology costs	12,499	28,249
Educational consultancy	9,037	13,462
Insurance	37,820	37,500
Transport	14,368	19,050
	<u>4,444,676</u>	<u>4,337,938</u>
<b>SUPPORT COSTS</b>		
Wages and salaries	1,663,641	1,596,952
National insurance	98,048	95,415
Pension cost	279,331	273,985
Depreciation	453,427	390,237
FRS17 adjustment	90,000	125,000
Provision for doubtful reimbursement debtor	-	100,885
Technology costs	78,074	38,973
Travel & subsistence	13,595	16,202
Other costs	40,035	50,436
Recruitment & support	30,635	74,422
Maintenance of premises & machinery	820,326	480,795
Cleaning	131,795	138,021
Rates	16,964	9,158
Energy	98,938	105,684
Insurance	47,000	46,780
Security	15,565	7,717
Transport	1,656	1,890
Catering	194,979	195,306
Occupancy costs	32,685	30,912
Bank interest & charges	226	-
Telephone	28,822	19,091
Printing, postage and stationary	59,126	75,836
Professional fees	123,211	100,359
	<u>4,318,079</u>	<u>3,974,056</u>
	<u>8,762,755</u>	<u>8,311,994</u>

**STEWARDS ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**7. GOVERNANCE COSTS**

	Restricted funds	Total funds 2015	Total funds 2014
Subcontracted RO assistance	812	812	2,730
Auditors' remuneration	6,750	6,750	6,500
Auditors' non audit costs	3,600	3,600	3,600
	11,162	11,162	12,830
	11,162	11,162	12,830

**8. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	4,749,494	4,658,478
Social security costs	352,554	329,297
Other pension costs	752,410	712,536
	5,854,458	5,700,311
	5,854,458	5,700,311

**b. Staff severance payments**

Included in the staff restructuring costs is a non-contractual severance payments totalling £Nil (2014 - £5,000).

**c. Staff numbers**

The average number of persons (including the Senior Leadership Team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	64	61
Administration and support	93	91
Management	10	10
	167	162
	167	162

**d. Higher paid staff**

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

	2015 No.	2014 No.
In the band £ 60,001 - £ 70,000	3	3
In the band £100,001 - £110,000	1	1
	4	4
	4	4

Three of the above employees participated in the Teachers' Pension Scheme.

In 2014 one of the above employees participated in the Local Government Pension Scheme.

## STEWARDS ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

#### 9. TRUSTEES' REMUNERATION AND EXPENSES

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

R Murthar (Head Teacher)

Remuneration £105,001-£110,000 (2014: £105,000-£110,000)

Employer's Pension contribution £15,000-£20,000 (2014: £15,000-£20,000)

D Johnson (Staff Trustee)

Remuneration £10,001-£15,000 (2014: £45,001-£50,000)

Employer's Pension contribution £nil-£5,000 (2014: £5,000-£10,000)

P Hickman (Staff Trustee)

Remuneration £45,000-£50,000 (2014: £40,000-£45,000)

Employer's Pension contribution £5,000-£10,000 (2014: £5,000-£10,000)

P Jenkins (Staff Trustee)

Remuneration £10,001-£20,000 (2014: £60,001-£70,000)

Employer's Pension contribution £0-£5,000 (2014: £5,000-£10,000)

A Avis (Staff Trustee)

Remuneration £35,001-£40,000 (2014: £nil)

Employer's Pension contribution £0-£5,000 (2014: £nil)

C Waters (Staff Trustee)

Remuneration £35,001-£40,000 (2014: £nil)

Employer's Pension contribution £5,001-£10,000 (2014: £nil)

During the period ended 31 August 2015, travel and subsistence expenses totalling £632 (2014: £1,069) were reimbursed or paid directly to 3 trustees (2014: 3 trustees). These expenses were reimbursed for activities undertaken as members of staff of the Academy not as part of their role as Trustees.

Other related party transactions involving the Trustees are set out in note 21.

#### 10. 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2015. 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 2015**

**11. TANGIBLE FIXED ASSETS**

	Leashold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2014	8,576,576	98,231	252,537	8,927,344
Additions	537,983	20,145	115,039	673,167
At 31 August 2015	<u>9,114,559</u>	<u>118,376</u>	<u>367,576</u>	<u>9,600,511</u>
<b>Depreciation</b>				
At 1 September 2014	978,858	58,955	134,702	1,172,515
Charge for the year	336,411	12,068	104,948	453,427
At 31 August 2015	<u>1,315,269</u>	<u>71,023</u>	<u>239,650</u>	<u>1,625,942</u>
<b>Net book value</b>				
At 31 August 2015	<u>7,799,290</u>	<u>47,353</u>	<u>127,926</u>	<u>7,974,569</u>
At 31 August 2014	<u>7,597,718</u>	<u>39,276</u>	<u>117,835</u>	<u>7,754,829</u>

**12. DEBTORS**

	2015 £	2014 £
Trade debtors	11,555	12,657
VAT current account	97,879	110,239
Other debtors	22,087	39,288
Prepayments and accrued income	187,255	147,490
	<u>318,776</u>	<u>309,674</u>

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

	2015 £	2014 £
Other creditors	541,830	248,948
Accruals and deferred income	77,423	16,294
	<u>619,253</u>	<u>265,242</u>

**Deferred income**

Educational visit income deferred during the year	<u>65,740</u>
---	---------------

**STEWARDS ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**14. STATEMENT OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>Unrestricted funds</b>						
General funds	1,123,483	418,216	(242,510)	-	-	1,299,189
<b>Restricted funds</b>						
General Annual Grant (GAG)	1,637,391	6,736,124	(6,894,861)	(673,167)	-	805,487
Other government grants	-	600,815	(600,815)	-	-	-
Educational visits	(21,682)	76,181	(54,499)	-	-	-
Pension reserve	(2,648,000)	-	(208,000)	-	88,000	(2,768,000)
	<u>(1,032,291)</u>	<u>7,413,120</u>	<u>(7,758,175)</u>	<u>(673,167)</u>	<u>88,000</u>	<u>(1,962,513)</u>
<b>Restricted fixed asset funds</b>						
	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Fixed asset fund	7,754,829	-	(453,427)	673,167	-	7,974,569
Capital grants	-	319,805	(319,805)	-	-	-
	<u>7,754,829</u>	<u>319,805</u>	<u>(773,232)</u>	<u>673,167</u>	<u>-</u>	<u>7,974,569</u>
Total restricted funds	<u>6,722,538</u>	<u>7,732,925</u>	<u>(8,531,407)</u>	<u>-</u>	<u>88,000</u>	<u>6,012,056</u>
Total of funds	<u><u>7,846,021</u></u>	<u><u>8,151,141</u></u>	<u><u>(8,773,917)</u></u>	<u><u>-</u></u>	<u><u>88,000</u></u>	<u><u>7,311,245</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.

**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.

**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.

**Capital Grants**

The Academy is to use the capital grants to maintain and improve its buildings and facilities.

**STEWARDS ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**14. STATEMENT OF FUNDS (continued)**

**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 2015.

**SUMMARY OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General funds	1,123,483	418,216	(242,510)	-	-	1,299,189
Restricted funds	(1,032,291)	7,413,120	(7,758,175)	(673,167)	88,000	(1,962,513)
Restricted fixed asset funds	7,754,829	319,805	(773,232)	673,167	-	7,974,569
	<u>7,846,021</u>	<u>8,151,141</u>	<u>(8,773,917)</u>	<u>-</u>	<u>88,000</u>	<u>7,311,245</u>

**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	7,974,569	7,974,569	7,754,829
Current assets	1,299,189	1,242,740	182,000	2,723,929	3,004,433
Creditors due within one year	-	(437,253)	(182,000)	(619,253)	(265,239)
Provisions for liabilities and charges	-	(2,768,000)	-	(2,768,000)	(2,648,000)
	<u>1,299,189</u>	<u>(1,962,513)</u>	<u>7,974,569</u>	<u>7,311,245</u>	<u>7,846,021</u>

**16. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Net incoming resources before revaluations	(622,776)	(309,094)
Returns on investments and servicing of finance	(26,740)	(14,104)
Depreciation of tangible fixed assets	453,427	390,237
(Increase)/decrease in debtors	(9,103)	167,369
Increase/(decrease) in creditors	354,012	(8,247)
FRS 17 adjustments	208,000	243,000
<b>Net cash inflow from operations</b>	<u>356,820</u>	<u>469,161</u>

## STEWARDS ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

#### 17. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014	Cash flow	Other non-cash changes	31 August 2015
	£	£	£	£
Cash at bank and in hand:	2,694,760	(289,607)	-	2,405,153
<b>Net funds</b>	<b>2,694,760</b>	<b>(289,607)</b>	<b>-</b>	<b>2,405,153</b>

#### 18. 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.

#### 19. 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 2012 and of the LGPS 31 March 2013.

Contributions amounting to £112,076 were payable to the schemes at 31 August 2015 (2014 - £67,039) 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.

###### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

## STEWARDS ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

#### 19. PENSION COMMITMENTS (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £315,696 (2014: £302,135).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 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 2015 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.

The amounts recognised in the Balance Sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(4,064,000)	(3,492,000)
Fair value of scheme assets	1,296,000	844,000
	<u>                    </u>	<u>                    </u>
Net liability	(2,768,000)	(2,648,000)
	<u>                    </u>	<u>                    </u>

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

	2015 £	2014 £
Current service cost	(432,000)	(385,000)
Interest on obligation	(146,000)	(169,000)
Expected return on scheme assets	56,000	44,000
Gains on curtailments and settlements	-	(21,000)
	<u>                    </u>	<u>                    </u>
Total	(522,000)	(531,000)
	<u>                    </u>	<u>                    </u>
Actual return on scheme assets	51,000	93,000
	<u>                    </u>	<u>                    </u>

## STEWARDS ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

#### 19. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Opening defined benefit obligation	3,492,000	3,550,000
Current service cost	432,000	385,000
Interest cost	146,000	169,000
Contributions by scheme participants	102,000	91,000
Actuarial gains	(93,000)	(324,000)
Losses on curtailments	-	21,000
Estimated benefits paid net of transfers in	(15,000)	(400,000)
	<u>4,064,000</u>	<u>3,492,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	844,000	775,000
Expected return on assets	56,000	44,000
Actuarial gains	(5,000)	46,000
Contributions by employer	314,000	288,000
Contributions by employees	102,000	91,000
Estimated benefits paid net of transfer in and including unfunded	(15,000)	(400,000)
	<u>1,296,000</u>	<u>844,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £88,000 (gain) (2014 - £370,000 (gain)).

The Academy expects to contribute £320,000 to its Defined Benefit Pension Scheme in 2016.

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

	2015	2014
Equities	65.00 %	64.00 %
Gilts	4.00 %	6.00 %
Other bonds	10.00 %	11.00 %
Property	12.00 %	12.00 %
Cash	2.00 %	3.00 %
Alternative assets	7.00 %	4.00 %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Expected return on scheme assets at 31 August	5.00 %	5.30 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.70 %
Inflation assumption (RPI)	3.60 %	3.50 %

**STEWARDS ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**19. PENSION COMMITMENTS (continued)**

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

	2015	2014
Retiring today		
Males	22.8	22.7
Females	25.2	25.1
Retiring in 20 years		
Males	25.1	24.9
Females	27.6	27.4

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

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(4,064,000)	(3,492,000)	(3,550,000)	(2,749,000)
Scheme assets	1,296,000	844,000	775,000	307,000
Deficit	(2,768,000)	(2,648,000)	(2,775,000)	(2,442,000)
Experience adjustments on scheme assets	(5,000)	46,000	49,000	2,000

**20. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
<b>Expiry date:</b>		
Within 1 year	-	18,364
	-	18,364

## STEWARDS ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

#### 21. RELATED PARTY TRANSACTIONS

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 Trustee 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.

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

During the period the Academy incurred expenditure of £29,878 (2014 - £56,628) and received £Nil (2014 - £47,000) 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 (2014 - £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 incurred expenditure of £72,000 (2014 - £Nil) with Aspire Academy Trust. Ms R Murthar, Accounting officer, is a Director of Aspire Academy Trust. At the period end, no balance was due to them (2014 - £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 Aspire Academy Trust are not subject to the 'cost' clauses set out in the financial handbook.

The spouse of parent Governor Mr P Rogers is employed by the Academy on a contract approved by Trustees 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. Following on from an application made by the Trust to the DFE it has been agreed that the land is to be transferred from the Harlow Educational Trust to the Academy. This process is currently in the hands of the solicitors and remains ongoing.