

STEWARDS ACADEMY TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

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STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

| | |
|--|--|
| Members | Ms R Murthar Mr J Tarling |
| Trustees | Ms R Murthar, Head Teacher Mr J Tarling Mrs J Baldwin Mr A Bower Mr S Dodd Dr D Guest Mr J Hewlett (resigned 23 November 2015) Mr P Hickman Mr B Leadley Mr B Moldon Mr P Rogers Ms K Rushbrooke Ms A Avis Mr C Waters (resigned 31 August 2016) Mr J Farrow (resigned 31 January 2016) Ms E Thomas |
| Company Secretary | Mrs A Avis |
| Chief Executive Officer | Ms R Murthar |
| Senior Leadership Team | Rhonda Marthar, Headteacher Lynn Orwin, Senior Deputy Headteacher Marie Erwood, Deputy Headteacher Terry O'Neill, Deputy Headteacher Helen Ginger, Deputy Headteacher Clare O'Sullivan, Deputy Headteacher Sally Goddard, Deputy Headteacher Mark Scholtes, Deputy Headteacher Simon Preece, Deputy Headteacher |
| Company name | Stewards Academy Trust |
| Registered and principal office | Stewards Academy Parnall Road Harlow Essex CM18 7NQ |
| Company registered number | 07770970 |
| 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
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Stewards Academy Trust (the Academy, the Trust or the Charitable Company) for the year ended 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates an Academy School for pupils aged 11 to 16 serving a catchment area in in Harlow. It has a pupil capacity of 1050 and has a current roll of 1059 in the October 2016 school census.

Structure, Governance and Management

The Academy 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 known as Stewards Academy (the School).

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

Trustees 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 and details of the costs are disclosed in Note 11 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The methods for appointing Trustees to the Charitable Company are set out in the Articles and Funding Agreement. A summary of this information is set out below:

- 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.
- Local Authority Governor may be appointed with approval from the Local Authority.
- Co-operative Governor may be appointed with approval from the Co-operative Society.
- Co-opted Governors may be appointed by those Governors who are not themselves co-opted.
- The Headteacher is automatically an ex-officio Governor.

Trustees are appointed for a fixed term. Parent Trustees and the Staff Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for a minimum of 3 Trustees but shall not be subject to any maximum. Currently there are 15 Trustees comprising of 4 Parents, 2 Staff Teaching, 1 Staff Non-Teaching, 7 others plus the Headteacher.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees are entitled to an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chairman of Trustees and Headteacher or Deputy Headteacher.

Within the Academy new Trustees are provided 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 Head's report to Trustees, minutes of the last two meetings, list of staff, latest OFSTED report and a 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 Governors to assist with background information.

The Academy is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end 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 the Academy's umbrella subscription. Trustees are expected to attend safeguarding training sessions delivered by the Academy's Safeguarding Officer.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Organisational Structure

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

The Board of Trustees, which meets at least termly and each individual committee which meets at least 4 times per year, is responsible for the strategic direction of the Academy. The Board reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

The Headteacher is the designated Accounting Officer for the Trust and, in accordance with the Academy's Financial Regulations, 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. The Headteacher has further delegated responsibility for low values of expenditure to specific budget holders e.g Subject Leaders, who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Headteacher manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Academy Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board of Trustees.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- 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. The School is a partner school with Davenant Academy.

The Trust does not have a formal sponsor.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 16.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, Strategies and Activities

During the year the School has worked towards 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.

Our success in fulfilling our aims can be measured by:

- Evidence that pupils make progress at least in line with national figures and targets.
- Narrowing the attainment gap between pupil premium and other pupils.
- Attendance targets being met.
- Working toward and achieving the RoQA award.
- Improving GCSE results.
- Developing and improving the premises after being awarded 2 Condition Improvement Bids.

In summary here 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.

Public Benefit

The Trustees believe that by working towards the objects and aims of the School 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 Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the School.

Specific achievements were as follows:

- A* to C E&M 56% (up by 4% on 2014-15)
- Successful destination data for Year 11 pupils leaving Stewards Academy August 2015
 - 100% of pupils responded;
 - 94% remained in full time education;
 - 4% full time employment;
 - 1.5% Not in Education Employment or Training (NEET); and
 - 0.5% unknown.

Below is the comparison with Harlow and Essex:

- Remaining in full time education: Stewards-94% Harlow-88.4% Essex-90.6%
- NEET (3 pupils): Stewards- 1.5% Harlow-2.4% Essex-2%

- Attendance figures above the national average (96%);
- re-accreditation for the International Schools Award 2016-2019;
- re-accreditation of the Inclusion Quality Mark;
- awarded the 2016 Princes' Institute Leadership Programme;
- awarded an ASDAN Certificate as a Centre of Excellence; and
- working in collaboration with a small group of Essex Schools to pilot the Ofsted Triad School Improvement Programme – focus on Key stage 3.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Key Performance Indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Funded pupil numbers for 2015 were 1059 against a forecast of 1045 January 2015 School census.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2015/16 this was 70%. The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures all approved by the Board.

The Finance and Premises Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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 GAG and other grants that it receives from the Education Funding agency (EFA). For the year ended 31 August 2016 the Trust received £7,247,443 of GAG and other funding (see note 3). 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 Trust spent £8,311,325 on expenditure and transferred £315,417 to support capital new build and improvement projects on the School site. The Academy brought forward from 14/15, £805,487 restricted funds and £1,299,189 unrestricted funding. The carry forward for 15/16 is £906,947 restricted funding (excluding fixed assets) and £1,565,311 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £4,549,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,565,311. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2016 was £2,372,258.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £2,874,345. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £550,000 to cover short term cash flow variances.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Investment Policy

An Investment Policy was approved by the Board of Trustees September 2014 and is due to be reviewed in December 2016

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

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 register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Finance and General Purposes Committee meeting. 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 school, 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 are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees 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 Trustees 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 Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- 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;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment 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 Essex County Council Internal Controls Evaluation Service to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Plans for Future Periods

- In September the Academy is expecting a visit from their Royal Highnesses the Duke and Duchess of Cambridge in recognition of the Academy's work in collaboration with Place 2 Be. The visit will promote the success of the Academy's ethos in valuing the 'whole child' and supporting emotional health and wellbeing. Areas for consideration by the Trustees will be in relation to positive reputational publicity and promotion of the Academy's work and security measures to ensure that the highest levels of safeguarding is achieved and provide evidence of the robust systems that are already in place to ensure a safe environment for all stakeholders.
- The Academy is working toward the RoQA mark to recognise outstanding careers education information and guidance and work related learning of the highest standard. We work to ensure that all pupils successfully make the transition from year 11 into the wider community, either further education, apprenticeship or work.
- Maintain and improve attendance for all pupils with a continued focus on Pupil Premium pupils. It should be noted that attendance for Pupil Premium pupils is still higher than the national average.
- Narrow the gap for Pupil Premium pupils in all subjects with a focus on Maths and English. It should be noted that achievement indicators for Pupil Premium pupils remain higher than the national average.
- To complete the current Sports Hall build on time and in budget and so ensure the maximum benefit to developing the health of the pupils and providing alternative sporting opportunities through the PE curriculum and to the wider community.

The Trustees are embedding the ongoing successes from previous years to ensure that the values and vision of the Academy to provide an enriching and high quality educations for all pupils continues. The Trustees are ensuring that high quality staff have opportunities which enable them to work with pupils so that pupils aspire to be the best they can in an ever-changing world. The focus is on developing the pupil as a whole to ensure they leave the School as confident, principled and resilient young citizens with the best academic results they could hope to achieve.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all 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 Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 7 December 2016 and signed on the Board's behalf by:

Mr J Tarling
Chair of Trustees

STEWARDS ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As 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 Statement of Trustees' Responsibilities. 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 Bower | 3 | 3 |
| Mr S Dodd | 3 | 3 |
| Dr D Guest | 3 | 3 |
| Mr J Hewlett | 0 | 1 |
| Mr P Hickman | 3 | 3 |
| Mr B Leadley | 1 | 3 |
| Mr P Rogers | 1 | 3 |
| Ms K Rushbrooke | 3 | 3 |
| Ms A Avis | 3 | 3 |
| Mr C Waters | 3 | 3 |
| Mr J Farrow | 1 | 2 |
| Ms E Thomas | 3 | 3 |
| Mrs R Murthar | 3 | 3 |
| Mr J Tarling | 3 | 3 |
| Mr B Moldon | 3 | 3 |
| Mrs J Baldwin | 3 | 3 |

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.

There have been no key changes to the composition of the Board of Trustees. At this time the Board continues to comprise of Trustees who have particular skill sets that complement the effective running and management of the Academy.

The Finance and General Purposes Committee (F&GP) is a sub-committee of the main Board of Trustees. Its purpose is to address financial matters.

To take overall responsibility on behalf of the Governing Body for financial matters, including formally setting the budget and ensuring all statutory returns including the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the EFA guidance. As part of their remit they review financial policy to ensure consideration is given and evidenced in regard to long term planning, resourcing and best value.

There have been no key changes to the composition of the Finance and General Purposes committee.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------|-------------------|-------------------|
| Ms R Murthar | 3 | 5 |
| Mr J Tarling | 3 | 5 |
| Mr B Moldon | 3 | 5 |
| Ms E Thomas | 0 | 5 |
| Dr D Guest | 5 | 5 |
| Mr A Bower | 5 | 5 |
| Mr B Leadley | 0 | 5 |
| Ms A Avis | 5 | 5 |
| Mr J Farrow | 1 | 2 |
| Mr C Waters | 1 | 5 |

The challenges that have arisen for the Committee include the on-going budget cuts as well as the increase in staffing costs due to changes in National Insurance and pension contributions, working toward the requirements of the living wage and the recruitment and retention of high quality staff. Working with a 5 year plan has facilitated a strategic plan to ensure decisions can be evaluated and planned for.

The F&GP Committee will review the Academy's internal and external financial statements and reports to ensure that they reflect best practice. These judgements will be underpinned based upon termly reports received from the ECC Internal Controls Evaluation service and the annual external audit, currently Price Bailey LLP. The external Auditor's reports will be presented in person at the December F&GP meeting and will include reports on the Academy's accounts, achievement of value for money, and the response to any management letters.

By continually reviewing the effectiveness of the Academy's internal control systems the F&GP Committee will be able to establish and ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner.

The audit findings presented to the F&GP Committee will also be reported, in full, to the Full Governing Body.

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 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 Academy'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 appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- continuing to review the staffing structure 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;
- successfully applying for two DFE condition improvement grants, one to finance phase 3 of the roofing work, the other was for the removal of asbestos panelling and replacement windows for block 4. Both works were completed October 2016. The long term benefits of both these projects will contribute to the sustainability of the educational buildings and contribute to further energy efficiencies; and
- continuing as necessary, a programme to replace current lighting or install new lighting with LED replacements, short term the replacement lights are more expensive per unit; however the longer term financial savings will benefit the Academy and will assist with its on-going sustainability by reducing the carbon footprint.

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GOVERNANCE STATEMENT (continued)

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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Essex County Council Education Finance Team offer an internal audit service referred to as the Internal Controls Evaluation (ICE). Standard Internal Controls Evaluation (ICE) templates are used to review and test an academy's internal controls and procedures. These templates are regularly reviewed and updated to incorporate legislative changes, updated EFA guidance, and guidance offered by statutory auditors. The templates are designed to provide governors of academies with a level assurance that appropriate financial controls are in place within the academy trust for which they have responsibility, and include testing of adherence to the approved Schemes of Delegation of Financial Power and compliance with the Academies Financial Handbook.

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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

There has been a part self-evaluation and review of key Trustees as part of the Academy's application for Multi Academy status. The self-evaluation and review was undertaken by the Chair and Vice Chair of the Trustees as well as the Chairs from the three committees.

A further training was undertaken by all Trustees, led by an external consultant, with a focus on ensuring that all Trustees understood their strategic role and how the governance of the Academy was driven, by them, to positively impact on the Educational environment for both staff and pupils.

Trustees are asking more probing questions to ensure greater challenge to satisfy themselves that operating procedures and systems within the Academy are robust and that desired outcomes are being realised.

The Academy recognises that this is an on-going process that should be undertaken on an annual basis. The next review will be completed at the Full Governing Body meeting held in the Spring Term.

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 F&GP 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 Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Essex County Council as Internal Auditor.

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GOVERNANCE STATEMENT (continued)

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 Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. In particular, the checks carried out in the current period include:

- governance and financial management;
- banking;
- payroll and expenses;
- governance and financial reporting;
- income;
- assets;
- payroll including additional hours;
- governance and financial accounting;
- expenditure; and
- payroll including special payments.

The Schedule of work for 2015-16 was presented and accepted at the F&GP committee meeting on the 13th October 2015. Throughout the year the schedule has been completed and the findings have been reported and reviewed at the following F&GP meeting. Within the previous financial year there were no material issues arising as a result of the internal auditors investigations.

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 F&GP Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 7 December 2016 and signed on their behalf, by:

Mr JV Tarling
Chair of Trustees

Ms R Murthar
Accounting Officer

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Stewards Academy Trust I have considered my responsibility to notify the 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 Trust 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 2015.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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 2016

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as Governors of Stewards Academy and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' 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 2015 and the Academies' Accounts Direction 2015 to 2016;
- 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 the 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 7 December 2016 and signed on its behalf by:

Mr J Tarling
Chair of Governors

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
STEWARDS ACADEMY TRUST**

We have audited the financial statements of Stewards Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This Report is made solely to the 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 Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 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
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS 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 Trustees' 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
13 December 2016

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

**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 2015 to 2016, 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 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to Stewards Academy Trust and the 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 the EFA those matters we are required to state in a Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Stewards Academy Trust and the 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy'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
(A Company Limited by Guarantee)

**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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Chartered Accountants

13 December 2016

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | As restated Total funds 2015 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|--|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 4,580 | 138,668 | 696,356 | 839,604 | 410,389 |
| Charitable activities | 3 | 151,677 | 7,095,766 | - | 7,247,443 | 7,447,601 |
| Other trading activities | 4 | 197,764 | - | - | 197,764 | 224,644 |
| Investments | | 25,869 | - | - | 25,869 | 26,740 |
| TOTAL INCOME | | 379,890 | 7,234,434 | 696,356 | 8,310,680 | 8,109,374 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 113,768 | 7,047,035 | 1,150,522 | 8,311,325 | 8,747,150 |
| TOTAL EXPENDITURE | 5 | 113,768 | 7,047,035 | 1,150,522 | 8,311,325 | 8,747,150 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between funds | 14 | 266,122 | 187,399 | (454,166) | (645) | (637,776) |
| | | - | (380,939) | 380,939 | - | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 266,122 | (193,540) | (73,227) | (645) | (637,776) |
| Actuarial gains/(losses) on defined benefit pension schemes | 20 | - | (1,586,000) | - | (1,586,000) | 103,000 |
| NET MOVEMENT IN FUNDS | | 266,122 | (1,779,540) | (73,227) | (1,586,645) | (534,776) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 1,299,189 | (1,962,513) | 7,974,569 | 7,311,245 | 7,846,021 |
| TOTAL FUNDS CARRIED FORWARD | | 1,565,311 | (3,742,053) | 7,901,342 | 5,724,600 | 7,311,245 |

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07770970

BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|------------------|-------------------|------------------|-------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | | 7,901,342 | | 7,974,569 |
| CURRENT ASSETS | | | | | |
| Debtors | 12 | 260,603 | | 318,776 | |
| Cash at bank and in hand | | 2,874,345 | | 2,405,153 | |
| | | <u>3,134,948</u> | | <u>2,723,929</u> | |
| CREDITORS: amounts falling due within one year | 13 | (762,690) | | (619,253) | |
| | | <u></u> | 2,372,258 | <u></u> | 2,104,676 |
| NET CURRENT ASSETS | | | | | |
| | | | <u>10,273,600</u> | | <u>10,079,245</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 10,273,600 | | 10,079,245 |
| Defined benefit pension scheme liability | 20 | | (4,549,000) | | (2,768,000) |
| | | | <u></u> | | <u></u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | | | |
| | | | <u>5,724,600</u> | | <u>7,311,245</u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 14 | 806,947 | | 805,487 | |
| Restricted fixed asset funds | 14 | 7,901,342 | | 7,974,569 | |
| | | <u></u> | | <u></u> | |
| Restricted income funds excluding pension liability | | 8,708,289 | | 8,780,056 | |
| Pension reserve | | (4,549,000) | | (2,768,000) | |
| | | <u></u> | | <u></u> | |
| Total restricted income funds | | | 4,159,289 | | 6,012,056 |
| Unrestricted income funds | 14 | | 1,565,311 | | 1,299,189 |
| | | | <u></u> | | <u></u> |
| TOTAL FUNDS | | | | | |
| | | | <u>5,724,600</u> | | <u>7,311,245</u> |

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

Mr J Tarling
Chair of Governors

The notes on pages 21 to 37 form part of these financial statements.

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------|-------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 16 | 824,262 | 356,820 |
| | | <hr/> | <hr/> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 25,869 | 26,740 |
| Purchase of tangible fixed assets | | (380,939) | (673,167) |
| | | <hr/> | <hr/> |
| Net cash used in investing activities | | (355,070) | (646,427) |
| | | <hr/> | <hr/> |
| Change in cash and cash equivalents in the year | | 469,192 | (289,607) |
| Cash and cash equivalents brought forward | | 2,405,153 | 2,694,760 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents carried forward | | 2,874,345 | 2,405,153 |
| | | <hr/> <hr/> | <hr/> <hr/> |

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Stewards Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Stewards Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Stewards Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

It is the first year that Stewards Academy Trust has presented its financial statements under SORP 2015 and FRS 102. As such the following disclosures are required in the year of transition.

- The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2015.
- As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Change in recognition of LGPS interest cost

Under previous UK GAAP the Stewards Academy Trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, will be recognised in income/expense. The effect of the change will be to reduce the credit/debit to income/expense and increase the credit/debit in other recognised gains and losses in the SoFA by an equivalent amount.

When considering the impact of transition, Stewards Academy Trust will keep in mind materiality. Explanations will include sufficient detail to enable users of the financial statements to understand material adjustments.

1.2 Company status

The Academy is a company limited by guarantee. Members and Trustees 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. The Trusts registered office is Stewards Academy, Parnall Road, Harlow, Essex CM18 7NQ.

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the DfE.

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

1.4 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities Incorporating Income and Expenditure Account 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 Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.6 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. Where these exist, the material uncertainties will be disclosed and explained. Where there are no material uncertainties in relation to the Academy continuing as a going concern, this will be disclosed. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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 Incorporating Income and Expenditure Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the bank.

1.10 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.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Those basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.15 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 quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

STEWARDS ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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

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

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 4,580 | 138,668 | - | 143,248 | 90,584 |
| Capital grants | - | - | 696,356 | 696,356 | 319,805 |
| | <u>4,580</u> | <u>138,668</u> | <u>696,356</u> | <u>839,604</u> | <u>410,389</u> |
| Total donations and capital grants | <u>4,580</u> | <u>138,668</u> | <u>696,356</u> | <u>839,604</u> | <u>410,389</u> |

In 2015, of the total income from donations and capital grants, £14,403 was to unrestricted funds and £76,181 was to restricted funds and £319,805 was to restricted fixed asset funds.

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA grants | | | | |
| General Annual Grant (GAG) | - | 6,587,582 | 6,587,582 | 6,716,002 |
| Other DfE / EFA grants | - | 361,573 | 361,573 | 423,420 |
| | <u>-</u> | <u>6,949,155</u> | <u>6,949,155</u> | <u>7,139,422</u> |
| Other government grants | | | | |
| Local Authority grants | - | 146,611 | 146,611 | 146,572 |
| | <u>-</u> | <u>146,611</u> | <u>146,611</u> | <u>146,572</u> |
| Other funding | | | | |
| Catering Income | 151,677 | - | 151,677 | 161,607 |
| | <u>151,677</u> | <u>-</u> | <u>151,677</u> | <u>161,607</u> |
| | <u>151,677</u> | <u>7,095,766</u> | <u>7,247,443</u> | <u>7,447,601</u> |

In 2015, of the total income from charitable activities, £161,607 was to unrestricted funds and £7,285,994 was to restricted funds.

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------------------|------------------------------------|-----------------------------|-----------------------------|
| Rental income | 53,305 | 53,305 | 62,033 |
| Other income | 67,884 | 67,884 | 75,830 |
| Swimming lessons income | 76,575 | 76,575 | 86,781 |
| | <u>197,764</u> | <u>197,764</u> | <u>224,644</u> |

In 2015, of the total income from other trading activities, £224,644 was to unrestricted funds and £NIL was to restricted funds.

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5. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|-------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Provision of education: | | | | | |
| Direct costs | 3,947,648 | - | 592,693 | 4,540,341 | 4,340,676 |
| Support costs | 1,889,761 | 1,358,691 | 522,532 | 3,770,984 | 4,406,474 |
| | <u>5,837,409</u> | <u>1,358,691</u> | <u>1,115,225</u> | <u>8,311,325</u> | <u>8,747,150</u> |

In 2016, of the total expenditure, £113,768 (2015 - £242,510) was to unrestricted funds, £7,743,391 (2015 - £7,731,408) was to restricted funds and £454,166 (2015 - £773,232) was to restricted fixed asset fund..

6. CHARITABLE ACTIVITIES

| | 2016 £ | 2015 £ |
|---------------|------------------|------------------|
| Direct costs | 4,540,341 | 4,340,676 |
| Support costs | 3,770,984 | 4,406,474 |
| | <u>8,311,325</u> | <u>8,747,150</u> |

| Analysis of support costs | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Support staff costs | 1,889,761 | 2,145,020 |
| Depreciation | 454,166 | 453,427 |
| Technology costs | 70,649 | 78,074 |
| Premises costs (excluding depreciation) | 904,525 | 1,177,546 |
| Other support costs | 438,957 | 541,245 |
| Governance costs | 12,926 | 11,162 |
| | <u>3,770,984</u> | <u>4,406,474</u> |

7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 454,166 | 453,427 |
| Auditors' remuneration - audit | 6,750 | 6,750 |
| Auditors' remuneration - other services | 4,000 | 3,600 |
| | <u>464,916</u> | <u>913,777</u> |

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8. STAFF COSTS

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 4,580,237 | 4,703,346 |
| Social security costs | 382,101 | 352,554 |
| Other pension costs | 760,347 | 752,410 |
| | <u>5,722,685</u> | <u>5,808,310</u> |
| Supply teacher costs | 114,724 | 46,148 |
| | <u>5,837,409</u> | <u>5,854,458</u> |

The average number of persons employed by the Academy during the year was as follows:

| | 2016 No. | 2015 No. |
|----------------------------|-------------|-------------|
| Teachers | 70 | 72 |
| Administration and support | 125 | 132 |
| Management | 5 | 5 |
| | <u>200</u> | <u>209</u> |

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

| | 2016 No. | 2015 No. |
|---------------------------------|-------------|-------------|
| In the band £ 60,001 - £ 70,000 | 6 | 3 |
| In the band £ 70,001 - £ 80,000 | 1 | 0 |
| In the band £100,001 - £110,000 | 0 | 1 |
| In the band £110,001 - £120,000 | 1 | 0 |

The key management personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £867,601 (2015: £830,984).

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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 £110,000-£115,000 (2015: £105,000-£110,000) |
| Employer's Pension contribution £15,000-£20,000 (2015: £15,000-£20,000) |
| P Hickman (Staff Trustee) |
| Remuneration £45,000-£50,000 (2015: £45,000-£50,000) |
| Employer's Pension contribution £5,000-£10,000 (2015: £5,000-£10,000) |
| A Avis (Staff Trustee) |
| Remuneration £45,000-£50,000 (2015: £35,000-£40,000) |
| Employer's Pension contribution £5,000-£10,000 (2015: £0-£5000) |
| C Waters (Staff Trustee) |
| Remuneration £45,000-£50,000 (2015: £35,000-£40,000) |
| Employer's Pension contribution £5,000-£10,000 (2015: £5,000-£10,000) |

During the period ended 31 August 2016, travel and subsistence expenses totalling £1,147 (2015: £632) were reimbursed or paid directly to 3 trustees (2015: 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 22.

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 2016 was included in the total insurance cost.

11. TANGIBLE FIXED ASSETS

| | Leashold property £ | Assets under construction £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|---------------------------|-----------------------------------|-------------------------------|----------------------------|------------------|
| Cost | | | | | |
| At 1 September 2015 | 9,114,559 | - | 118,376 | 367,576 | 9,600,511 |
| Additions | 192,151 | 182,288 | 6,500 | - | 380,939 |
| At 31 August 2016 | <u>9,306,710</u> | <u>182,288</u> | <u>124,876</u> | <u>367,576</u> | <u>9,981,450</u> |
| Depreciation | | | | | |
| At 1 September 2015 | 1,315,269 | - | 71,023 | 239,650 | 1,625,942 |
| Charge for the year | 369,725 | - | 12,285 | 72,156 | 454,166 |
| At 31 August 2016 | <u>1,684,994</u> | <u>-</u> | <u>83,308</u> | <u>311,806</u> | <u>2,080,108</u> |
| Net book value | | | | | |
| At 31 August 2016 | <u>7,621,716</u> | <u>182,288</u> | <u>41,568</u> | <u>55,770</u> | <u>7,901,342</u> |
| At 31 August 2015 | <u>7,799,290</u> | <u>-</u> | <u>47,353</u> | <u>127,926</u> | <u>7,974,569</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

12. DEBTORS

| | 2016 | 2015 |
|--------------------------------|---------|---------|
| | £ | £ |
| Trade debtors | 4,248 | 11,555 |
| VAT recoverable | 26,501 | 97,879 |
| Other debtors | 47,306 | 22,087 |
| Prepayments and accrued income | 182,548 | 187,255 |
| | 260,603 | 318,776 |
| | 260,603 | 318,776 |

13. CREDITORS: Amounts falling due within one year

| | 2016 | 2015 |
|------------------------------|---------|---------|
| | £ | £ |
| Tax and social security | 108,793 | 102,746 |
| Other creditors | 508,654 | 439,084 |
| Accruals and deferred income | 145,243 | 77,423 |
| | 762,690 | 619,253 |
| | 762,690 | 619,253 |

| | 2016 | 2015 |
|--------------------------------------|----------|--------|
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2015 | 65,740 | - |
| Resources deferred during the year | 120,680 | 65,740 |
| Amounts released from previous years | (65,740) | - |
| | 120,680 | 65,740 |
| | 120,680 | 65,740 |

Resources deferred at the period end predominately relate to contributions towards future educational visits.

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NOTES TO THE FINANCIAL STATEMENTS
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14. STATEMENT OF FUNDS

| | Brought forward £ | Incoming resources £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Carried forward £ |
|-------------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|---------------------------|-------------------------|
| Unrestricted funds | | | | | | |
| General funds | 1,299,189 | 379,890 | (113,768) | - | - | 1,565,311 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 805,487 | 6,587,582 | (6,208,779) | (380,939) | - | 803,351 |
| SEN | - | 112,324 | (112,324) | - | - | - |
| Other DfE/EFA grants | - | 48,318 | (48,318) | - | - | - |
| Pupil Premium funding | - | 325,349 | (325,349) | - | - | - |
| Educational visits | - | 130,300 | (129,466) | - | - | 834 |
| Other restricted funding | - | 30,561 | (27,799) | - | - | 2,762 |
| Pension reserve | (2,768,000) | - | (195,000) | - | (1,586,000) | (4,549,000) |
| | <u>(1,962,513)</u> | <u>7,234,434</u> | <u>(7,047,035)</u> | <u>(380,939)</u> | <u>(1,586,000)</u> | <u>(3,742,053)</u> |
| Restricted fixed asset funds | | | | | | |
| Fixed asset fund | 7,974,569 | - | (454,166) | 380,939 | - | 7,901,342 |
| Capital grants | - | 696,356 | (696,356) | - | - | - |
| | <u>7,974,569</u> | <u>696,356</u> | <u>(1,150,522)</u> | <u>380,939</u> | <u>-</u> | <u>7,901,342</u> |
| Total restricted funds | <u>6,012,056</u> | <u>7,930,790</u> | <u>(8,197,557)</u> | <u>-</u> | <u>(1,586,000)</u> | <u>4,159,289</u> |
| Total of funds | <u><u>7,311,245</u></u> | <u><u>8,310,680</u></u> | <u><u>(8,311,325)</u></u> | <u><u>-</u></u> | <u><u>(1,586,000)</u></u> | <u><u>5,724,600</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.

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NOTES TO THE FINANCIAL STATEMENTS
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14. STATEMENT OF FUNDS (continued)

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.

General Annual Grant (GAG)

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

SEN funding

This represents funding from the Local Authority and it is used towards the education of pupils with special educational needs and disabilities.

Pupil premium

This represents funding to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 7,901,342 | 7,901,342 | 7,974,569 |
| Current assets | 1,565,311 | 1,569,637 | - | 3,134,948 | 2,723,929 |
| Creditors due within one year | - | (762,690) | - | (762,690) | (619,253) |
| Provisions for liabilities and charges | - | (4,549,000) | - | (4,549,000) | (2,768,000) |
| | <u>1,565,311</u> | <u>(3,742,053)</u> | <u>7,901,342</u> | <u>5,724,600</u> | <u>7,311,245</u> |

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16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (645) | (637,776) |
| Adjustment for: | | |
| Depreciation charges | 454,166 | 453,427 |
| Dividends, interest and rents from investments | (25,869) | (26,740) |
| Decrease/(increase) in debtors | 58,173 | (9,102) |
| Increase in creditors | 143,437 | 354,011 |
| Defined benefit pension scheme adjustment | 195,000 | 223,000 |
| | 824,262 | 356,820 |
| Net cash provided by operating activities | 824,262 | 356,820 |

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|------------------|------------------|
| Cash in hand | 2,874,345 | 2,405,153 |
| | 2,874,345 | 2,405,153 |
| Total | 2,874,345 | 2,405,153 |

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. CAPITAL COMMITMENTS

At 31 August 2016 the Academy had capital commitments as follows:

| | 2016 £ | 2015 £ |
|---|------------------|-----------|
| Contracted for but not provided in these financial statements | 1,377,832 | - |
| | 1,377,832 | - |

The capital commitment relates to the new sports hall project.

20. 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 Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2016.

Contributions amounting to £71,817 were payable to the schemes at 31 August 2016 (2015 - 83,729) and are included within creditors.

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20. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- 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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £359,951 (2015 - £315,696).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £507,000 (2015 - £518,000), of which employer's contributions totalled £303,000 (2015 - £314,000) and employees' contributions totalled £204,000 (2015 - £204,000). The agreed contribution rates for future years are 12.3% for employers and 5.5-12.5% 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.

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20. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

| | 2016 | 2015 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.20 % | 4.00 % |
| Expected return on scheme assets at 31 August | 2.20 % | 5.00 % |
| Rate of increase in salaries | 4.10 % | 4.50 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.70 % |
| Inflation assumption (CPI) | 2.30 % | 2.70 % |
| Inflation assumption (RPI) | 3.20 % | 3.60 % |

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

| | 2016 | 2015 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.9 | 22.8 |
| Females | 25.3 | 25.2 |
| Retiring in 20 years | | |
| Males | 25.2 | 25.1 |
| Females | 27.7 | 27.6 |

The Academy's share of the assets in the scheme was:

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|----------------------------------|---|---|
| Equities | 1,288,000 | 842,000 |
| Property | 208,000 | 156,000 |
| Alternative assets & other bonds | 167,000 | 221,000 |
| Cash | 57,000 | 26,000 |
| Other managed funds | 90,000 | - |
| Gilts | 67,000 | 52,000 |
| | <u>1,877,000</u> | <u>1,297,000</u> |
| Total market value of assets | <u>1,877,000</u> | <u>1,297,000</u> |

The actual return on scheme assets was £221,000 (2015 - £51,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Current service cost (net of employee contributions) | (393,000) | (432,000) |
| Net interest cost | (105,000) | (105,000) |
| | <u>(498,000)</u> | <u>(537,000)</u> |
| Total | <u>(498,000)</u> | <u>(537,000)</u> |

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20. PENSION COMMITMENTS (continued)

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

| | 2016 £ | 2015 £ |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 4,064,000 | 3,492,000 |
| Current service cost | 393,000 | 432,000 |
| Interest cost | 164,000 | 146,000 |
| Contributions by employees | 102,000 | 102,000 |
| Actuarial losses/(gains) | 1,747,000 | (93,000) |
| Benefits paid | (44,000) | (15,000) |
| | <u>6,426,000</u> | <u>4,064,000</u> |
| Closing defined benefit obligation | <u>6,426,000</u> | <u>4,064,000</u> |

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

| | 2016 £ | 2015 £ |
|-------------------------------------|------------------|------------------|
| Opening fair value of scheme assets | 1,296,000 | 844,000 |
| Interest income | 59,000 | 41,000 |
| Actuarial gains and (losses) | 161,000 | 10,000 |
| Contributions by employer | 303,000 | 314,000 |
| Contributions by employees | 102,000 | 102,000 |
| Benefits paid | (44,000) | (15,000) |
| | <u>1,877,000</u> | <u>1,296,000</u> |
| Closing fair value of scheme assets | <u>1,877,000</u> | <u>1,296,000</u> |

21. OPERATING LEASE COMMITMENTS

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

| | 2016 £ | 2015 £ |
|-------------------------|---------------|---------------|
| Amounts payable: | | |
| Within 1 year | 16,464 | 15,808 |
| Between 1 and 5 years | 2,788 | 15,808 |
| | <u>19,252</u> | <u>31,616</u> |
| Total | <u>19,252</u> | <u>31,616</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

22. RELATED PARTY TRANSACTIONS

During the period the Academy incurred expenditure of £21,123 (2015 - £29,878) and received £3,000 (2015 - £7,000) 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 (2015 - £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 (2015 - £72,000) 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 (2015 - £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 Trustee 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 of which Ms R Murthar is a director, 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.

23. FIRST TIME ADOPTION OF FRS 102

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

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.