

**STEWARDS ACADEMY TRUST**

**GOVERNORS REPORT AND FINANCIAL STATEMENTS**

**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**CONTENTS**

	Page
<b>Reference and Administrative Details of the Academy, its Governors and Advisers</b>	1
<b>Governors' Report</b>	2 - 7
<b>Governance Statement</b>	8 - 10
<b>Statement on Regularity, Propriety and Compliance</b>	11
<b>Governors' Responsibilities Statement</b>	12
<b>Independent Auditors' Report</b>	13 - 14
<b>Independent Reporting Accountant's Assurance Report on Regularity</b>	15 - 16
<b>Statement of Financial Activities</b>	17
<b>Balance Sheet</b>	18
<b>Cash Flow Statement</b>	19
<b>Notes to the Financial Statements</b>	20 - 36

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**Governors**

Ms R Murthar, Headteacher (appointed 12 September 2011)<sup>1,3,4</sup>  
Mr A Armitage (appointed 12 September 2011)<sup>1,4</sup>  
Ms P Jenkins (appointed 12 September 2011)<sup>2,3</sup>  
Mr J Tarling (appointed 12 September 2011)<sup>1,3,4</sup>  
Mr B Ayton<sup>3</sup>  
Ms S Young  
Dr D Guest<sup>3</sup>  
Mr J Hewlett  
Mr A Bower<sup>3</sup>  
Mr B Moldon<sup>3</sup>  
Ms J Baldwin  
Mr J Brandon<sup>3</sup>  
Mr S Dodd<sup>3</sup>  
Mr B Leadley<sup>3</sup>  
Mr P Rogers  
Mr P Hickman  
Ms D Johnson

- 1 Director of Academy
- 2 Secretary of Academy
- 3 Member of Finance and General Purpose Committee
- 4 Members of the Academy

**Company registered  
number**

07770970

**Registered office**

Stewards Academy  
Parnall Road  
Harlow  
Essex  
CM18 7NQ

**Company secretary**

Ms P Jenkins

**Chief executive officer**

Ms R Murthar

**Auditors**

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

**Bankers**

Lloyds TSB  
25 East Gate  
Harlow  
CM20 1LD

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

The governors of Stewards Academy present their annual report together with the financial statements and auditors' report for the period ended 31 August 2012. They confirm that the annual report and financial statements comply with the current statutory requirements, the requirements of the company's governing document, accounts guidance issued by the Education Funding Agency [EFA] and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy was set up by a Memorandum of Association on 12 September 2011. The Academy converted on 1 October 2011.

Stewards Academy Trust (the "Charitable Company" or 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 governors act as the trustees for the charitable activities of the Academy and are also the directors for the purposes of company law.

Details of the governors who served throughout the year except as noted are included in the reference and administrative details on page 1.

**Member's liability**

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

**Governors' Indemnities**

Governors are covered by indemnity insurance purchased at the Academy's expense to cover the liability of the governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy. Such indemnity will not apply to any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not; nor will such indemnity extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the Academy trust.

**Principal activities**

To advance for the public benefit, education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The Academy is constituted as an 11-16 school for the period to 31 August 2012.

**Method of recruitment and appointment or election of governors**

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

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**Policies and procedures adopted for the induction and training of governors**

During the year a bespoke training session on Academy governance, Academy Governors' responsibilities and the new OFSTED framework was delivered to Governors and the Senior Leadership Team [SLT] at the Academy.

Each year only a small number of new Governors is appointed. As the backgrounds of individual Governors differ hugely induction tends to be informal and to be tailored to the needs of the individual. Where necessary, training will be provided on educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors have access to the Essex County Council Governing Bodies Unit training programme. Training is a regular agenda item at termly full Governing Body meetings.

All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors.

**Organisational Structure**

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by use of reports and visits during the school day, and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The full Governing Body delegates certain of its functions to three committees: the Finance & General Purposes Committee, the Staffing & Personnel Committee, and the Curriculum Committee. The Assistant Headteacher [Curriculum] always attends the Curriculum Committee. The Deputy Headteacher always attends full Governing Body meetings and regularly attends the Curriculum Committee.

The Headteacher is an ex officio Governor and member of the trust, and is the Accounting Officer. The Headteacher directly line manages the members of the SLT, which comprises a Deputy Headteacher and seven Assistant Headteachers. The Business Manager attends SLT meetings as required according to agenda items, and receives copies of all SLT paperwork. As a group, the SLT is responsible for the day to day operation of the Academy – in particular, organising the teaching staff, facilities and students.

**Risk management**

The Academy maintains a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Finance & General Purposes Committee. The principal risks facing the Academy at a contextual level are outlined below in the principal risks and uncertainties section; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

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

**Connected organisations, including related party relationships**

The Academy does not have a sponsor and is not related to any other charitable trust or other party.

**Related Parties**

Owing to the nature of the Academy's operations and the composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a member of the board of Governors 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.

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The principal object and activity of the Academy are set out in the principal activities disclosure above.

**Objectives**

The Governing Body had the following main objectives for the period ended 31 August 2012:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- To continue to raise the standard of educational achievement of all pupils and thereby to maintain the Academy's local and national reputation.
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- To provide value for money for the funds expended.
- To comply with all appropriate statutory and curriculum requirements.
- To maintain close links with industry and commerce.
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.
- To consolidate the Academy's newly acquired Academy status and enjoy a smooth transition to new systems and a new compliance framework.

**Strategies and activities**

In keeping with its objectives for the period, the main activities provided by the Academy included:

- Tuition and learning opportunities for all students to attain appropriate academic qualifications.
- Training opportunities for all staff in line with assessed needs.
- Secondments and placing of students with industrial and commercial partners.
- A programme of sporting and after school leisure activities for all students.
- Information and guidance concerning career pathways to help students obtain employment or move on to higher education.
- Ensuring that all administrative services are efficient and sound, and meet the needs of the Academy.

**Public benefit**

The Governors of the Academy have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The Academy has operated in accordance with its funding agreement as a non charging, not for profit organisation throughout the period in question. Pupil admissions to the Academy have been conducted in accordance with current statutory guidelines.

**ACHIEVEMENTS AND PERFORMANCE**

**Achievements and performance**

The Academy measures its success partly through a series of performance indicators. These indicators comprise:

- Academy popularity/admissions applications/waiting lists
- Examination results and other indicators of student progress
- Staff and department performance monitoring

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

- Financial strength and stability
- Stakeholder surveys, in particular from students and parents.

The Academy converted from Local Authority maintained school status on 1st October 2011. Each year group can take a maximum of 210 pupils. Most year groups are full. The number on roll is currently 1,040.

Examination results for 2012 were very pleasing:

- A record 51% of students achieved 5 grades A\* C including English & Maths; this was the highest on record for Stewards and represents a 17% improvement on our 2011 results.
- 80% of students achieved 5 grades A C.
- The percentage of students that made the expected levels of progress in English and Maths was as follows:

English = 65%                      Maths = 67%.

To ensure standards are continually raised, the Academy:

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

### **Sustainability / Going concern**

After reflecting upon various reports submitted throughout the year, in particular financial reports, Governors have a reasonable expectation that the Academy 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**

#### **Financial Review**

The principal source of funding for the Academy is the General Annual Grant (GAG) funding that it receives from the EFA. For the period ended 31 August 2012 the Academy received £5,607,686 in GAG funding. A high percentage of this funding is spent on wages and salaries and support costs to deliver the academies primary objective of the provision of education.

#### **Financial report for the year**

Most of the Academy's income is obtained from the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2012, total expenditure of £6,160,890 (excluding depreciation) was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £1,383,868.

#### **Financial position**

The Academy held fund balances at 31 August 2012 of £7,311,174 comprising £8,913,770 of restricted funds and £839,404 of unrestricted general funds and a pension reserve deficit of £2,442,000.

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

At 31 August 2012 the net book value of fixed assets was £8,377,898 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

**Principal risks and uncertainties**

The trustees assess the principal risks and uncertainties facing the Academy as follows:

- Staff retention: possibly the biggest single risk to the academy would lie in its failure to retain key staff – in particular, the Headteacher. However, it is not felt that there are any immediate threats in this regard.
- Material decrease in income affecting provision: highly unlikely. The budget for 2012 13 is sound, and the longer term financial plan shows considerable contingency against unwelcome future developments.
- Falling rolls: highly unlikely. Initial response to the conversion to Academy status has showed no diminution in student and parental enthusiasm. The Academy has been oversubscribed for many years and there is every sign of this continuing.
- Staff recruitment: conversion to Academy status has not affected the attractiveness of the Academy to potential new staff.
- Bank balances & investments: there is no significant risk other than an institution ceasing to trade.
- Debtors: there are no material debtors.
- The Academy's credit rating is not in jeopardy. Credit facilities with various suppliers are established as necessary.
- The Academy's cashflow is healthy and long term financial planning predicts it will remain so.

**Reserves policy**

The Governors review the cash reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of cash reserves. Governors have determined that the appropriate level of free cash reserves should be equivalent to one month's gross salary expenditure (approximately £400,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of free cash reserves (total funds less the amount held in fixed assets and restricted funds) is £839,404, which is materially adequate. Accumulated reserves will be utilised on capital projects in future years.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a significant pension fund deficit of £2,442,000. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The Academy is currently making payments of £98,000 per annum towards the deficit and it is envisaged that should this amount be increased it will be met from its budgeted annual income. The recognition of this deficit has no direct impact on the free cash reserves of the Academy Trust.

**Investment Policy**

The Academy has a policy of investing its cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. A series of High Interest Deposits are made with the Academy's bank Lloyds TSB. Sums are invested for varying lengths of time so that funds mature on a rotational basis thus ensuring that money becomes available at regular intervals should cash be needed for a particular purpose. £904,000 was invested in safe high interest deposit accounts at the Academy's bank with varying maturity dates to ensure a regular flow of funds becoming available for re-investment.



**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**PLANS FOR FUTURE PERIODS**

**Plans for the future**

The Academy will continue striving to improve the levels of performance of its students at all levels, and will continue to provide enriching activities and challenging opportunities for students to develop as young citizens of the future. The curriculum will be taught within government guidelines, with particular care being taken to ensure that the different learning needs of all students are met

The Academy also plans to expand its sport and recreational spaces for the benefit of students and the wider community.

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the Charitable Company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a governor in order to be aware of any information needed by the Charitable Company's auditors in connection with preparing their report and to establish that the Charitable Company's auditors are aware of that information.

**AUDITORS**

The auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the summer term meeting of the governing body.

This report was approved by the Governors on .....and signed on their behalf, by:

**Mr J Tarling**  
Chair of Governors

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Stewards Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Ms R Murthar, Headteacher	4	4
Mr A Armitage	4	4
Ms P Jenkins	4	4
Mr J Tarling	4	4
Mr B Ayton	3	4
Ms S Young	2	3
Dr D Guest	4	4
Mr J Hewlett	2	4
Mr A Bower	3	3
Mr B Moldon	1	4
Ms J Baldwin	3	4
Mr J Brandon	2	3
Mr S Dodd	3	3
Mr B Leadley	2	2
Mr P Rogers	2	3
Mr P Hickman	3	3
Ms D Johnson	3	4

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

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr B Ayton	4	6
M A Bower	5	6
Mr J Brandon	5	5
Mr S Dodd	5	6
Dr D Guest	6	6
Ms P Jenkins	6	6
Mr B Leadley	3	5
Mr B Moldon	5	6
Ms R Murthar	5	6
Mr J Tarling	6	6

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stewards Academy Trust for the eleven months ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the eleven months ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**THE RISK AND CONTROL FRAMEWORK**

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Andrew Armitage, a Governor, as Responsible Officer ('RO'). The RO'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 RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the eleven months in question the review has been informed by:

- the work of the RO;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on..... and signed on their behalf,  
by:

**Mr J Tarling**  
Chair of Governors

**Ms R Murthar**  
Accounting Officer

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**(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 Academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

**Ms R Murthar**  
Accounting Officer

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

The Governors (who act as trustees for charitable activities of Stewards Academy Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the EFA, United Kingdom Accounting Standards (UKGAAP) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities Statement of Recommended Practice (SORP);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UKGAAP Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/Department for Education have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on..... and signed on its behalf by:

**Mr J Tarling**  
Chair of Governors

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

We have audited the financial statements of Stewards Academy Trust for the eleven months ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. 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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the eleven months then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

In our opinion the information given in the Governors' Report for the financial eleven months for which the financial statements are prepared is consistent with the financial statements.

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

Mr Gary Miller (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
Date:



**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 17 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stewards Academy Trust during the eleven months 1 October 2011 to 31 August 2012 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 as published by the EFA in 2012, 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 2011/12. 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 eleven months 1 October 2011 to 31 August 2012 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 2011/12 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.

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S 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 eleven months 1 October 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

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

Date:

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)  
FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Net assets transferred on conversion	3,25	664,851	(1,800,000)	8,678,142	7,542,993
Other voluntary income	3	27,120	206,579	-	233,699
Activities for generating funds	4	280,261	-	-	280,261
Investment income	5	1,762	-	-	1,762
Incoming resources from charitable activities	6	-	6,342,972	21,213	6,364,185
<b>TOTAL INCOMING RESOURCES</b>		<b>973,994</b>	<b>4,749,551</b>	<b>8,699,355</b>	<b>14,422,900</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	11	134,590	5,993,387	397,049	6,525,026
Governance costs	10	-	11,700	-	11,700
<b>TOTAL RESOURCES EXPENDED</b>	<b>7</b>	<b>134,590</b>	<b>6,005,087</b>	<b>397,049</b>	<b>6,536,726</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS</b>		<b>839,404</b>	<b>(1,255,536)</b>	<b>8,302,306</b>	<b>7,886,174</b>
Actuarial gains and losses on defined benefit pension schemes		-	(575,000)	-	(575,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>839,404</b>	<b>(1,830,536)</b>	<b>8,302,306</b>	<b>7,311,174</b>
Total funds at 12 September 2011		-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2012</b>		<b>839,404</b>	<b>(1,830,536)</b>	<b>8,302,306</b>	<b>7,311,174</b>

All activities relate to continuing operations.

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

The notes on pages 20 to 36 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2012**

	Note	£	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	17		8,377,898
<b>CURRENT ASSETS</b>			
Debtors	18	182,874	
Cash at bank and in hand		1,523,109	
		<u>1,705,983</u>	
<b>CREDITORS:</b> amounts falling due within one year	19	(330,707)	
		<u>1,375,276</u>	
<b>NET CURRENT ASSETS</b>			
			<u>1,375,276</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
			9,753,174
Defined benefit pension scheme liability	26		(2,442,000)
			<u>7,311,174</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			
			<u><u>7,311,174</u></u>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds:			
Restricted funds	20	611,464	
Restricted fixed asset funds	20	8,302,306	
		<u>8,913,770</u>	
Restricted funds excluding pension liability		8,913,770	
Pension reserve		(2,442,000)	
		<u>6,471,770</u>	
Total restricted funds			6,471,770
Unrestricted funds	20		839,404
			<u>7,311,174</u>
<b>TOTAL FUNDS</b>			
			<u><u>7,311,174</u></u>

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

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

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

The notes on pages 20 to 36 form part of these financial statements.

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

	Note	2012 £
Net cash flow from operating activities	22	1,596,939
Returns on investments and servicing of finance	23	1,762
Capital expenditure and financial investment	23	(75,592)
<b>INCREASE IN CASH IN THE PERIOD</b>		<u>1,523,109</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

	2012 £
Increase in cash in the period	<u>1,523,109</u>
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<u>1,523,109</u>
<b>NET FUNDS AT 31 AUGUST 2012</b>	<u>1,523,109</u>

The notes on pages 20 to 36 form part of these financial statements.

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

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

**1.3 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the DfE.

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

**1.4 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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

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

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

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

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**1. ACCOUNTING POLICIES (continued)**

**1.5 Resources expended**

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

Charitable activities are costs incurred in the furtherance of the Academy's primary objectives.

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

Where an expense is deemed to be for business purposes i.e. not in relation to the Academy's charitable purpose, the expenditure this relates to will include irrecoverable VAT

**1.6 Going concern**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of twelve months from the date of approval of the financial statements.

**1.7 Tangible fixed assets and depreciation**

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

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

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

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

**1.8 Operating leases**

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

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**1. ACCOUNTING POLICIES (continued)**

**1.9 Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.10 Pensions**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**1.11 Conversion to an academy trust**

The conversion from a state maintained school to an Academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Stewards School to an Academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Academy. As stated in 1.1, the leasehold land and buildings have been included in the accounts at depreciated replacement cost. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.



**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**2. GENERAL ANNUAL GRANT (GAG)**

	2012 £
<b>Result and carry forward for the year</b>	
GAG allocation for current year	5,607,686
<b>Total GAG available to spend</b>	5,607,686
Recurrent expenditure from GAG	(5,334,662)
<b>GAG carried forward to next year</b>	273,024
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(672,922)
<b>GAG to surrender to DfE</b>	(399,898)
(12% rule breached if result is positive)	No breach

**3. OTHER VOLUNTARY INCOME**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Net assets transferred on conversion	664,851	6,878,142	7,542,993
Donations	-	94,421	94,421
Grants	27,120	112,158	139,278
Subtotal	27,120	206,579	233,699
Voluntary income	691,971	7,084,721	7,776,692

**4. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Catering Income	158,694	-	158,694
Rental Income	45,682	-	45,682
Other Income	33,011	-	33,011
Swimming Lessons Income	42,874	-	42,874
	280,261	-	280,261

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**5. INVESTMENT INCOME**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Bank Interest	1,762	-	1,762
	<u>1,762</u>	<u>-</u>	<u>1,762</u>

**6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Funding for academies charitable activities	-	6,364,185	6,364,185
	<u>-</u>	<u>6,364,185</u>	<u>6,364,185</u>

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
<b>DfE/EFA revenue grant</b>			
General Annual Grant (GAG)	-	5,607,686	5,607,686
Other DfE / EFA grants	-	510,985	510,985
Start Up Grant	-	25,000	25,000
	<u>-</u>	<u>6,143,671</u>	<u>6,143,671</u>
<b>Other government grants</b>			
Local Authority Grant	-	220,514	220,514
	<u>-</u>	<u>220,514</u>	<u>220,514</u>
	<u>-</u>	<u>6,364,185</u>	<u>6,364,185</u>

**7. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £
Charitable activities	4,454,806	375,836	1,694,384	6,525,026
Governance	-	-	11,700	11,700
	<u>4,454,806</u>	<u>375,836</u>	<u>1,706,084</u>	<u>6,536,726</u>

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**8. DIRECT COSTS**

	Total 2012 £
Educational supplies	365,884
Examination fees	97,174
Staff development	86,211
Educational consultancy	28,626
Transport	14,086
Teaching and educational support services	2,434,888
National insurance	199,139
Pension cost	265,301
	3,491,309
	3,491,309

**9. SUPPORT COSTS**

	Total 2012 £
FRS17 adjustment - interest adjustment (note 16)	83,000
Technology costs	18,600
Travel & subsistence	8,980
Other costs	72,984
Recruitment & support	39,956
Maintenance of premises & machinery	245,698
Cleaning	125,627
Rates	17,790
Energy	97,433
Insurance	61,716
Security	4,416
Transport	2,627
Catering	170,385
Occupancy costs	27,081
Telephone	17,844
Printing, postage and stationery	60,257
Professional fees	48,009
Wages and salaries	1,258,771
National insurance	74,135
Pension cost	222,572
Depreciation	375,836
	3,033,717
	3,033,717

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**10. GOVERNANCE COSTS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Subcontracted RO assistance	-	1,200	1,200
Governance statutory auditors' remuneration	-	6,500	6,500
Governance statutory auditors' other costs	-	4,000	4,000
	<u>-</u>	<u>11,700</u>	<u>11,700</u>
	<u><u>-</u></u>	<u><u>11,700</u></u>	<u><u>11,700</u></u>

**11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £
Charitable activities	3,491,309	3,033,717	6,525,026
	<u>3,491,309</u>	<u>3,033,717</u>	<u>6,525,026</u>
	<u><u>3,491,309</u></u>	<u><u>3,033,717</u></u>	<u><u>6,525,026</u></u>

**12. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging:

	2012 £
Depreciation of tangible fixed assets:	
- owned by the charity	375,836
Auditors' remuneration	6,500
	<u><u>382,336</u></u>

During the eleven months, no Governors received any benefits in kind.

During the eleven months, no Governors received any reimbursement of expenses.

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**13. STAFF COSTS**

Staff costs were as follows:

	2012 £
Wages and salaries	3,693,658
Social security costs	273,274
Other pension costs (Note 26)	487,873
	<u>4,454,805</u>

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

	2012 No.
Teachers	61
Administration and support	84
Management	6
	<u>151</u>

The number of employees whose annualised emoluments (excluding pensions) fell within the following bands was:

	2012 No.
In the band £90,001 - £100,000	<u>1</u>

**14. GOVERNORS' REMUNERATION**

The Academy is following the guidance in the EFA's note 'Disclosure in Academy Trusts 2011/12 Financial Statements of remuneration of Trustees who are Staff Governors – October 2012', where disclosure of the remuneration paid to staff governors who are not trustees is not required. For the purposes of this disclosure trustees are those Governors who are signatories to the Memorandum of Association.

In the 11 months ended 31 August 2012, the Chief Executive's remuneration was £105,940 (this amount includes the Academy's contribution of £13,095 to the Teachers' Pension Scheme)

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**15. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000.

The cost of this insurance is included in the total insurance cost.

**16. OTHER FINANCE INCOME**

	2012 £
Expected return on pension scheme assets	8,000
Interest on pension scheme liabilities	(91,000)
	(83,000)
	(83,000)

**17. TANGIBLE FIXED ASSETS**

	Long Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
Additions	-	-	75,592	75,592
Assets transferred on conversion	8,567,701	56,761	53,680	8,678,142
At 31 August 2012	8,567,701	56,761	129,272	8,753,734
<b>Depreciation</b>				
Charge for the eleven months	308,006	27,170	40,660	375,836
At 31 August 2012	308,006	27,170	40,660	375,836
<b>Net book value</b>				
At 31 August 2012	8,259,695	29,591	88,612	8,377,898

The long term leasehold property have been included in the accounts based on the valuation provided by the EFA using depreciated replacement cost. The Governors believe that the cost of obtaining a more detailed valuation outweighs the benefit.

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**18. DEBTORS**

	2012 £
Other debtors	111,692
Prepayments and accrued income	71,182
	182,874

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

	2012 £
Other creditors	300,834
Accruals and deferred income	29,873
	330,707

**20. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>					
General Funds - all funds	-	973,994	(134,590)	-	839,404
<b>Restricted funds</b>					
General Annual Grant (GAG)	-	5,607,686	(5,334,662)	-	273,024
Start up grant	-	25,000	(25,000)	-	-
Other government grants	-	480,222	(141,782)	-	338,440
SEN Funding	-	220,514	(220,514)	-	-
Pupil premium funding	-	121,708	(121,708)	-	-
Educational visits	-	89,349	(89,349)	-	-
Other restricted funds	-	5,072	(5,072)	-	-
Pension reserve	-	(1,800,000)	(67,000)	(575,000)	(2,442,000)
	-	4,749,551	(6,005,087)	(575,000)	(1,830,536)

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

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

**Restricted fixed asset funds**

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
Fixed Asset Fund	-	8,678,142	(375,836)	-	8,302,306
DFC income	-	21,213	(21,213)	-	-
	<u>-</u>	<u>8,699,355</u>	<u>(397,049)</u>	<u>-</u>	<u>8,302,306</u>
Total restricted funds	<u>-</u>	<u>13,448,906</u>	<u>(6,402,136)</u>	<u>(575,000)</u>	<u>6,471,770</u>
Total of funds	<u>-</u>	<u>14,422,900</u>	<u>(6,536,726)</u>	<u>(575,000)</u>	<u>7,311,174</u>

**General Annual Grant (GAG)**

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

**Start up grant**

This represents a grant to aid with start up costs for the Academy on conversion. All costs have now been incurred and the balance has been transferred to unrestricted reserves as the restriction no longer exists.

**Other government grants**

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

**Special Educational Needs (SEN) funding**

This represents allocated funding for special educational needs pupils.

**Pupil Premium**

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

**Educational visits**

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

**Pension reserve**

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

**Restricted Fixed Asset Funds**

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



**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

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

**Devolved Formula Capital (DFC) fund**

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

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
General funds	-	973,994	(134,590)	-	839,404
Restricted funds	-	4,749,551	(6,005,087)	(575,000)	(1,830,536)
Restricted fixed asset funds	-	8,699,355	(397,049)	-	8,302,306
	<u>-</u>	<u>14,422,900</u>	<u>(6,536,726)</u>	<u>(575,000)</u>	<u>7,311,174</u>

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

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	75,592	-	8,302,306	8,377,898
Current assets	1,094,519	611,464	-	1,705,983
Creditors due within one year	(330,707)	-	-	(330,707)
Provisions for liabilities and charges	-	(2,442,000)	-	(2,442,000)
	<u>839,404</u>	<u>(1,830,536)</u>	<u>8,302,306</u>	<u>7,311,174</u>

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

	2012 £
Net incoming resources before revaluations	7,886,174
Returns on investments and servicing of finance	(1,762)
Non cash assets transferred on conversion	(6,878,142)
Depreciation of tangible fixed assets	375,836
Increase in debtors	(182,874)
Increase in creditors	330,707
FRS 17 adjustments	67,000
<b>Net cash inflow from operations</b>	<u><u>1,596,939</u></u>

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2012 £
<b>Returns on investments and servicing of finance</b>	
Interest received	1,762
	<u>1,762</u>
	2012 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(75,592)
	<u>(75,592)</u>

**24. ANALYSIS OF CHANGES IN NET DEBT**

	12 September 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand:	-	1,523,109	-	1,523,109
<b>Net funds</b>	<u>-</u>	<u>1,523,109</u>	<u>-</u>	<u>1,523,109</u>

**25. CONVERSION TO AN ACADEMY TRUST**

On 1 October 2011 Stewards School converted to Academy trust status under the Academies Act 2010 and all the operations and assets and liabilities (except for leasehold land and buildings) were transferred to Stewards Academy Trust from Essex County Council for £Nil consideration. Harlow Education Trust granted a 125 year lease in relation to the leasehold land and buildings.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	8,567,701	8,567,701
Other tangible fixed assets	-	-	110,441	110,441
Budget surplus/(deficit) on LA funds	664,851	-	-	664,851
LGPS pension surplus/(deficit)	-	(1,800,000)	-	(1,800,000)
<b>Net assets/(liabilities)</b>	<u>664,851</u>	<u>(1,800,000)</u>	<u>8,678,142</u>	<u>7,542,993</u>

The above net assets include £664,851 that was transferred as cash.

**STEWARDS ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**26. PENSION COMMITMENTS**

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

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

For accounting purposes the TPS is treated as a defined contribution scheme. Contributions amounting to £35,889 were payable to the scheme at 31 August 2012 and are included in creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ('SCR') is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**26. PENSION COMMITMENTS (continued)**

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

**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 eleven months ended 31 August 2012 was £297,000, of which employer's contributions totalled £228,000. The agreed contribution rate for future years are 12.3% plus £98,000 for employers and 5.5-7.5% for employees.

As described in note 25 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the eleven months. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The amounts recognised in the Balance Sheet are as follows:

	2012 £
Present value of funded obligations	(2,749,000)
Fair value of scheme assets	307,000
	(2,442,000)
Net liability	(2,442,000)

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

	2012 £
Current service cost	(212,000)
Interest on obligation	(91,000)
Expected return on scheme assets	8,000
	(295,000)
Total	(295,000)
Actual return on scheme assets	10,000
	10,000

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**26. PENSION COMMITMENTS (continued)**

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

	2012 £
Current service cost	212,000
Interest cost	91,000
Contributions by scheme participants	69,000
Actuarial Losses	577,000
Present value of defined benefit obligation on conversion	1,800,000
	2,749,000
Closing defined benefit obligation	2,749,000

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

	2012 £
Expected return on assets	8,000
Actuarial gains and (losses)	2,000
Contributions by employer	228,000
Contributions by employees	69,000
	307,000
	307,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £575,000 loss.

The Academy expects to contribute £252,000 to its Defined Benefit Pension Scheme in 2013.

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

	2012
Equities	5.90 %
Gilts	2.80 %
Other bonds	3.90 %
Property	4.90 %
Cash	0.50 %

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

	2012
Discount rate for scheme liabilities	3.90 %
Expected return on scheme assets at 31 August	5.20 %
Rate of increase in salaries	3.70 %
Rate of increase for pensions in payment / inflation	1.90 %
Inflation assumption (CPI)	1.90 %
Inflation assumption (RPI)	2.70 %

**STEWARDS ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE ELEVEN MONTHS ENDED 31 AUGUST 2012**

**26. PENSION COMMITMENTS (continued)**

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

	2012
Retiring today	
Males	22.7
Females	25.3
Retiring in 20 years	
Males	24.1
Females	26.8

Amounts for the current period are as follows:

Defined benefit pension schemes

	2012
	£
Defined benefit obligation	(2,749,000)
Scheme assets	307,000
	<u>(2,442,000)</u>
Deficit	<u>(2,442,000)</u>
Experience adjustments on scheme assets	<u>2,000</u>

**27. OPERATING LEASE COMMITMENTS**

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other
	2012	2012
	£	£
<b>Expiry date:</b>		
Between 2 and 5 years	-	18,364
	<u>          </u>	<u>          </u>

**28. RELATED PARTY TRANSACTIONS**

During the period the Academy incurred expenditure of £30,765 in relation to educational services 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.

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