



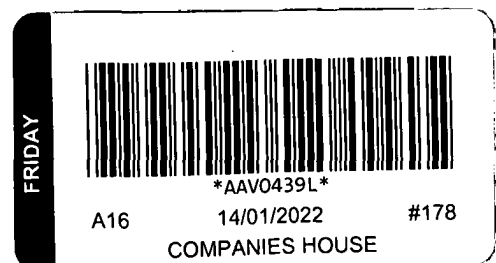
**Star**

**Star Academies**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2021**

Company Registration Number:  
07353849 (England and Wales)



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## Abbreviations

STAR – Star Academies	CPI – Consumer Price Index
TIBHS – Tauheedul Islam Boys' High School	DfE – Department for Education
TIGHS – Tauheedul Islam Girls' High School	ESFA – Education and Skills Funding Agency
OBL – Olive School Blackburn	FRS – Financial Reporting Standard
OHA – Olive School Hackney	GAG – General Annual Grant
EBB – Eden Boys' School Bolton	TPS – Teachers' Pension Scheme
EGC – Eden Girls' School Coventry	LGPS – Local Government Pension Scheme
EGW – Eden Girls' School Waltham Forest	LCPF – Lancashire County Pension Fund
EBP – Eden Boys' School Preston	WYPF – West Yorkshire Pension Fund
EBM – Eden Boys' School Birmingham	WMPF – West Midlands Pension Fund
EGS – Eden Girls' School Slough	SCR – Standard Contribution Rate
HLA – Highfield Leadership Academy	SERPS – State Earnings-Related Pension Scheme
LLA – Laisterdyke Leadership Academy	LIGHT – Light Trust
OBO – Olive School Bolton	SHINE – Shine Charity
OPR – Olive School Preston	SCITT – School-Centred Initial Teacher Training
OBI – Olive School Birmingham	NPQ – National Professional Qualification
TLA – Tong Leadership Academy	
MEG – Eden Girls' Leadership Academy, Manchester	
MEB – Eden Boys' Leadership Academy, Manchester	
PTH – Thornbury Primary Leadership Academy	
PHC – High Craggs Primary Leadership Academy	
PBA – Barkerend Primary Leadership Academy	
PBL – Bay Leadership Academy	
SLA – Small Heath Leadership Academy	
SBE – Eden Boys' School Birmingham East	
SVA – The Valley Leadership Academy	
PSH – Olive Small Heath	
SGB – Eden Girls' Leadership Academy, Birmingham	
SBR – Eden Boys' Leadership Academy, Bradford	
PRA – Rainbow Primary Leadership Academy	
SST – Starbank School	

## Reference and Administrative Details

For the Year Ended 31 August 2021

Members	<p>Kamruddin Isap Kothia, DL (Chair)</p> <p>Faruk Dasu (Light Trust)</p> <p>Martin Ainscough, CBE, DL</p> <p>Harry Catherall</p> <p>Dame Julia Cleverdon, DCVO, CBE (<i>appointed 11 January 2021</i>)</p> <p>Mohamed Isap</p> <p>The Rt. Hon. Lord Charles Shuttleworth KG, KCVO</p> <p>Rt. Hon Jack Straw</p> <p>Sir Michael Wilshaw</p>
Trustees	<p>Kamruddin Isap Kothia (Chair)</p> <p>Carol Costello #</p> <p>Faruk Dasu #</p> <p>Harry Devonport</p> <p>Major General David Eastman, MBE (<i>appointed 1 March 2021</i>)</p> <p>Mark Hageman (<i>appointed 4 November 2020</i>)</p> <p>Mohamed Isap</p> <p>Kevin Jaquiss #</p> <p>Fiona Jordan</p> <p>Peter McKee (<i>appointed 6 June 2021</i>)</p> <p>Sir Mufti Hamid Patel CBE</p> <p>Imraan Patel</p> <p>Gareth Stevens (<i>appointed 9 June 2021</i>)</p> <p>Rt. Hon Jack Straw</p> <p># Members of the Audit and Risk Committee</p>
Chief Executive and Accounting Officer	Sir Mufti Hamid Patel CBE
Senior Management Team	<p>Executive Director: Capital Programmes – David Holland</p> <p>Executive Director: Communication and Development - Kathryn Chorlton</p> <p>Executive Director: Education – Lisa Crausby</p> <p>Executive Director: Finance and Operations – Amanda Bailey (<i>resigned 31 July 2021</i>)</p> <p>Executive Director: Quality Assurance – Shirley Gornall</p> <p>Executive Director: Star Institute – Linda Thompson</p>
Company Name	Star Academies
Principal and Registered Office	Shadsworth Road, Blackburn, Lancashire, BB1 2HT
Company Registration Number	07353849 (England and Wales)
Independent Auditor	Beever and Struthers, Suite 9b, The Beehive Lions Drive, Shadsworth Business Park, Blackburn, BB1 2QS
Bankers	Lloyds Bank, Church Street, Blackburn, Lancashire, BB2 1JQ
Solicitors	Hill Dickinson, 1 St Paul's Square, Liverpool, Merseyside, L3 9SJ



## **Governance Statement**

### **For the Year Ended 31 August 2021**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Within this year the Trust operated 30 schools (10 primary, 19 secondary and 1 all-through schools) across the Lancashire, Greater Manchester, West Yorkshire, Midlands and London area. These academies had a combined pupil admission number (PAN) of 20,062 and had a roll of 18,841 in the school census on May 2021.

Within this year the Trust was also undertaking due-diligence on a large secondary sponsor-led academy, that will potentially join the trust in February 2022. Work continues to secure the opening of five schools approved in Wave 13 and 14 of the free schools' programme – Salford, Rochdale, Radcliffe, Wolverhampton and Olive Manchester; although no target dates have yet been agreed. The Trust has announced a partnership with Eton College in Windsor to work together for the submission of application within the expected Wave 15 of the free schools' programme. This will be to open three selective sixth form colleges in the state sector in the next five years. The Trust has also continued discussions regarding the future sponsorship of further academies.

In addition to this, the Trust has continued to manage the Leadership training programme and Initial Teacher Training through its Star Institute.

## **Structure, Governance and Management**

### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Star Academies are also the directors of the charitable company for the purposes of company law. The charitable company operates as Star Academies.

Details of the trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 2.

### **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' Indemnities**

In accordance with normal commercial practice Star has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim as shown in note 12 to the accounts.

### **Method of Recruitment and Appointment or Election of Trustees**

Trustees are appointed in accordance with the Articles of Association, they are appointed for four years and may be re-appointed.

In selecting new Trustees, the Trust seeks to identify people who are willing to commit their time and skills for the advancement of the purposes of Star, adding value to the leadership of the Trust and ensuring good governance is secured.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

Following appointment all new Trustees receive an introduction to their role from the Chair and Chief Executive. This introduction includes the opportunity for tours to school sites and meeting members of a school's Senior



## Governance Statement

### For the Year Ended 31 August 2021

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Leadership Team.

The Trust has an annual development and support programme for Trustees. The Trust's Head of Governance ensures new Trustees receive sufficient support and information to enable them to discharge their role. All Trustees are required to sign and adhere to the Code of Conduct held by the Trust.

#### Organisational Structure

The Trustees are responsible for the general control and management of the Trust. The Trustees give their time freely and receive no remuneration or other financial benefits, other than the Trust Chief Executive who also serves as a Trustee. The Trustees act as the governors of Star and are also the directors of the charitable company for the purposes of company law.

The Trustees meet termly and are responsible for all decisions taken in relation to the activities provided by Star. The Trustees have established an Audit & Risk Committee that meets termly to ensure the independent checking of financial controls, systems, transactions and risks.

The Trust has delegated some decision making to additional Trustee committees and the local governing bodies of its schools. The Trust has a clear scheme of delegation regarding the delegation of these decisions; this also details the decisions that have been delegated to management to ensure the day to day operational capacity of the Trust.

The Trust, as a multi-academy trust, has a Central Office to support its academies in relation to their business support and academic standards. The Trust Chief Executive is the Accounting Officer.

#### Arrangements for setting pay and remuneration of key management personnel

The Trust has a Nomination and Remuneration Committee that has responsibility for agreeing the pay of the Chief Executive. The Committee is supported in this role by External Pay Specialists who have been engaged for this task. Senior Leadership Team pay is set by reference to benchmarking and comparison of pay with other roles in the sector.

#### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force in April 2017, which put in place provisions in the Trade Union Act 2016 requiring relevant public sector employers to publish specified information related to facility time provided to trade union officials.

In line with the regulations, Star Academies is required to publish the following information for the period 1 April 2020 to 31 March 2021 relating to trade union officials and facility time:

Relevant Union Officials:

Number of employees who were relevant union officials during the relevant period 0

Full-time employee number 0

Percentage of working hours spent on facility time:

0% 0

1 to 50% 0

51 to 99% 0

100% 0

Percentage of the pay bill spent on facility time:

Total cost of facility time £0

Total pay bill £78,780,846

Percentage of pay spent on facility time 0%

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time hours 0%



## Governance Statement

### For the Year Ended 31 August 2021

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#### Related Parties and other Connected Charities and Organisations

**Light Trust** is a non-operational Foundation Body, is a Member of Star Academies and can appoint further Members.

**Shine Charity** is not a connected charity to Star Academies. Shine Charity supports Star Academies to deliver its corporate social responsibility programme. It aims to:

- Empower young people to make a difference to their communities - local, national and international
- Equip young people with the skills and knowledge to lead social action, contribute to issues they care about and shape decisions that affect them
- Help employers fulfil their corporate social responsibility, connect charities with young people and maximise the community impact of schools

#### Engagement with Employees (including disabled persons)

Star Academies have taken the following actions this year to introduce, maintain and develop arrangements aimed at engaging with its employees:

- Star Academies uses a broad range of internal communications channels for employee engagement. Regular communications include weekly and monthly staff bulletins and a termly magazine. Online channels, including Microsoft Teams, are used for communications and collaboration, alongside more informal tools such as email, instant messaging and MS Teams/Skype. An annual programme of staff events and training take place via a range of mediums, including physical events, eLearning platforms, webinars and video conferencing. Throughout the coronavirus pandemic, the Trust's Chief Executive has sent regular communications to employees to keep them abreast of the latest developments and Star's civic response to the pandemic. The Trust also has a comprehensive suite of policies and procedures on matters that affect employees during their employment and has an annually updated training and development plan which enables managers and employees to be trained on their effective implementation.
- We have a Trade Union Recognition Agreement with recognized trade unions in the education sector and consult employees and their representatives so that their views can be considered when making decisions which affect their interests, at a Trust level through the Joint Consultation & Negotiating Committee (JCNC), which meets on a termly basis during the academic year.

In addition, at an individual school level we consult on issues that affect all staff at that establishment, for example, a number of restructure proposals have been implemented in the previous 12 months, as well as when schools join the Trust under an Academisation order. We apply the statutory timescales required for consultation which are dependent upon the number of employees affected. Our intention is always to seek to reach a consensus with employees and their representatives wherever possible about proposals that affect them;

- We encourage the involvement of employees in the Trust's performance, through a performance management appraisal cycle, which seeks to align employee's targets with the aims and objectives of the Trust. Schools and Central Trust Teams apply Key Performance Indicators to measure their performance against a range of targets set at Trust and National levels. In teaching a professional development framework has been introduced called 'Teach like a Star'. We celebrate outstanding employee contributions through an annual awards ceremony and regularly recognise outstanding individual employee contributions through an employee recognition scheme, known as Star Letters.
- We achieve a common awareness on the part of all employees of the factors affecting the performance of the Trust through effective communication channels as set out above. We also undertake an annual employee engagement survey which measures staff feedback against a number of areas of the Trust's activity, including the effectiveness of its leadership;



## **Governance Statement**

### **For the Year Ended 31 August 2021**

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- Promoting equality of opportunity is at the heart of the Trust's mission. The Trust builds equality considerations into its employment policies from the outset, it has a policy on the fair recruitment and selection of candidate for roles with the Trust and guarantees an interview to any disabled applicant who meets the essential requirements of the role. We have an equality statement within all of our recruitment advertisements. Equal Opportunities monitoring information that is voluntarily provided at the application stage is anonymised and used by the Trust to measure diversity within the application pool and workforce to ensure that we are meeting our obligations under the Equality Act 2010.

Recruiting managers are trained to apply the Trust's equality principles. The Trust and its schools have a range of policies and procedures to advance equality of opportunity between people who share a protected characteristic and those who do not. These include our governance and accountability framework, our equalities and related policies and training for staff and governors.

### **Engagement with Suppliers, Customers and others in a business relationship with the Trust**

#### **Finance / Procurement**

Star Academies has an established Procurement Department and procedures in place. This includes the holding and maintenance of a contracts database and corresponding three year procurement plan.

Key developments during 2020/21:

- the development of bespoke framework contracts enabling compliant procurement solutions which enables schools to choose from a number of vetted suppliers.
- a more consistent approach to contract management including consistent documentation and oversight.
- spend analysis of the Trust's annual spend to ensure aggregate compliance and refinement of the three year procurement plan.

Contract oversight, undertaken by the Procurement Department or Contract Managers, requires accountability meetings with supplier account managers for performance discussions including monitoring of contract KPIs. This relationship building also allows Star to seek quick resolutions to any issues that are presented and build trust between the parties. Accountability meeting frequency is dependent upon the risk and value associated with a contract and can range anywhere between monthly and annually. These contract meetings have continued to ensure a high level of service quality which is reinforced by the number of contract extensions that have been secured. During 2020-2021 the Trust has extended the following contracts: Internal and External audit, cleaning consumables, the Exemplary Leadership Programme, furniture, IT hardware & peripherals, leisure & promotion activities at The Valley, Paper, Signage, public relations, school leadership training and SIMS support.

A number of other contracts have either been tendered for the first time or re-tendered at the culmination of a current contractual arrangement, including: Asbestos, reading books, catering, employee benefits portal, gas, pressure systems & vessels, IT software licensing & associated services, legal services for land, property & constructions, legal services for HR & commercial (including public law), lifts and lifting equipment, managed payroll service, multi-functional devices, property consultation, recruitment advertising, school bags, school transport at Eden Girls Coventry, security keyholding and pupil data management (SIMS).

Covid-19 has continued to provide a challenge for Star and its suppliers but the strong working relationships has resulted in minimal operational disruption and the continuity of our contracts and servicing.



## **Governance Statement**

### **For the Year Ended 31 August 2021**

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#### **Objectives and Activities**

##### **Objects and Aims**

Star Academies (Star) is a not-for-profit multi-academy trust. The objects of the Trust are to establish, maintain, carry on, manage and develop outstanding schools that promote educational excellence, character development and service to communities.

The Trust believe that every child and every community is unique. It works hard to make sure that each and every pupil in its schools – regardless of their faith, race, gender, background or starting point – achieves their potential and goes on to university or a career of their choice.

##### **Objectives, Strategies and Activities**

Star Academies is a rapidly expanding, high-achieving multi-academy trust. Running a diverse network of primary and secondary schools, Star is a values-based organisation, committed to enhancing social mobility. The Trust's efforts are consistently geared towards raising the aspirations of children and young people in areas of social and economic deprivation in order to improve their life chances and help them succeed at the highest levels in education, employment and the professions.

Star's Corporate Strategy 2016-2022 sets out an ambitious programme for the development of the Trust up to 2022 – the 10<sup>th</sup> anniversary of the Trust's inception. The Corporate Strategy forms the foundation of the Trust's planning framework. It is complemented by school 5-year plans along with 5-year plans for specific Trust-wide service areas. These set out the medium-term priorities that schools and Trust-wide services must deliver if the Trust's overall aims and objectives are to be achieved. In turn, these 5-year plans are developed in detail in school and Trust Annual Operating Statements. These set out the priorities for each year that will take the Trust towards its medium-term goals.

In 2020-2021, the Trust, in common with all public sector organisations, continued to be severely affected by the COVID-19 pandemic. The closure of schools had a significant impact on the Trust's prioritisation with regards to the delivery on its targets. Priority work was reshaped and rescheduled to enable education to continue remotely. Delays to some projects were inevitable. The Trust's central team had to adapt quickly to new ways of working, meeting and communicating with schools.

Star Academies is committed to working within the changing parameters of redefined normality to secure the best possible experiences and outcomes for young people.

##### **Public Benefit**

In setting the objectives, and planning the activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education.

The key public benefit delivered by Star is the development of high-quality education provided within its schools, to the public benefit of all children local to these schools.





## **Governance Statement**

### **For the Year Ended 31 August 2021**

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#### **Strategic Report**

##### **Achievements and Performance**

Star has achieved the following in the 2020/21 academic year:

##### ***Educational Excellence***

There has been a strong emphasis on recovering lost ground and maintaining 'normality' in terms of educational standards, despite continuing lockdowns and disruptive self-isolation due to the high incidence of infection in the communities served by Star schools.

A significant drive to equip teachers with the digital skills to deliver excellent remote and simultaneous learning meant that learning continued live and unabated for the majority of pupils for most of the year. DfE has published case studies of innovative practice developed at The Olive School, Bolton, and Tauheedul Islam Boys' High School for the benefit of the sector.

Maintaining high attendance has been very challenging during the pandemic period but with resilience and determination, most Star schools' attendance figures compare positively with local and national averages. Cross-trust attendance competitions are spurring improvement in some sponsored academies.

Good behaviour, promoted through the consistent implementation of routines within the Behave Like A Star playbook, is now the norm across Star's sponsored academies, which have seen a pleasing reduction in exclusions. Safeguarding continues to be schools' foremost priority. All schools have received bespoke support, advice and guidance around keeping pupils safe and addressing local need during lockdown and post-lockdown. They all have a team of trained mental health first aiders who are equipped with the necessary skills to deal with any issues if they arise, along with access to a mental health and wellbeing toolkit which includes a wealth of resources to support pupils.

2020-2021 was an extremely busy year for Star Institute despite the disruption caused by Covid-19, with the full training programmes being delivered.

Following a DfE competitive bidding process three Star schools – Tauheedul Islam Girls' High School, Tauheedul Islam Boys' High School and Eden Boys' School, Bolton – have been designated as Teaching School Hubs in the Northwest region. The work of the hubs, which will serve 805 schools, will be undertaken by Star Institute and will include the delivery of the DfE's Early Career Framework and new NPQ programmes.

Our outstanding SCITT, Star Teachers, has significantly increased its numbers in the Northwest and West Midlands. The target to recruit 120 trainees for 2021/22.

Star Institute's apprentice programme has continued to grow, doubling to 42 apprentices in 2020/2021.

The Exemplary Leadership Programme commissioned by DfE and led by Star, in partnership with Leverage Leadership in the United States, Harris Federation, Outwood Grange Academies Trust, Dixons Academies Trust and Inspiration Trust, recruited its target of 240 participants from 120 schools.

Star Academies has formed the School Led Development Trust (SLDT) in collaboration with three other highly effective MATs: Harris Federation, Outwood Grange Academies Trust and Oasis Community Learning.

##### ***Operational Excellence***

The trust and its schools remain fully compliant with all statutory and regulatory requirements and duties. The governance team ensured that the members, trustees and local governors carried out their respective functions diligently whilst meeting remotely. New software (4policies) has been introduced to support easier access and improved tracking of policies across Star.

The procurement team has been integral in the successful completion of a number of high value procurement



## Governance Statement

### For the Year Ended 31 August 2021

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processes including catering, estates, software licences and multifunctional devices (MFDs). They are now engaged in contract management for a number of key contracts across Star to ensure best value and compliance.

The development of the role of the finance business partner supporting schools has been successful with support from Star's Senior Management Accountant and training on influencing and effective stakeholder management. This has enabled improved financial planning and led to increased engagement from principals in the budget setting and monitoring process.

To assess wellbeing during the lockdown staff surveys were carried out in November 2020 and February 2021, with over 3000 individual responses received. Positive results were achieved in relation to staff feeling that robust procedures were in place to effectively manage risk for face-to-face learning during the pandemic, and that these were well communicated. Improvements have been recorded through the year around staff feeling more comfortable with the use of technology to deliver effective remote learning.

The exit interview process was re-designed and moved online to provide staff who are leaving the trust with an opportunity to have their views heard by the HR team who are independent to the school. A trust-wide employee referral programme was launched in March 2021 with hires being made through this route during the peak recruitment period in April/May. Star's trust talent bank was launched in January 2021 with a view to driving proactive hires via the central resourcing team and reducing reliance on advertising spend. Over 400 candidates have now been registered with whom the resourcing team are in regular contact regarding potential opportunities within the trust, with a number of hires now made via the talent bank.

The ICT team's work has enabled all Star central staff, teaching staff and pupils to work remotely with technology, supported with CPD provided to teaching staff multiple times a week. Star secured over 2,000 devices for pupils to use at home from the DfE, Shine and Daily Mail. These devices made a real difference to the learning of pupils in homes that did not have the benefit of technology, or where existing devices were shared by multiple siblings. The ICT team has improved the digital security of Star, without affecting the day-to-day operation of staff and pupils. File migration to Office 365 has occurred, with minimal disruption to schools to progress cloud adoption and support efficiency and effectiveness.

Significant capital developments have continued. In summer 2021, The Olive School, Preston, The Olive School, Birmingham, Eden Girls' Leadership Academy, Birmingham and Eden Boys' Leadership Academy, Birmingham East moved into their impressive permanent sites. A permanent solution has been negotiated to provide stability for The Olive School, Hackney. Star's successful self-delivery programme has continued, with the addition of two new schools to the programme. A design brief has been completed for the non-faith leadership academies that Star plans to open in the future. The maintenance of existing schools has been aided by the full roll-out of the trust's Computer Aided Facilities Management (CAFM) system with excellent statutory compliance across the estate.

#### ***A Strong Star Community***

Starbank School joined the trust on 1 October 2020, this is an all-through community school for pupils aged 3-16 years, located in the Small Heath ward of Birmingham. Starbank is receiving substantial support from the central team and from the executive principal and other leaders from Eden Boys' School, Birmingham.

Rainbow Primary Leadership Academy joined Star on 1 July 2021. A two-form entry primary school in Bradford, this is the first stand-alone academy to voluntarily join the trust. An established leader from another Star school has been appointed as principal from 1 September 2021.

Two free school Wave 14 applications have been approved - Star Leadership Academy, Radcliffe and Star Leadership Academy, Wolverhampton. Both of these schools are five-form entry, secondary schools for pupils aged 11-16. They will initially open with a Year 7 intake. In-principle approval has also been granted for Star



## Governance Statement

### For the Year Ended 31 August 2021

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Primary Leadership Academy, Rochdale, where progression to the 'pre-opening' phase will be dependent on the approval of the local housing development masterplan and the securing of associated section 106 funding. The school will be a two-form entry primary school with nursery provision.

Star's MAT-to-MAT support has continued, with bespoke programmes provided for the Chancery Academy Trust, based in Crewe, and Pope Francis MAT in Liverpool. A ground-breaking partnership agreement has been created between Star Academies and Eton College with a view to opening three sixth form colleges in the north of England and West Midlands under the Wave 15 free schools round. This initiative has huge potential to transform the life chances of able, disadvantaged students by opening up the Eton curriculum and broader range of experiences to them, paving the way for progression to prestigious Russell Group universities including Oxbridge.

During the year, 45 issues of the weekly Covid-19 bulletin were published to ensure that leaders across Star schools are fully aware of the most recent government guidance and associated steps to be taken, from operating their Covid-19 testing centres to establishing summer school provision. These bulletins have been essential to help leaders ensure the safety of their school communities. Furthermore, Star actively supported the DfE communication campaigns to promote the Covid-19 safety measures in schools. Star leaders contributed blogs and video footage that were shared via the DfE website and social media.

Star Academies' excellent national profile has been maintained by the publication of over 1,500 positive articles published in the media; and acknowledged by the trust's receipt of a number of prestigious awards including the British Chamber of Commerce UK Business Hero for our Covid-19 response. In June, Star received the Pearson National Teaching Silver Award in the Lockdown Hero Award for Learner and Community Support category and is now a contender for the Gold Award, which will be decided in November 2021. Two Star schools were shortlisted for the TES Schools Awards 2020: Tauheedul Islam Girls' High School (TIGHS) for Secondary School of the Year and Highfield Leadership Academy for the Community and Collaboration award. Meanwhile, TIGHS was ranked 37th nationally and 5th in the North West in The Sunday Times annual school league tables for 2021.

Star schools have continued the excellent charitable work that was characteristic of the Star family hubs set up in response to the first lockdown: over 50,000 food parcels and hot meals were distributed to local communities during the trust's inaugural 'Food for All Week' in December in addition to significant giving to local, national and international causes throughout the year. Star's alumni have provided vital support for social action initiatives in many schools. The trust submitted a successful bid to the Careers and Enterprise Company to enable Star to enter into a fully funded two-year partnership with Future First to help schools establish their alumni networks. We now have 852 alumni across the trust who are increasingly playing a key role in realising our mission: nurturing today's young people, inspiring tomorrow's leaders. Work to build an inspirational community for current pupils continues. The trust successfully submitted an application to introduce the Combined Cadet Force (CCF) to two more Star schools.

#### Key Performance Indicators

Inspection activity has been very limited in 2020-2021, due to continuing effects of the pandemic. Highfield Leadership Academy is the only school to have received a section 5 inspection and the report is still awaiting publication.

Inspections are overdue in several Star schools, including Eden Girls' Leadership Academy, Manchester and Eden Boys' Leadership Academy, Manchester, both of which free schools are now entering their fifth year since opening. Bay Leadership Academy Small Heath Leadership Academy and Thornbury Primary Leadership Academy are all awaiting their first inspections since joining Star Academies. Laisterdyke Leadership Academy and Tong Leadership Academy are due for their second full inspections since conversion. Eden Boys' Leadership



## **Governance Statement**

### **For the Year Ended 31 August 2021**

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Academy, Birmingham East and Eden Girls' Leadership Academy, Birmingham await their first inspections as free schools.

These schools continue to receive trust support. The full quality assurance programme for all schools resumed in autumn 2021. Quality assurers have been recruited and the process has been piloted.

There has been no national reporting of pupils' outcomes in 2020 or 2021. Despite the national cancellation of end of key stage tests, Year 6 Star pupils completed test papers in formal conditions. This strategy meant that schools were fully focused on 'business as usual' and pupils received the same high-quality teaching, intervention and preparation that have characterised previous years.

Star secondary schools' performance in 2020, as measured by the proportions of pupils achieving centre assessed grades (CAGs) showed increased achievement, particularly in the sponsored academies. Results secured through the 2021 teacher assessed grades (TAGs) process is similarly positive. With no national benchmarks, and recognition that outcomes are not fully comparable with previous years, the trust is naturally cautious about just how far these results can be relied upon as indicators of sustained improvement. Nonetheless, the grades submitted by schools to examination boards were subject to rigorous quality assurance at several levels. There is confidence that the grades secured by Star pupils reflect their actual achievement and equip them for the next stage on their educational journey.

Star schools aim to keep salary costs between 70% and 75% of their total income. This has been achieved during 2020/21.

#### **Going Concern**

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

#### **Promoting the success of the company**

The Directors have promoted the success of the company for the benefit of its members as a whole and in doing so have given regard to:

- the likely consequences of any decision in the long term – all decisions are taken with a view of maintaining or improving the long term educational, operational and financial performance of the Academy
- the interests of the company's employees – refer to page 5
- the need to foster the company's business relationships with suppliers, customers and others – refer to page 6
- the impact of the company's operations on the community and the environment – refer to page 9 - A Strong Star Community and SECR on page 15
- the desirability of the company maintaining a reputation for high standards of business conduct – Refer to Governance Statement on page 17 detailing the Academic and Institute Board's purpose of maintaining high standards
- the need to act fairly between members of the company



## Governance Statement

### For the Year Ended 31 August 2021

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#### Financial Review

During the year ended 31 August 2021 Star has received income of £211,551K (2020: £152,305K) comprising:

- GAG funding for TIBHS, TIGHS, The Olive Schools in Birmingham, Blackburn, Bolton, Preston, Small Heath and Hackney; the Eden Boys' School in Bolton, Birmingham, Birmingham East, Preston, Bradford and Manchester; the Eden Girls' Schools in Coventry, Waltham Forest, Slough, Birmingham and Manchester; and Highfield, Laisterdyke, Tong, Valley, Small Heath, Barkerend, High Crag, Thornbury and Bay Leadership Academies;
- Year Zero restricted Start-up funding Star Leadership Academies in Rochdale and Salford;
- Capital grants towards the purchase of sites for the schools and the related fit out costs at the permanent and temporary sites;
- National College Scholarship funding and associated candidate fees for the North West Leadership Programme;
- School Condition Allocation covering all Trust schools; and
- School improvement funding for The Valley Leadership Academy.

Over the year Star expended £133,541k (2020: £111,548K) resulting in net income of £78,010K (2020: £40,757K) leading to reserves carried forward of £357,937K (2020: £285,428). Of which, a surplus of £26,350K (2020: £18,598K) relates to restricted funds to be spent in future periods, a pension deficit of £53,337K (2020: £33,384K), and £381,903K (2020: £298,927K) which relates to the restricted fixed asset fund which is being carried forward and will be spent in line with the Capital Grant programme. The £82,976k increase in restricted fixed asset fund is largely attributable to two capital programs completing in the year, donated assets and two school conversions resulting in the recognition of land and building (and associated ICT and FF&E). Star has an unrestricted fund carried forward of £3,021K (2020: £1,287K) which will be used within the Academies Charitable objectives.

During the year the Accounting Officer has been working with the Central Management team, the business managers and Star's internal and external auditors to implement efficient and quality financial management systems. These systems are continuously under review and will be implemented at each school as they open.

In summary, as evident in this year's figures, the Trust has continued growth through additional year groups taken on by our existing schools. 2022 Corporate Strategy remains ambitious with the Trust continuing to aim for further growth year on year.



## **Governance Statement**

### **For the Year Ended 31 August 2021**

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#### **Reserves Policy**

The amount of reserves held are stated in the Financial Review noted above. The level of reserves held at each school at 31 August 2021 is considered to be sufficient and in line with the Trust's reserves policy. The Trust needs to hold reserves for a number of reasons, examples of which are listed below:

- contingency fund to deal with minor adjustments to operational expenditure from some budget headings;
- a planned accumulation of funds to pay for some major construction work or project;
- expenditure held over to the following year to withstand variations in the level of funding to the Trust to balance out variations in funding levels; and
- potential redundancy payments to staff.

In order to achieve this sustainability moving forward, the Trust has implemented a 2% in year reserves policy, which all schools should strive to achieve. Any excess cash at the end of the financial year will be invested in line with the Treasury Management Policy.

As noted above, the restricted general reserves carried forward is a deficit £26,987K (2020: £14,786K). This is after accounting for the pension deficit reserve of £53,337K (2020: £33,384K). Excluding the pension deficit reserve and designated funds, the total restricted and unrestricted general funds as at 31 August 2021 are £29,371K (2020: £19,885K).

The Board of Trustees ensure that the Reserves Policy is in accordance with the requirements laid down in the Academies Financial Handbook 2020 by the ESFA. The Department for Education expects Trusts to use their allocated funding for the full benefit of current pupils. If Trusts have a substantial surplus, they must have a clear plan for how it will be used to benefit their pupils. It is the policy of The Trust to have reserves which can be used for future education purposes in line with the development plans.

In 2016 Star received a £50K legacy known as "The Gibson Humanities Trust" to be used only for specific areas of expenditure within HLA. This legacy can be used for such purposes up to a period of 50 years at which point certain restrictions will be removed and any balance can be used for the general benefit of HLA. As at 31 August 2021 £50K is held as a designated restricted fund.

#### **Investment Policy**

Due to the majority of free schools being in their first 5 years of operation the Trust has adopted a low-risk strategy to investment. As at 31 August 2021 the Trust was holding excess cash reserves of £9,016K (2020: £9,007k) in a 95-day notice deposit account to optimise the return on these reserves. The management of the 95-day notice deposit account is done by the Trust's central finance team. Star and the schools within have no other investments other than short term deposits received on cash balances.

The Trust's central finance team is currently reviewing this strategy with a view to generate a greater return through low-risk investment.

#### **Principal Risks and Uncertainties**

The academy trust has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the academy trust's assets and reputation.

A review of the risks faced by Star was conducted and systems established to mitigate those risks. Star has identified the major risks it faces and has documented these within its Risk Register; this is reviewed termly by its Trustees. The Trustees are also fully apprised between meetings of any issues that may impact upon the management of risk.

## Governance Statement

### For the Year Ended 31 August 2021

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The Audit and Risk Committee has ongoing responsibility for the monitoring of risks and has engaged RSM as its Internal Auditors to ensure maintained compliance. An Internal Audit Plan was agreed and undertaken in 2020/21. Further details around the focus of this work are included within the Governance Statement.

These reviews provided recommendations for where the Trust could strengthen some of its systems and internal controls which have been implemented throughout the year. Further reviews will continue into 2021/22 to help identify any other areas in which the Trust may be able to implement an improved control environment.

Outlined below is a description of the principal risk factors which may affect the academy trust. Not all factors are within the academy trust's control. Other factors besides those listed below may also adversely affect the academy trust.

#### 1. Government Funding

The academy trust has considerable reliance on continued Government funding through the ESFA. In 2020/21, 99% (2019/20: 99%) of the academy trust's revenue was ultimately publicly funded including inherited assets, and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or in the same terms.

This risk is mitigated in a number of ways:

- Funding is derived from a number of direct and indirect contractual arrangements.
- By ensuring that the academy trust is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA.

#### 2. Management Override

The academy trust is run by the CEO Sir Mufti Hamid Patel CBE. He is able to authorise expenditure to levels that are documented within the Financial Handbook of the Trust and has control of many aspects of the trust.

This risk is mitigated in a number of ways:

- The Board reviews management accounts at regular intervals.
- The Managers of each individual school are qualified professionals, who will be resistant to override.

## Fundraising

The trust has a nominated senior leader who is responsible for ensuring that charitable giving by pupils, staff and families is appropriate and only allows fundraising activities if:

- The charity is registered with the UK's Charity Commission.
- The charity and the cause demonstrates no political, religious or cultural discrimination.
- The charity's values are consistent with fundamental British values of democracy, rule of law, individual liberty and mutual respect, and tolerance of those with different faiths and beliefs.
- There is no compulsion for pupils, staff and families to participate in any fundraising activities.
- If the monies raised are to be split across a number of charities the basis of the split must be notified in advance of the fundraising activity.
- Pupils and staff organising fundraising are adequately inducted on the appropriate procedures.



## Governance Statement

### For the Year Ended 31 August 2021

- Learning is not disrupted by the fundraising.
- All charitable giving is entered onto the Charitable Giving Record and is reviewed and approved by the nominated senior leader.
- Evidence is sought to ensure charitable funds have been appropriately spent.

### Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2020 to 31 August 2021	2020/21	2019/20
Energy consumption used to calculate emissions (kWh)	27,277,709	21,751,494
<b>Scope 1 emissions in metric tonnes CO2e</b>		
Gas consumption	3,430.16	2,800.47
Owned transport – mini-buses	7.39	11.01
Total Scope 1	3,437.55	2,811.48
<b>Scope 2 emissions in metric tonnes CO2e</b>		
Purchased electricity	119.90	1,456.10
<b>Scope 3 emissions in metric tonnes CO2e</b>		
Business travel in employee-owned vehicles	23.96	55.94
<b>Total gross emissions in metric tonnes CO2e</b>	<b>3,581.41</b>	<b>4,323.52</b>
Intensity ratio Tonnes CO2e per pupil	0.20	0.28

#### Quantification and reporting methodology

The Trust has followed the 2019 HM Government Environmental Reporting Guidelines. The Trust has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

#### Three key measures taken to improve energy efficiency

We procured the majority of our 20/21 electricity from Haven Power which is 100% renewable energy

We will be looking at options around investing in LED lighting across the Trust estate

We plan to complete an energy audit in our Trust and understand the actions we need to take to reduce our carbon footprint

#### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.





## **Governance Statement**

### **For the Year Ended 31 August 2021**

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#### **Plans for Future Periods**

Star will seek to grow as a multi-academy trust and continue to work with communities across the country within five geographical clusters (Lancashire, Greater Manchester, West Yorkshire, West-Midlands and London) to open free schools and manage sponsor-led academies. Within these schools the trust will work to ensure the high performance of its students and that the schools meet the needs of those communities.

In delivering these plans the trust is undertaking due-diligence on a large secondary sponsor-led academy, that will potentially join the trust in February 2022. Work continues to secure the opening of five schools approved in Wave 13 and 14 of the free schools' programme – Salford, Rochdale, Radcliffe, Wolverhampton and Manchester; although no target dates have yet been agreed.

The trust is also preparing, in partnership with Eton College, for the submission of applications to open three selective sixth form colleges in the state sector within the expected Wave 15 of the free schools' programme. The Trust has also continued discussions regarding the future sponsorship of further academies.

#### **Funds Held as Custodian Trustee on Behalf of Others**

Star holds no funds on behalf of others.

#### **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.

Beever and Struthers are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 15<sup>th</sup> December and signed on the Board's behalf by:

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Kamruddin Isap Kothia, DL

**Chair of Trustees**

15<sup>th</sup> December 2021



## Governance Statement

### For the Year Ended 31 August 2021

#### Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Star Academies 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Star Academies 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 **Members** have formally met once during the year. Attendance during the year at meetings of the Members was as follows: -

Member	Meetings attended	Out of a possible
Kamruddin Isap Kothia, DL (Chair)	1	1
Faruk Dasu (Light Trust)	1	1
Martin Ainscough, CBE, DL	1	1
Harry Catherall	1	1
Mohamed Isap	1	1
The Rt. Hon. Lord Charles Shuttleworth KG, KCVO	1	1
Rt. Hon Jack Straw	1	1
Sir Michael Wilshaw	1	1
Dame Julia Cleverdon	1	1

## Governance Statement

### For the Year Ended 31 August 2021

The **Board of Trustees** have formally met five 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
Kamruddin Isap Kothia, DL (Chair)	5	5
Carol Costello	4	5
Faruk Dasu	3	5
Harry Devonport	5	5
Major General David Eastman	1	2
Mark Hageman	4	4
Mohamed Isap	3	5
Kevin Jaquiss	4	5
Fiona Jordan	4	5
Peter McKee	0	1
Sir Mufti Hamid Patel CBE	5	5
Imraan Patel	4	5
Rt. Hon Jack Straw	2	5
Gareth Stevens	1	1

Where Trustees have tendered apologies during the year this has been due to work commitments.

The Board of Trustees has a Policy and Resources Sub-Committee, that meets 3 times per year, and have delegated responsibility for financial management. This provides more detailed oversight and review of Trust funds, with minutes provided to the Board of Trustee meetings. In addition to this, Trust Management Accounts are circulated to all trustees on a monthly basis. This ensures effective oversight is maintained.

The **Audit and Risk Committee** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure regulatory compliance, financial probity and manage risk. The appointed Internal Auditors are RSM.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Kevin Jaquiss (Chair)	3	3
Carol Costello	2	2
Faruk Dasu	3	3
Deborah Hale (Independent Member)	3	3

The **Policy and Resources Committee** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure sound management of the Trust's business resources, including proper planning, monitoring and probity.

## Governance Statement

### For the Year Ended 31 August 2021

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Mohamed Isap (Chair)	3	3
Carol Costello	3	3
Imraan Patel	2	3
Sheraz Akhtar (Co-opted Member)	3	3

The **Academic Board** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure high standards in the quality of teaching and learning within Trust schools. The Committee is supported by 2 Committee Advisors who have no voting rights with regards to decisions.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Harry Devonport (Chair)	4	4
Sir Mufti Hamid Patel CBE	4	4
Cath Hitchen (Co-opted Member)	4	4
Rt. Hon. Jack Straw	2	4

The **Nomination and Remuneration Committee** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the oversight of Governance for the Trust.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Kamruddin Isap Kothia, DL (Chair)	3	3
Faruk Dasu	3	3
Harry Devonport	2	3
Mohamed Isap	3	3

The Trust has a **Faith and Character Education Committee** to assist the board of Trustees by enabling more detailed consideration to be given to the oversight of the Faith and Character Education for the Muslim faith schools within the Trust. The Committee is supported by 6 Committee Advisors who have no voting rights with regards to decisions.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Faruk Dasu (Chair)	2	2
Sir Mufti Hamid Patel CBE	2	2
Kevin Jaquiss	2	2

## Governance Statement

For the Year Ended 31 August 2021

The Trust has a **Star Institute Board** to assist the board of Trustees by enabling more detailed consideration to the best means of ensuring high standards in the delivery of learning and development by Star Institute.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Sir Mufti Hamid Patel CBE (Chair)	2	2
Mark Hageman	1	1
Mohamed Isap	0	1

## Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- **Improving educational standards**  
The Accounting Officer has improved value for money in improving educational standards in the following ways:
  1. Refining the education model to be applied across all Trust schools aimed at:
    - maximising pupil performance in public examinations
    - securing intellectual and academic rigour in student development
    - ensuring an emphasis on leadership and personal development
    - ensuring that the model maximises efficiency in the deployment of teaching and other resources
  2. Refreshing the Quality Assurance framework so that it is focused at areas of greatest risk. This has ensured that resources are carefully targeted on addressing underperformance and maximising improvement. Additional freedoms and flexibilities are provided to high performers to encourage innovation and free up resource to target on areas of risk and need.
  3. Delivering high quality Continuing Professional Development (CPD) to individual and groups of schools focusing on common areas of improvement and interest aimed at improving the quality of leadership and teaching in the school group.
  4. Investing in high quality on-boarding and induction for sponsored academies joining the Trust during the academic year. Experience has shown that investment in these activities as a sponsored academy joins the Trust pays both short and long term dividends in accelerating educational and operational performance.
- **Robust governance and oversight of Multi Academy Trust finances**  
The Trust has established robust guidance within the Trust's Financial Management Handbook. The Trust has also developed procedures to ensure segregation of duties, uniformity and consistency across all schools within the Trust. The Trust benefits from the provision of suitably qualified finance staff including the Chief Financial Officer. The Chief Financial Officer and their team hold regular meetings with all schools within the Trust.

## Governance Statement

### For the Year Ended 31 August 2021

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The Trust Senior Management Accountant provides high level support to the schools through meetings and visits with the school-based Finance Business Partner team. The Finance Business Partners have accountability for two to three schools and complete regular compliance and health checks reviewing key policies, systems and procedures, with reports presented on compliance to the Principal as well as the Senior Management Accountant.

RSM have been commissioned as the Internal Auditors for the Trust, with 12 internal audits carried out during 2020-21. The internal audit reports highlighted the strong practices in place at the schools as well as a number of low risk recommendations. Any recommendations from the internal audits have been actioned at both the school level and across the Trust. The internal audit reports were presented to both Local Governing Bodies for schools as well as the Audit Committee for the Trust. A 3-year internal audit plan is in place to cover a vast programme of areas during a period of growth for the MAT. The Trust also receives support throughout the year from its external auditors on compliance and accounting practices.

The Local Governing Body of each school receives detailed financial information for their termly meetings and the Local Governing Body is consulted with prior to the approval of the budget plan annually. They are mindful of the need to balance expenditure against income to ensure the sustainability of their respective schools and to ensure the Trust remains a 'going concern'. The Members of the Trust meet with the external auditors annually to review and scrutinise the annual accounts and our external auditors' management report and to approve the annual accounts.

The Policy and Resources Committee acts on behalf of the Board of Trustees by ensuring sound management of the Trust's business resources and provides detailed financial monitoring at their termly meetings.

The Chief Financial Officer reports back the financial position at a school and Trust level to the Accounting Officer, on a monthly basis. In addition, a formal monthly report is prepared for the trustees.

- **Better Purchasing**

The Trust ensures a continual focus on best value for money and clearly understands the importance of the efficient and effective use of its resources. Our schools and Trust promote fair competition through quotations and tenders, in accordance with its financial regulations, to ensure that goods and services are secured in the most economic and effective way. Where possible, the Trust has secured single supplier contracts, through competitive tender, for areas where a single supplier is appropriate for our schools i.e. insurance, payroll, ICT software licences and internal audit. This has considerably reduced the cost of this provision to schools.

Budget holders review and sign off every purchase order request and regularly challenge these for efficiency and effectiveness. In turn the Local Governing Body regularly reviews the functions of the school, challenging how and why services are provided as appropriate. At wider Trust level, the Policy and Resources Committee monitor centralised purchasing contracts ensuring best value is achieved and procurement practices are robust and compliant. Benchmarking exercises are carried out for cost comparisons and to ensure value for money.

- **Maximising income generation**

The Trust is mindful of the need to generate additional funds to maximise income generation. As more of our schools are moving into their permanent sites, the Trust is looking at plans to utilise the premises to generate lettings income as well as to ensure the community benefits from the extended services provided by carefully vetted voluntary and community support groups as well as providing an income stream for the schools.

The schools ran a number of fundraising events earlier in the academic year, both for charity and to

## **Governance Statement**

### **For the Year Ended 31 August 2021**

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generate income for their respective schools. The income generated for the schools is used to help support the wider curriculum and give further opportunities to all children that are not possible through the schools' budget allocation.

- **Reviewing controls and managing risks**

Business Continuity Plans, Risk Management Policies and Risk Registers have been devised at both the Trust and school level. These have been approved by the Local Governing Bodies with the Risk Register reviewed termly.

The Principal and Finance Business Partner review budget monitoring reports, considering expenditure against each budget cost centre monthly and address any significant variances against budget. These budget monitoring reports are submitted to the central finance team for scrutiny. The Local Governing Body also reviews and checks these reports on a termly basis and monthly reports are provided to the Board of Trustees.

The Board of Trustees reviews and approves the financial regulations and scheme of delegation detailing the finance related systems and procedures and other key financial policies. There is full segregation of duties within each school office.

- **Lessons Learned**

Service level agreements and contracts are kept under review to continually look at best value and efficiency savings. There is a greater emphasis on centrally procured contracts by calling off existing frameworks, to ensure full compliance and best value for money is achieved. A three-year procurement strategy has been developed by the Procurement Manager and has been reviewed and approved by the Trust Accounting Officer and the Policy and Resources Committee.

## **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Star Academies for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

## **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust 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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

## Governance Statement

For the Year Ended 31 August 2021

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### The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint RSM as their internal auditors.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's Trust financial systems. In particular, the checks carried out in the current period included:

- Academies Financial Handbook Compliance
- Budget Management and General Ledger
- Data Quality – Census Returns
- Governance Effectiveness Arrangements
- Governance Handbook Compliance
- Health and Safety
- ICT Asset Management
- Payroll and Human Resources
- Procurement Controls

On a termly basis, the internal auditor reports to the Board of Trustees, through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The reviews that were undertaken provided recommendations for where the Trust could strengthen some of its systems and internal controls which have been implemented throughout the year. Further reviews will continue into 2021/22 to help identify any other areas in which the Trust may be able to implement an improved control environment.





## Governance Statement

For the Year Ended 31 August 2021

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### Review of Effectiveness

As accounting officer, the Chief Executive 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 Auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk 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 Board of Trustees on 15<sup>th</sup> December 2021 and signed on its behalf by:

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Kamruddin Isap Kothia, DL  
Chair of Trustees

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Sir Mufti Hamid Patel CBE  
Accounting Officer



## Statement on Regularity, Propriety and Compliance

For the Year Ended 31 August 2021

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As Accounting Officer of Star Academies I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2020.

I confirm that I and the Academy Trust 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 2020.

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

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Sir Mufti Hamid Patel CBE  
**Accounting Officer**  
15<sup>th</sup> December 2021



## Statement of Trustees' Responsibilities

For the Year Ended 31 August 2021

The trustees (who act as governors of Star Academies and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The 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 ESFA/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 order of the members of the Board of Trustees on 15<sup>th</sup> December 2021 and signed on its behalf by:

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Kamruddin Isap Kothia, DL  
Chair of Trustees



## **Independent Auditors' Report on the Financial Statements to the Members of Star Academies**

**For the Year Ended 31 August 2021**

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### **Opinion**

We have audited the financial statements of Star Academies "the academy trust" for the year ended 31 August 2021, which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, 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 and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees (who are also the directors of the academy for the purposes of company law) are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information,



## **Independent Auditors' Report on the Financial Statements to the Members of Star Academies**

**For the Year Ended 31 August 2021**

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we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- In the light of the knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report; or
- 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.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 26, the trustees (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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures

## Independent Auditors' Report on the Financial Statements to the Members of Star Academies

For the Year Ended 31 August 2021

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in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

### **The extent to which the audit was considered capable of detecting irregularities including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the academy through discussions with trustees and other management, and from our knowledge and experience of the academy sector.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the academy, including the Companies Act 2006, the Charities Act 2011, and the Academies Accounts Direction 2020 to 2021 and Academies Financial Handbook 2020, both issued by the Education and Skills Funding Agency.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the academy's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures on material balances for which robust, substantive analytical procedures have been undertaken to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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 auditor's report and for no other purpose. To the fullest



## **Independent Auditors' Report on the Financial Statements to the Members of Star Academies**

**For the Year Ended 31 August 2021**

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extent permitted by law, we do not accept or assume responsibility to anyone other than the academy's members as a body for our audit work, for this report, or for the opinions we have formed.

**Mark Bradley BA FCA (Senior Statutory Auditor)  
For and on behalf of Beever and Struthers**

Chartered Accountants and Statutory Auditors  
Suite 9b  
The Beehive Lions Drive  
Shadsworth Business Park  
Blackburn  
BB1 2QS

17 December 2021  
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## **Independent Reporting Accountant's Assurance Report on Regularity to Star Academies and the Education and Skills Funding Agency**

### **For the Year Ended 31 August 2021**

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In accordance with the terms of our engagement letter dated 2 December 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Star Academies during the period 1 September 2020 to 31 August 2021 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 Star Academies and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Star Academies and ESFA 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 Star Academies and ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Star Academies' accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Star Academies' funding agreement with the Secretary of State for Education dated 1 November 2011 and the Academies Financial Handbook 2020, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw our conclusion includes:

- Review that the activities are in keeping with the Academy Trust's framework and charitable objectives; and
- Testing undertaken on a sample basis to review whether the Academy Trust's expenditure is in accordance with the Funding Agreement; and
- Other testing in accordance with the guidance issued in the Academies Accounts Direction 2020 to 2021.





## **Independent Reporting Accountant's Assurance Report on Regularity to Star Academies and the Education and Skills Funding Agency**

**For the Year Ended 31 August 2021**

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### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Mark Bradley BA FCA (Reporting Accountant)**  
**For and on behalf of Beever and Struthers**

Suite 9b  
The Beehive Lions Drive  
Shadsworth Business Park  
Blackburn  
BB1 2QS

17 December 2021  
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**Statement of Financial Activities for the Year Ended 31 August 2021  
(including Income and Expenditure Account and Statement of Total  
Recognised Gains and Losses)**

**For the Year Ended 31 August 2021**

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
<b>Incoming and endowments from:</b>						
Donations, legacies and capital grants	3	15	297	54,774	55,086	32,059
Transfer from local authority on conversion	31	1,812	(8,714)	31,521	24,619	17,733
Transfer from single academy trust	31	810	(606)	4,247	4,451	-
<b>Charitable activities:</b>						
Funding for the Academy Trust's educational operations	4	-	127,228	-	127,228	102,267
Teaching schools	4,33	-	120	-	120	100
Other trading activities	5	34	-	-	34	58
Investments	6	13	-	-	13	88
<b>Total</b>		<b>2,684</b>	<b>118,325</b>	<b>90,542</b>	<b>211,551</b>	<b>152,305</b>
<b>Expenditure on:</b>						
<b>Charitable activities:</b>						
Academy Trust's educational operations	7	15	123,506	9,906	133,427	111,446
Teaching schools	7,33	-	114	-	114	102
<b>Total</b>	<b>7</b>	<b>15</b>	<b>123,620</b>	<b>9,906</b>	<b>133,541</b>	<b>111,548</b>
<b>Net income/(expenditure)</b>		<b>2,669</b>	<b>(5,295)</b>	<b>80,636</b>	<b>78,010</b>	<b>40,757</b>
<b>Transfers between funds</b>	<b>19</b>	<b>(935)</b>	<b>(1,405)</b>	<b>2,340</b>	<b>-</b>	<b>-</b>
<b>Other recognised losses</b>						
Actuarial losses on defined benefit pension schemes	19,28	-	(5,501)	-	(5,501)	(4,124)
<b>Net movement in funds</b>		<b>1,734</b>	<b>(12,201)</b>	<b>82,976</b>	<b>72,509</b>	<b>36,633</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 Sept 2020	19	1,287	(14,786)	298,927	285,428	248,795
<b>Funds carried forward at 31 August 2021</b>	<b>19</b>	<b>3,021</b>	<b>(26,987)</b>	<b>381,903</b>	<b>357,937</b>	<b>285,428</b>

The Statement of Financial Activities includes all gains and losses in the period and therefore a statement of total recognised gains and losses has not been prepared.

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

The comparative Statement of Financial Activities is shown in note 2.



## Balance Sheet

For the Year Ended 31 August 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
<b>FIXED ASSETS</b>					
Intangible Assets	13		-		-
Tangible Assets	14		368,835		275,453
			<b>368,835</b>		<b>275,453</b>
<b>CURRENT ASSETS</b>					
Investments	15	9,016		9,007	
Debtors	16	12,884		25,659	
Cash at Bank and in Hand		33,126		21,619	
		<b>55,026</b>		<b>56,285</b>	
<b>LIABILITIES</b>					
Creditors: Amounts Falling Due Within One Year	17	(12,526)		(12,926)	
<b>NET CURRENT ASSETS</b>			<b>42,500</b>		<b>43,359</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>411,335</b>		<b>318,812</b>
Creditors: Amounts falling due after more than one year	18		(61)		-
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			<b>411,274</b>		<b>318,812</b>
Defined Benefit Pension Scheme Liability	28		(53,337)		(33,384)
<b>TOTAL NET ASSETS</b>			<b>357,937</b>		<b>285,428</b>
<b>FUNDS OF THE ACADEMY TRUST:</b>					
<b>Restricted Funds</b>					
Fixed asset funds	19		381,903		298,927
Restricted income funds	19		26,350		18,598
Pension reserve	19		(53,337)		(33,384)
<b>Total Restricted Funds</b>			<b>354,916</b>		<b>284,141</b>
<b>Unrestricted income funds</b>	19		<b>3,021</b>		<b>1,287</b>
<b>TOTAL FUNDS</b>			<b>357,937</b>		<b>285,428</b>



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## Balance Sheet

**For the Year Ended 31 August 2021**

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The financial statements on pages 33 to 70 were approved by the Board of Trustees and authorised for issue on 15<sup>th</sup> December 2021 and are signed on their behalf by

Kamruddin Isap Kothia, DL  
Chair of Trustees  
Company number: 07353849



**Statement of Cash Flows**  
**For the Year Ended 31 August 2021**

	Notes	2021 £000	2020 £000
<b>Cash flows from operating activities</b>			
Net cash from operating activities	23	16,473	10,401
<b>Cash flows used in investing activities</b>			
	24	(4,966)	(6,396)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>11,507</b>	<b>4,005</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Cash and cash equivalents at 1 September 2020	25	21,619	17,614
Cash and cash equivalents at 31 August 2021	25	33,126	21,619

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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#### 1. Statement of 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.

##### Basis of Preparation

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 2019 (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

##### Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

The trust is benefiting from the ESFA's Free School Building Programme for the construction of Eden Girls' School Waltham Forest, Olive School Preston, Olive School Birmingham, Eden Boys' School Birmingham East. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the trust controls (through ownership, lease or licence) the site where the development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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#### 1. Statement of Accounting Policies (continued)

As prescribed by the Academy Accounts Direction 2020 to 2021, Start-up grants have been apportioned in line with the expenditure being incurred.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Legacies**

Legacies are recognised on a receivable basis (where any conditions attached to the legacy are either within the control of the Academy Trust or have been met) where the receipt is probable and the amount can be reliably measured.

- **Other Income**

Other income, including courses provided to management staff at other schools, the provision of teacher training and the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

- **Transfer on Conversion**

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income to the net assets received.

- **Transfer of existing academies into the academy trust**

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets acquired.

- **Gifted Property**

The value of gifted property provided to the Academy Trust is recognised at the cost that they are purchased at by the ESFA in the period that entitlement to the grant is confirmed and planning permission has either been granted or when the title over the property has been transferred to the Academy Trust. Where the title has been transferred, the property has been accounted for within fixed assets and the corresponding income is shown within capital grant income within the restricted fixed asset fund. Where the title has not transferred but planning permission has been granted, the property has not been included within fixed assets but instead grant income has been recognised along with the corresponding debtor.

#### **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.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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#### 1. Statement of Accounting Policies (continued)

- **Costs of Raising Funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

These 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.

#### **Intangible Fixed Assets**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	25% per annum
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#### **Tangible Fixed Assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of any depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	0.8% to 3% per annum (buildings only when brought into use)
Leasehold land and buildings	0.8% to 2.5% per annum depending upon lease term
Leasehold improvements	0.8% to 60% per annum depending upon lease term
Computer equipment	25% per annum
Fixtures, fittings and equipment	20% per annum

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.



## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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#### 1. Statement of Accounting Policies (continued)

##### Liabilities

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

##### Leased assets

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

##### Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

*Cash at bank* – is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

##### Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

##### Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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#### 1. Statement of Accounting Policies (continued)

The LGPS is a funded multi-employer 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 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.

#### **Fund Accounting**

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

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

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

#### **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 28, 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 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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#### 1. Statement of Accounting Policies (continued)

##### Conversion to Academy Trust

The conversion from a state maintained school to an Academy Trust involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from each school to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees 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 the charitable company. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in donations and capital grants as net income 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 31.

##### Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 30.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 2. Comparative SOFA

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2020
	£000	£000	£000	£000
<b>Incoming and endowments from:</b>				
Donations, legacies and capital grants	14	132	31,913	32,059
Transfer from local authority on conversion	-	(111)	17,844	17,733
<b>Charitable activities:</b>				
Funding for the Academy Trust's educational operations	-	102,267	-	102,267
Teaching schools	-	100	-	100
Other trading activities	58	-	-	58
Investments	88	-	-	88
<b>Total</b>	<b>160</b>	<b>102,388</b>	<b>49,757</b>	<b>152,305</b>
<b>Expenditure on:</b>				
<b>Charitable activities:</b>				
Academy Trust's educational operations	14	102,689	8,743	111,446
Teaching schools	-	102	-	102
<b>Total</b>	<b>14</b>	<b>102,791</b>	<b>8,743</b>	<b>111,548</b>
<b>Net income/(expenditure)</b>	<b>146</b>	<b>(403)</b>	<b>41,014</b>	<b>40,757</b>
<b>Transfers between funds</b>	<b>(1,996)</b>	<b>144</b>	<b>1,852</b>	<b>-</b>
<b>Other recognised losses</b>				
Actuarial losses on defined benefit pension schemes	-	(4,124)	-	(4,124)
<b>Net movement in funds</b>	<b>(1,850)</b>	<b>(4,383)</b>	<b>42,866</b>	<b>36,633</b>
<b>Reconciliation of funds</b>				
Funds brought forward at 1 Sept 2019	3,137	(10,403)	256,061	248,795
<b>Funds carried forward at 31 August 2020</b>	<b>1,287</b>	<b>(14,786)</b>	<b>298,927</b>	<b>285,428</b>

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 3. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
Capital grants	-	-	6,768	<b>6,768</b>	28,450
Donated fixed assets	-	-	48,006	<b>48,006</b>	3,463
Other donations	15	297	-	<b>312</b>	146
	<b>15</b>	<b>297</b>	<b>54,774</b>	<b>55,086</b>	<b>32,059</b>

#### 4. Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
<b>DfE / ESFA grants</b>				
General Annual Grant (GAG)	-	99,589	<b>99,589</b>	87,329
Start Up Grants	-	695	<b>695</b>	961
Other DfE / ESFA grants	-	18,478	<b>18,478</b>	9,335
Teaching School	-	22	<b>22</b>	85
National College Grants	-	98	<b>98</b>	15
	-	118,882	<b>118,882</b>	97,725
<b>Other Government grants</b>				
Local Authority grants	-	4,728	<b>4,728</b>	1,587
<b>Other income from the Academy Trust's educational operations</b>				
	-	3,738	<b>3,738</b>	3,055
	-	127,348	<b>127,348</b>	102,367

The Academy received £1,935,669 Covid-19 funding (FSM, Covid Mass testing and Catch-up grants)

#### 5. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
Hire of facilities	34	-	<b>34</b>	58
	<b>34</b>	<b>-</b>	<b>34</b>	<b>58</b>

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 6. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Short term deposits	13	-	13	88
	13	-	13	88

#### 7. Expenditure

	Staff Costs £000	Non-Pay Premises £000	Expenditure- Other Costs £000	Total 2021 £000	Total 2020 £000
Academy's educational operations:					
Direct costs	71,160	9,906	6,364	87,430	72,398
Allocated support costs	21,117	10,159	14,721	45,997	39,048
Teaching school	99	-	15	114	102
	92,376	20,065	21,100	133,541	111,548

#### Net incoming resources for the year include:

	Total 2021 £000	Total 2020 £000
Operating lease rentals	2,857	3,002
Depreciation (note 14)	9,174	8,737
(Profit)/Loss on disposal of fixed assets	732	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations) (note 13)	-	6
Fees payable to auditor for:		
– Audit	53	52
– Other services	4	17
Compensation payments	-	-
Legal costs	217	155

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 8. Charitable activities

	Total 2021 £000	Total 2020 £000
Direct costs – educational operations	87,430	72,398
Support costs – educational operations	45,997	39,048
Teaching school costs	114	102
	<b>133,541</b>	<b>111,548</b>

	Total 2021 £000	Total 2020 £000
<b>Allocated Support Costs</b>		
Support staff costs	21,117	17,191
Premises costs	10,159	9,135
Other Support Costs	14,614	12,642
Governance costs	107	80
	<b>45,997</b>	<b>39,048</b>

#### 9. Staff

##### a. Staff Costs

Staff costs during the year were:

	Total 2021 £000	Total 2020 £000
Wages and salaries	68,811	57,488
Social security costs	7,050	5,807
Operating costs of defined benefit pension schemes	12,154	9,099
	<b>88,015</b>	<b>72,394</b>
Supply staff costs	2,921	2,382
Staff restructuring costs	1,446	763
	<b>92,382</b>	<b>75,539</b>

Staff restructuring costs comprise:

Redundancy payments	549	725
Severance payments	897	38
	<b>1,446</b>	<b>763</b>

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 9. Staff (continued)

##### b. Non-Statutory/Non-Contractual Staff Severance Payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £194,005 (2020: £28,269). Individually, the payments were £17,000, £5,255, £9,015, £280, £3,635, £4,758, £5,549, £5,764, £290, £3,532, £4,571, £5,685, £4,432, £1,698, £2,367, £2,496, £2,731, £3,940, £10,778, £10,944, £6,595, £6,774, £4,550, £1,394, £1,381, £2,796, £5,447, £6,046, £4,394, £5,361, £519, £545, £550, £547, £543, £839, £543, £560, £455, £534, £417, £512, £564, £492, £120, £559, £968, £563, £519, £698, £976, £439, £1,254, £4,861, £3,857, £3,583, £2,530, £5,097, £2,597, £67, £2,530, £2,123 and £3,586 (2020: £7,016, £4,796, £42, £9,356, and £7,059).

##### c. Staff Numbers

The average number of persons (including senior management team) employed by the Academy Trust during the period was as follows:

	2021 No.	2020 No.
<b>Charitable Activities</b>		
Teachers	963	838
Teaching support	658	530
<b>Total teachers and teaching support</b>	<b>1,621</b>	<b>1,368</b>
Administration and support	759	808
Management	165	125
	<b>2,545</b>	<b>2,301</b>

The average full-time equivalent number of employees is 2,064 (2020: 1,742).

##### d. Higher Paid Staff

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

	2021 No.	2020 No.
£60,001 - £70,000	52	38
£70,001 - £80,000	24	21
£80,001 - £90,000	7	8
£90,001 - £100,000	18	14
£100,001 - £110,000	5	5
£110,001 - £120,000	3	4
£120,001 - £130,000	6	1
£130,001 - £140,000	1	1
£140,001 - £150,000	1	1
£160,001 - £170,000	-	-
£230,001 - £240,000	-	-
£250,001 - £260,000	-	1
£260,001 - £270,000	1	-

Ninety-two (2020: seventy-five) of the above employees participated in the Teachers' Pension Scheme. Seventeen (2020: fourteen) other employees participated in the Local Government Pension Scheme. During the year ended 31 August 2021, employer's pension contributions for these staff amounted to £1,867,877 (2020: £1,401,500).





## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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#### 9. Staff (continued)

##### e. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,066,063 (2020: £1,198,051).

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 10. Central services

The Academy Trust has provided the following central services to its academies during the year:

- Financial Services
- Human Resources
- Facilities and Estates
- Governance
- Business Support
- ICT Strategy and Support
- Admissions
- Capital Programmes
- Communications
- Projects
- Leadership Specialism
- Safeguarding
- Data and Performance
- Curriculum and Assessment
- School Improvement and Educational Development
- External Quality Assurance
- Inclusion

The Academy Trust charges each school for these services based on a percentage (6%) of their GAG. There may also be additional charges made to some of the academies for specific levels of support. An example of this could be staffing issues at the new schools which may be covered by staff from the central services. The actual amounts charged during the year were as follows:

	2021 £000	2020 £000
TIBHS	206	199
TIGHS	217	203
OBL	144	136
OHA	217	214
EBB	204	186
EGC	212	203
EGW	222	210
EBP	201	190
EBM	208	192
EGS	204	192
HLA	252	262
LLA	315	325
OPR	88	73
OBI	143	120
TLA	332	322
OBO	88	73
MEB	177	131
MEG	177	131
SLA	414	377
PTH	145	143
PHC	93	93
PBA	125	118
PBL	239	241
SBE	171	111
PRA	17	-
SST	595	-
PSH	127	123
SBR	79	43
SGB	130	95
SVA	129	102
	5,871	4,808

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 11. Related Party Transactions – Trustees’ remuneration and expenses

One trustee has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive only receives remuneration in respect of the services he provides undertaking the role of CEO under his contract of employment, and not in respect of his role as trustee. The value of trustees’ remuneration and other benefits was as follows:

Sir Mufti Hamid Patel CBE (CEO and trustee):

Remuneration £260,000 - £265,000 (2020: £250,000 - £255,000)

Employer’s pension contributions paid £nil (2020: £nil)

The aggregate trustee remuneration in the year is £263,699 (2020: £250,382).

During the year ended 31 August 2021, travel and subsistence expenses totalling nil (2020: £144) were reimbursed or paid directly to 0 trustee (2020: 1).

Other related party transactions involving the trustees are set out in note 29.

#### 12. Trustees’ and Officers’ insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance providers cover up to £5,000,000 on any one claim, and the cost for the year ended 31 August 2021 was £8,305 (2020: £7,635). The cost of this insurance is included in the total insurance cost.

#### 13. Intangible fixed assets

	Computer Software £000	Total 2021 £000
<b>Cost</b>		
At 1 September 2020	540	540
At 31 August 2021	540	540
<b>Amortisation</b>		
At 1 September 2020	540	540
Charged in year	-	-
At 31 August 2021	540	540
<b>Net Book Value</b>		
At 31 August 2021	-	-
At 31 August 2020	-	-

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 14. Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Leasehold Improvements £000	Assets in the Course of Construction £000	Furniture, Fixtures and Equipment £000	Computer Equipment £000	Total 2021 £000
<b>Cost</b>							
At 1 September 2020	145,306	111,483	3,319	27,101	7,714	11,497	306,420
Additions	15,566	35,389	128	12,597	216	3,624	67,520
Transferred on conversion/transfer (note 30)	4,160	30,340	-	-	920	348	35,768
Reclassifications	13,733	24,356	-	(38,089)	-	-	-
Disposals		(196)	(1,056)	(368)	-	(66)	(1,686)
<b>At 31 August 2021</b>	<b>178,765</b>	<b>201,372</b>	<b>2,391</b>	<b>1,241</b>	<b>8,850</b>	<b>15,403</b>	<b>408,022</b>
<b>Depreciation</b>							
At 1 September 2020	12,121	4,938	1,757	-	4,775	7,376	30,967
Charged in year	3,335	2,558	38	-	1,164	2,079	9,174
Disposals	-	-	(954)	-	-	-	(954)
<b>At 31 August 2021</b>	<b>15,456</b>	<b>7,496</b>	<b>841</b>	<b>-</b>	<b>5,939</b>	<b>9,455</b>	<b>39,187</b>
<b>Net Book Value</b>							
At 31 August 2021	163,309	193,876	1,550	1,241	2,911	5,948	368,835
At 31 August 2020	133,185	106,545	1,562	27,101	2,939	4,121	275,453

#### 15. Investment

	2021 £000	2020 £000
Current asset investment	9,016	9,007
	<b>9,016</b>	<b>9,007</b>

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 16. Debtors

	2021 £000	2020 £000
Trade debtors	571	575
VAT recoverable	1,290	1,152
Other debtors	7,683	21,666
Prepayments and accrued income	3,340	2,266
	<b>12,884</b>	<b>25,659</b>

#### 17. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	2,292	2,778
Other taxation and social security	1,746	1,409
Other creditors	1,656	2,275
Loans	12	-
Accruals and deferred income	6,820	6,464
	<b>12,526</b>	<b>12,926</b>

An interest free salix loan of £73,338, relating to energy efficiency works, has been granted. £12,229 to be paid within a year. The remaining balance is to be paid after one year.

#### Deferred income

	2021 £000
Deferred income at 1 September 2020	1,604
Released from previous years	(1,604)
Resources deferred in the year	2,012
Deferred income at 31 August 2021	<b>2,012</b>

The deferred income held at 31 August 2021 consists of Start Up Grants for Academies which have not yet opened, and other grants received including funding received for 2021/22 Universal Free School Meals.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 18. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Loans	61	-
	<u>61</u>	<u>-</u>

#### 19. Funds

	Balance at 1 September 2020 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2021 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	18,548	99,588	(89,496)	(2,340)	26,300
Start Up Grant	-	695	(695)	-	-
Pupil Premium	-	6,827	(6,827)	-	-
Pension reserve	(33,384)	(9,320)	(5,132)	(5,501)	(53,337)
Other DfE / ESFA grants	-	16,498	(16,498)	-	-
Other income / expenditure	-	4,037	(4,972)	935	-
Legacies	50	-	-	-	50
	<u>(14,786)</u>	<u>118,326</u>	<u>(123,620)</u>	<u>(6,906)</u>	<u>(26,987)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	109,141	35,769	(6,925)	-	137,985
DfE / ESFA Capital grants	185,912	54,773	(2,125)	(464)	238,096
Capital expenditure from GAG	3,874	-	(856)	2,804	5,822
	<u>298,927</u>	<u>90,542</u>	<u>(9,906)</u>	<u>2,340</u>	<u>381,903</u>
<b>Total Restricted Funds</b>	<u>284,141</u>	<u>208,867</u>	<u>(133,526)</u>	<u>(4,566)</u>	<u>354,916</u>
<b>Unrestricted funds</b>					
Unrestricted funds	1,287	2,684	(15)	(935)	3,021
<b>Total Funds</b>	<u>285,428</u>	<u>211,551</u>	<u>(133,541)</u>	<u>(5,501)</u>	<u>357,937</u>

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2021. The carried forward GAG will be used towards the future operations of the free school as allocated below.



## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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#### 19. Funds (continued)

The pension fund is in deficit at the year-end of £53,337,000 (2020: £33,384,000). There are repayment plans in place for to repay these deficits over the timeframes provided by Lancashire Council Pension Fund, West Yorkshire Pension Fund and West Midlands Pension Fund. Contributions are reviewed periodically by the actuary to keep the scheme in surplus.

The unrestricted funds can be used for any purpose as the trustees see fit within the charitable objectives.

The transfer from the restricted fund to the restricted fixed asset fund is the net balance from accounting for fixed asset acquisitions purchased out of GAG and non-fixed asset expenditure purchased out of Capital Grant funding such as rental costs for temporary accommodation. The transfer from the unrestricted fund to the restricted fund represents the use of unrestricted funds to fund a deficit on restricted activities.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 19. Funds (continued)

##### Analysis of academies by fund balance

Fund balances at 31 August 2021 were allocated as follows:

	2021 £000	2020 £000
Central Services	4,571	574
TIBHS	1,561	811
TIGHS	2,550	2,390
OBL	1,318	1,345
OHA	574	1,633
EBB	1,575	1,097
EGC	1,762	1,533
EGW	1,704	926
EBP	1,528	1,067
EBM	2,360	1,809
EGS	1,089	746
HLA	(490)	(7)
LLA	751	578
OPR	341	207
OBI	272	373
TLA	381	236
OBO	212	307
MEG	938	539
MEB	813	860
SLA	1,278	851
PTH	43	217
PHC	226	188
PBA	464	287
PBL	(247)	(29)
SBE	289	765
PRA	818	-
SST	2,439	-
SVA	(553)	(404)
PSH	596	643
SBR	79	51
SGB	129	292
Total before fixed assets and pension reserve	<b>29,371</b>	<b>19,885</b>
Restricted fixed asset fund	<b>381,903</b>	<b>298,927</b>
Pension reserve	<b>(53,337)</b>	<b>(33,384)</b>
<b>Total</b>	<b>357,937</b>	<b>285,428</b>



## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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#### 19. Funds (continued)

Three out of the 30 operational schools were carrying a net deficit at 31 August 2021. These were:

HLA Highfield Leadership Academy is a sponsored academy which has seen a significant reduction in pupil numbers over the last three years. The school also has a PFI contract for which charges are based on capacity as opposed to actual student numbers. The school has completed a number of restructuring initiatives and there is ongoing review of all costs to ensure that the school is able to set a sustainable budget in future years.

PBL Bay Leadership is a sponsored academy which joined the Trust with pupil number below PAN. Due to a review of all expenditure at the school and an expected increase in pupil numbers, the Trust expects the school to return to a surplus by 2024/25.

SVA Valley Leadership Academy is a sponsored academy which joined the Trust with pupil number below significantly below PAN. Due to a review of all expenditure at the school and an expected increase in pupil numbers, the Trust expects the school to return to a surplus by 2024/25.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 19. Funds (continued)

##### Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation and Impairment) £000	Total 2021 £000	Total 2020 £000
TIBHS	2,225	572	50	908	3,755	3,828
TIGHS	3,208	609	32	949	4,798	4,552
OBL	1,873	402	38	596	2,909	2,525
OHA	2,586	600	84	1,870	5,140	4,842
EBB	2,347	432	30	805	3,614	3,269
EGC	2,430	468	102	941	3,941	3,309
EGW	2,757	414	147	974	4,292	4,043
EBP	2,218	331	62	788	3,399	3,094
EBM	2,249	350	47	798	3,444	3,129
EGS	2,307	509	99	704	3,619	3,397
HLA	3,050	636	59	1,969	5,714	5,716
LLA	3,726	905	63	1,089	5,783	5,845
OBO	1,078	204	22	701	2,005	1,668
OPR	928	247	88	523	1,786	1,549
OBI	1,718	375	56	565	2,714	2,310
TLA	4,074	572	84	2,612	7,342	8,282
MEG	2,170	333	70	718	3,291	2,519
MEB	1,988	299	77	682	3,046	2,183
SLA	4,200	994	163	1,582	6,939	6,599
PTH	2,105	488	66	617	3,276	2,992
PHC	1,429	186	65	483	2,163	2,135
PBA	1,655	291	43	544	2,533	2,429
PBL	3,212	612	89	1,099	5,012	5,194
Central Services	1,260	6,955	1,343	(5,354)	4,204	4,033
SBE	1,808	285	46	640	2,779	1,893
PRA	190	58	5	61	314	-
SST	6,770	1,942	215	2,527	11,454	-
SVA	1,986	353	53	916	3,308	3,082
PSH	1,274	261	99	426	2,060	1,802
SBR	892	242	37	424	1,595	929
SGB	1,447	297	79	451	2,274	1,626
	71,160	21,222	3,513	22,608	118,503	98,774

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 19. Funds (continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2019 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2020 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	14,665	87,329	(81,594)	(1852)	18,548
Start Up Grant	-	961	(961)	-	-
Pupil Premium	-	5,615	(5,615)	-	-
Pension reserve	(25,118)	(111)	(4,031)	(4,124)	(33,384)
Other DfE / ESFA grants	-	5,407	(5,407)	-	-
Other income / expenditure	-	3,187	(5,183)	1,996	-
Legacies	50	-	-	-	50
	(10,403)	102,388	(102,791)	(3,980)	(14,786)
<b>Restricted fixed asset funds</b>					
Transferred on conversion	91,482	17,844	(185)	-	109,141
DfE / ESFA Capital grants	162,367	31,913	(7,961)	(407)	185,912
Capital expenditure from GAG	2,212	-	(597)	2,259	3,874
	256,061	49,757	(8,743)	1,852	298,927
<b>Total Restricted Funds</b>	<b>245,658</b>	<b>152,145</b>	<b>(111,534)</b>	<b>(2,128)</b>	<b>284,141</b>
<b>Unrestricted funds</b>					
Unrestricted funds	3,137	160	(14)	(1,996)	1,287
<b>Total Funds</b>	<b>248,795</b>	<b>152,305</b>	<b>(111,548)</b>	<b>(4,124)</b>	<b>285,428</b>

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 20. Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	368,835	<b>368,835</b>
Investments	-	9,016	-	<b>9,016</b>
Current assets	3,021	28,617	14,373	<b>46,011</b>
Current liabilities	-	(11,222)	(1,305)	<b>(12,527)</b>
Long term liabilities	-	(61)	-	<b>(61)</b>
Pension scheme liability	-	(53,337)	-	<b>(53,337)</b>
<b>Total net assets</b>	<b>3,021</b>	<b>(26,987)</b>	<b>381,903</b>	<b>357,937</b>

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	275,453	<b>275,453</b>
Investments	-	9,007	-	<b>9,007</b>
Current assets	1,287	18,730	27,261	<b>47,278</b>
Current liabilities	-	(9,139)	(3,787)	<b>(12,926)</b>
Pension scheme liability	-	(33,384)	-	<b>(33,384)</b>
<b>Total net assets</b>	<b>1,287</b>	<b>(14,786)</b>	<b>298,927</b>	<b>285,428</b>

#### 21. Capital commitments

At 31 August 2021, the Academy Trust had the following capital commitments:

	2021 £000	2020 £000
Contracted for, but not provided in the financial statements	<b>473</b>	9,548

All capital commitments are fully supported by Capital Grant programmes.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 22. Commitments under operating leases

##### Operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £000	2020 £000
Amounts due within one year	2,803	2,972
Amounts due between one and five years	10,087	10,687
Amounts due after five years	19,937	22,741
	32,827	36,400

#### 23. Reconciliation of net income to net cash inflow from operating activities

	2021 £000	2020 £000
Net income for the reporting period (as per the statement of financial activities)	78,012	40,757
Adjusted for:		
Amortisation (note 13)	-	6
Depreciation (note 14)	9,174	8,737
(Profit)/loss on the sale of fixed assets	732	-
Capital grants from DfE and other capital income (note 3)	(6,767)	(28,450)
Fixed assets transferred on conversion & donated	(83,775)	(17,844)
Interest receivable (note 6)	(13)	(88)
Defined benefit pension scheme obligation inherited (note 28)	9,320	111
Defined benefit pension cost less contributions payable (note 28)	5,132	3,096
Defined benefit pension scheme finance cost (note 28)	-	935
Decrease/(Increase) in debtors	5,069	4,882
(Decrease)/ Increase in creditors	(411)	(1,741)
Net cash inflow from Operating Activities	16,473	10,401

#### 24. Cash flows from investing activities

	2021 £000	2020 £000
Dividends, interest and rents from investments	13	88
Purchase of tangible fixed assets	(19,513)	(21,521)
Purchase of investments	(9)	(3,007)
Loans	73	-
Capital grants from DfE / ESFA	14,470	18,044
Net cash outflow from capital expenditure and financial investment	(4,966)	(6,396)



## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 25. Analysis of cash and cash equivalents

	At 31 August 2021 £000	At 31 August 2020 £000
Cash in hand and at bank	33,126	21,619
Total cash and bank equivalents	33,126	21,619

#### 26. Contingent Liabilities

The Academy Trust had no contingent liabilities at 31 August 2021.

#### 27. 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.

#### 28. Pension and Similar Obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Council, West Yorkshire Council and West Midlands Council. All are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS and of the LGPS relates to the year ended 31 March 2016 and of the LGPS to the period ended 31 March 2019.

Contributions amounting to £1,390,670 were payable to the schemes at 31 August 2021 (2020: £1,157,444) and are included within creditors.

##### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary – these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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 every 4 years. 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 2016. The valuation report was published by the Department of Education on 5 March 2019. The key elements of the

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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valuation and subsequent consultation are:

- Employer contribution rates set at 23.68% (2020: 23.68%) of pensionable pay (including 0.08% administration levy)
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,000 million, giving a notional past service deficit of £22,000 million
- The SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £8,444,905 (2020: £6,858,128).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 (LGPS)**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £4,272,765 (2020: £3,184,426), of which employer's contributions totalled £3,082,942 (2020: £2,214,029) and employees' contributions totalled £1,189,823 (2020: £970,397). The agreed contribution rates for future years are between 12.3% and 23.0% for employers and between 5.5% and 12.5% for employees depending upon income.

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

The Academy Trust's fund, within the LGPS is in deficit at the year end of £53,337,000 (2020: £33,384,000). This deficit is mainly made up of the pension deficits within the academy converters. Upon conversion PRA and SST introduced a deficit of £606,000 and £8,607,000 respectively. There are repayment plans in place to repay these deficits over the timeframes provided by the Pension Funds. Contributions are reviewed periodically by the actuary to keep the scheme in surplus. During the year ended 31 August 21, Star collectively paid £560,400 of deficit repayments.

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 28. Pension and Similar Obligations (continued)

##### Principal Actuarial Assumptions

At 31 August 2021:	LCPF	WYPF	WMPF
Rate of increase in salaries	4.30%	3.85%	3.90%
Rate of increase for pensions in payment / inflation	2.90%	2.60%	2.90%
Discount rate for scheme liabilities	1.70%	1.70%	1.65%
Inflation assumption (CPI)	2.80%	2.60%	2.90%
Commutation of pensions to lump sums	50%	50%	50%

##### At 31 August 2020:

Rate of increase in salaries	3.80%	3.45%	3.25%
Rate of increase for pensions in payment / inflation	2.40%	2.20%	2.25%
Discount rate for scheme liabilities	1.80%	1.70%	1.60%
Inflation assumption (CPI)	2.30%	2.20%	2.25%
Commutation of pensions to lump sums	50%	50%	50%

##### Sensitivity Analysis - LCPF

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	45,675	44,531	46,849	45,788	47,108
Assets	(22,324)	(22,324)	(22,324)	(22,324)	(22,324)
Deficit	23,351	22,207	24,525	23,464	24,784
Projected Service Cost for next year	5,923	5,730	6,125	5,923	6,132
Projected Net Interest Cost for next year	379	381	399	381	403

##### Sensitivity Analysis – WYPF (LLA)

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	5,629	5,488	5,753	5,652	5,843
Projected Service Cost for next year	518	501	536	518	540

##### Sensitivity Analysis – WYPF (TLA)

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	12,159	11,819	12,439	12,220	12,621
Projected Service Cost for next year	583	563	604	583	608



## Notes to the Financial Statements

For the Year Ended 31 August 2021

### 28. Pension and Similar Obligations (continued)

#### Sensitivity Analysis – WYPF (PTH, PHC and PBA)

Disclosure item	Central	Sensitivity 1 +0.1% p.a. discount rate	Sensitivity 2 +0.1% p.a. inflation	Sensitivity 3 +0.1% p.a. pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	12,226	11,884	12,507	12,287	12,691
Projected Service Cost for next year	964	927	1,002	964	1,004

#### Sensitivity Analysis – WYPF (PRA)

Disclosure item	Central	Sensitivity 1 +0.1% p.a. discount rate	Sensitivity 2 +0.1% p.a. inflation	Sensitivity 3 +0.1% p.a. pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	1,101	1,065	1,134	1,105	1,143
Projected Service Cost for next year	134	128	140	134	140

#### Sensitivity Analysis – WMPF

Disclosure item	Central	Sensitivity 1 +0.1% p.a. discount rate	Sensitivity 2 +0.1% p.a. inflation	Sensitivity 3 +0.1% p.a. pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	17,071	16,626	17,456	17,137	17,805
Projected Service Cost for next year	1,691	1,640	1,742	1,692	1,771

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 28. Pension and Similar Obligations (continued)

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

At 31 August 2021:	LCPF	WYPF	WMPF
Retiring today			
Males	22.4	21.9	21.6
Females	25.1	24.7	24.0
Retiring in 20 years			
Males	23.9	22.6	23.4
Females	26.9	25.8	25.8

At 31 August 2020:	LCPF	WYPF	WMPF
Retiring today			
Males	22.3	21.8	21.9
Females	25.0	24.6	24.1
Retiring in 20 years			
Males	23.8	22.5	23.8
Females	26.8	25.7	26.0

The Academy Trust's share of the assets in the scheme were:

Fair Value at 31 August 2021:	LCPF	WYPF	WMPF
Equities	11,274	12,593	1,522
Government Bonds	-	1,257	206
Other Bonds	1,183	690	153
Property	2,232	597	175
Cash and other liquid assets	469	345	92
Other	7,166	221	349
<b>Total market value of assets</b>	<b>22,324</b>	<b>15,703</b>	<b>2,497</b>

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 28. Pension and Similar Obligations (continued)

Fair Value at 31 August 2020:	LCPF	WYPF	WMPF
Equities	9,435	7,792	579
Government Bonds	1,176	-	112
Other Bonds	606	1,179	40
Property	520	2,324	78
Cash and other liquid assets	206	308	68
Other	182	5,485	154
<b>Total market value of assets</b>	<b>12,125</b>	<b>17,088</b>	<b>1,031</b>

The actual return on scheme assets was £5,472k (2020: -£1,274k).

#### Amounts recognised in the statement of financial activities

	2021 £000	2020 £000
Current service cost (net of employee contributions)	(4,249)	(3,388)
Past service cost	(118)	(144)
Interest income	572	497
Interest cost	(1,253)	(935)
Administrative expenses	(87)	(61)
<b>Total operating charge</b>	<b>(5,135)</b>	<b>(4,031)</b>

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

	2021 £000	2020 £000
<b>At 1 September 2020</b>	<b>63,628</b>	<b>50,482</b>
Conversion of academy trusts	9,719	111
Current service cost	8,084	5,953
Interest cost	1,253	936
Employee contributions	1,207	967
Actuarial (gain)/loss	10,404	5,719
Benefits paid	(698)	(745)
Past service cost	264	205
<b>At 31 August 2021</b>	<b>93,861</b>	<b>63,628</b>

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 28. Pension and Similar Obligations (continued)

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

	2021 £000	2020 £000
<b>At 1 September 2020</b>	<b>30,244</b>	<b>25,364</b>
Conversion of academy trusts	399	1
Interest income	572	497
Actuarial gain	4,903	1,595
Employer contributions	3,971	2,626
Employee contributions	1,207	967
Benefits (paid)/received	(698)	(745)
Administration costs	(74)	(61)
<b>At 31 August 2021</b>	<b>40,524</b>	<b>30,244</b>

#### 29. Related Party Transactions

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

The following related party transactions took place in the period of account:

##### Expenditure Related Party Transaction

Z Dasu who is the spouse of F Dasu, a trustee of Star, is employed at TIGHS. Z Dasu's appointment was made in open competition and F Dasu was not involved in the decision making process regarding appointment. Z Dasu is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

Z Dasu has been employed at TIGHS since 2009, before F Dasu became a Trustee of Star.

UK Kothia who is the son of KI Kothia, the Chair of trustees at Star, is employed at TIBHS. UK Kothia's appointment was made in open competition and KI Kothia was not involved in the decision making process regarding appointment. UK Kothia is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a trustee.

M Kothia who is the daughter of KI Kothia, the Chair of trustees at Star, is employed at TIBHS. M Kothia's appointment was made in open competition and KI Kothia was not involved in the decision making process regarding appointment. M Kothia is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a trustee.

The Academy Trust paid their annual subscription fees of £2,255 to the Confederation of School Trusts (CST) which supports Multi Academy Trusts throughout the country. The CEO of Star Academies is a Director of CST. Subscriptions are set at a national level.

The Academy Trust entered into a service level agreement in December 2018 with Blackburn Youth Zone (registered charity no 1135949) to provide access and facilitate participation for Star Academies and its Blackburn schools to benefit from targeted services and projects to improve health and wellbeing, skills and aspirations. The Rt. Hon Jack Straw, a Member and Trustee of the Trust is also a Trustee of Blackburn Youth Zone. The value of services provided totalled £25,000 (2020: £25,000) during the period. There were no

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

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amounts outstanding at 31 August 2021 (2020: £nil). The Academy Trust made the purchase at arm's length following a competitive procurement exercise in accordance with its financial regulations.

All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

#### 30. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2021 the Academy Trust received £56,442, (2020: £71,893) and disbursed £48,652 (2020: £84,230) from the fund. An amount of £16,317 is included in other creditors relating to undistributed funds that is repayable to ESFA.

#### 31. Conversion to an academy status/academy transfers into the Trust

##### Conversion to an Academy Status

On 1<sup>st</sup> October 2020, Starbank School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Star Academies from Birmingham Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. 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 as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion. Budget surplus of £1,812,170 was transferred into the Trust.

##### Academy transfers into the Trust

On 1st July 2021, Rainbow Primary Academy joined Star Academies from Rainbow Schools Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. 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 as a net gain in the Statement of Financial Activities as Donations – transfer from Single Academy Trust Budget surplus of £810,247 was transferred into the Trust.

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

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 31. Conversion to an academy status/academy transfers into the Trust (continued)

##### Starbank School

On 1<sup>st</sup> October 2020, Starbank School converted to academy status and joined Star Academies. The conversion included freehold land and buildings from 1<sup>st</sup> October 2020.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2021 £000
Tangible fixed assets				
– Freehold land and buildings	-	-	30,340	30,340
– Other tangible fixed assets	-	-	1,181	1,181
Funds on conversion	1,812	-	-	1,812
LGPS pension deficit	-	(8,607)	-	(8,607)
<b>Total net assets</b>	<b>1,812</b>	<b>(8,607)</b>	<b>31,521</b>	<b>24,726</b>

##### Rainbow Primary School

On 1<sup>st</sup> July 2021, Rainbow Primary Academy joined Star Academies. The conversion included freehold land and buildings from 1<sup>st</sup> July 2021.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2021 £000
Tangible fixed assets				
– Freehold land and buildings	-	-	4,160	4,160
– Other tangible fixed assets	-	-	87	87
Funds on conversion	810	-	-	810
LGPS pension deficit	-	(606)	-	(606)
<b>Total net assets</b>	<b>810</b>	<b>(606)</b>	<b>4,247</b>	<b>4,451</b>

##### Olive Small Heath

On 1<sup>st</sup> September 2019, Olive Small Heath converted to academy status and joined Star Academies. The table below presents the pension deficit adjustment included in the FRS102 Pensions report that was provided to the Trust after the finalisation of the 2019/20 financial statements.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2021 £000
LGPS pension deficit	-	(107)	-	(107)
<b>Total net liability</b>	<b>-</b>	<b>(107)</b>	<b>-</b>	<b>(107)</b>

## Notes to the Financial Statements

### For the Year Ended 31 August 2021

#### 32. Analysis of changes in net debt

	At 1 September 2020	Cash flows	At 31 August 2021
	£000	£000	£000
Cash	21,619	11,434	33,053
Loan	-	73	73
	<u>21,619</u>	<u>11,507</u>	<u>33,126</u>
<b>Total</b>	<b><u>21,619</u></b>	<b><u>11,507</u></b>	<b><u>33,126</u></b>

#### 33. Teaching school trading account

	2021 £000	2021 £000	2021 £000	2020 £000	2020 £000	2020 £000
<b>Income</b>						
<b>Direct Income</b>						
Fee income		22			85	
Grants		<u>98</u>			<u>15</u>	
<b>Total Income</b>			120			100
<b>Expenditure</b>						
<b>Direct costs</b>						
Direct staff costs	99			73		
Other direct costs	<u>6</u>			<u>3</u>		
<b>Total direct costs</b>		105			76	
<b>Other costs</b>						
Support staff costs	-			-		
Other indirect costs	<u>9</u>			<u>26</u>		
<b>Total other costs</b>		<u>9</u>			<u>26</u>	
<b>Total Expenditure</b>			<u>(114)</u>			<u>(102)</u>
<b>(Deficit) / Surplus from all sources</b>			6			(2)
<b>Teaching school balances at 1 September 2020</b>			<u>15</u>			<u>17</u>
<b>Teaching school balances at 31 August 2021</b>			<u>21</u>			<u>15</u>

This is the final operating year for the teaching schools in its current form. As mentioned in the Trustees' Report, this is to be replaced by the teaching school hubs in 2021/22.