

**STEWARDS ACADEMY TRUST**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2013**

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# **STEWARDS ACADEMY TRUST**

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## STEWARDS ACADEMY TRUST

### REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2013

#### Governors

Ms R Murthar, Headteacher<sup>1</sup>  
Mr AM Armitage  
Mrs P Jenkins<sup>1</sup>  
Mr JV Tarling<sup>1</sup>  
Mr B Ayton (resigned 26 October 2012)<sup>1</sup>  
Ms S Young (resigned 1 September 2012)  
Dr D Guest<sup>1</sup>  
Mr J Hewlett  
Mr A Bower<sup>1</sup>  
Mr B Moldon<sup>1</sup>  
Mrs J Baldwin  
Mr J Brandon (resigned 1 September 2012)<sup>1</sup>  
Mr S Dodd  
Mr B Leadley<sup>1</sup>  
Mr P Rogers  
Mr P Hickman  
Ms D Johnson  
Mrs K Hunt (appointed 14 November 2012)  
Mrs K Rushbrooke (appointed 14 November 2012)

<sup>1</sup> Member of Finance and General Purpose Committee

#### Company registered number

07770970

#### Principal and registered office

Stewards Academy  
Parnall Road  
Harlow  
Essex  
CM18 7NQ

#### Company secretary

Mrs P Jenkins

#### Chief executive officer

Ms R Murthar

#### Independent auditors

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

#### Bankers

Lloyds TSB  
25 East Gate  
Harlow  
CM20 1LD

## **STEWARDS ACADEMY TRUST**

### **GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2013**

The governors of Stewards Academy present their annual report together with the financial statements and auditors' report for the period ended 31 August 2013. They confirm that the annual report and financial statements comply with the current statutory requirements, the requirements of the company's governing document, accounts guidance issued by the Education Funding Agency [EFA] and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Constitution**

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

Stewards Academy Trust (the "Charitable Company" or the "Academy") is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are its primary governing documents.

The governors act as the trustees for the charitable activities of the Academy and are also the directors for the purposes of company law.

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

##### **Member's liability**

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

##### **Governors' Indemnities**

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

##### **Principal activities**

To advance for the public benefit, education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The Academy is constituted as an 11-16 school for the period to 31 August 2013.

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

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

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

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

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

## **STEWARDS ACADEMY TRUST**

### **GOVERNORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2013**

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

#### **Organisational Structure**

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

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

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

#### **Risk management**

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

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

#### **Connected organisations, including related party relationships**

The Academy does not have a sponsor and is not related to any other charitable trust or other party. The Academy provides professional support and advice on a voluntary basis to some local primary schools. The Academy has Service Level Agreements with a number of primary and other schools to provide swimming lessons, Modern Foreign Language lessons and PE lessons. These lessons take place both in the other schools and at Stewards, and a small fee is charged on a non-profit making basis to cover the cost of providing these lessons. The Academy is a member of the Harlow Education Consortium and the Behaviour and Attendance Partnership both of which provide support to schools within Harlow. The Academy is a member of the West Essex Teaching Alliance which co-ordinates teacher training places. The Academy has provided teacher training places at Stewards.

#### **Related Parties**

Owing to the nature of the Academy's operations and the composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a member of the board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects and aims**

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

#### **Objectives**

The Governing Body had the following main objectives for the period ended 31 August 2013:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To continue to raise the standard of educational achievement of all pupils and thereby to maintain the Academy's local and national reputation
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended

## **STEWARDS ACADEMY TRUST**

### **GOVERNORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2013**

- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

#### **Strategies and activities**

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

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

#### **Public benefit**

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

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

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Achievements and performance**

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

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

The Academy converted from Local Authority maintained school status on 1st October 2011. Each year group can take a maximum of 210 pupils. Most year groups are full. The number on roll is currently 1,041.

Examination results for 2013 were very pleasing

- A record 58% of students achieved 5 grades A\* C including English & Maths, this was the highest on record for Stewards and represents a 7% improvement on our 2012 results
- 88% of students achieved 5 grades A-C
- The percentage of students that made the expected levels of progress in English and Maths was as follows  
English = 84%                      Maths = 70%

To ensure standards are continually raised, the Academy

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

#### **Sustainability / Going concern**

After reflecting upon various reports submitted throughout the year, in particular financial reports, Governors have a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the "going concern" basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

## **STEWARDS ACADEMY TRUST**

### **GOVERNORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2013**

#### **FINANCIAL REVIEW**

##### **Financial Review**

The principal source of funding for the Academy is the General Annual Grant (GAG) funding that it receives from the EFA. For the period ended 31 August 2013 the Academy received £6,191,002 (2012 - £5,607,686) in GAG funding. A high percentage of this funding is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education.

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

Most of the Academy's income is obtained from the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2013, total expenditure of £3,582,387 (2012 - £6,160,890) (excluding depreciation) was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £1,066,111 (2012 - £1,383,868).

##### **Financial position**

The Academy held fund balances at 31 August 2013 of £7,785,115 (2012 - £7,311,174) comprising £9,555,493 (2012 - £8,913,770) of restricted funds and £1,004,622 (2012 - £839,404) of unrestricted general funds and a pension reserve deficit of £2,775,000 (2012 - £2,442,000).

At 31 August 2013 the net book value of fixed assets was £8,088,788 (2012 - £8,377,898) and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

##### **Principal risks and uncertainties**

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

- Staff retention: possibly the biggest single risk to the academy would lie in its failure to retain key staff – in particular, the Headteacher. However, it is not felt that there are any immediate threats in this regard.
- Material decrease in income affecting provision: highly unlikely. The budget for 2013/14 is sound, and the longer term financial plan shows considerable contingency against unwelcome future developments.
- Falling rolls: unlikely. Initial response to the conversion to Academy status has showed no diminution in student and parental enthusiasm. The Academy has been oversubscribed for many years and there is every sign of this continuing. Harlow University Technical College opening in September 2014 for students age 14-19 may have an impact.
- Staff recruitment: conversion to Academy status has not affected the attractiveness of the Academy to potential new staff.
- Bank balances & investments: there is no significant risk other than an institution ceasing to trade.
- Debtors: there are no material debtors.
- The Academy's credit rating is not in jeopardy. Credit facilities with various suppliers are established as necessary.
- The Academy's cashflow is healthy and long term financial planning predicts it will remain so.

##### **Reserves policy**

Governors are fully aware of the requirement to balance current and future needs, and always set a balanced budget which also allows for contingencies. Cash reserves are monitored at every meeting of the Finance and General Purposes Committee. Governors have determined that the appropriate level of free cash reserves should be equivalent to one month's gross salary expenditure and occupancy costs approximately £500,000 (2012 - £400,000). This is to provide sufficient working capital to cover a delay between expenditure and receipt of grant income.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,004,622 (2012 - £839,404), which is materially adequate. These reserves have been built up by not utilising contingencies and in-year savings from previous years without compromising pupils' learning and opportunities. Governors believe that this is a sensible approach for the future financial security of the Academy since the Academy may see a reduction in government funding in future years due to formula changes to budget allocations, particularly in relation to Special Educational Needs. Funds are also required to ensure that the learning environment can be maintained and developed to meet future needs and expansion. Projects under consideration are for a Sports Hall and creating additional science facilities and drama space.

## STEWARDS ACADEMY TRUST

### GOVERNORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2013

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a significant pension fund deficit of £2,775,000 (2012 - £2,442,000). This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The Academy is currently making payments of £100,000 (2012 - £98,000) per annum towards the deficit and it is envisaged that should this amount be increased it will be met from its budgeted annual income. The recognition of this deficit has no direct impact on the free cash reserves of the Academy Trust.

#### Investment Policy

The Academy has a policy of investing its cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. A series of High Interest Deposits is made with the Academy's bank Lloyds TSB. Sums are invested for varying lengths of time so that funds mature on a rotational basis thus ensuring that money becomes available at regular intervals should cash be needed for a particular purpose. £1,901,388 (2012 - £904,000) was invested in safe high interest deposit accounts at the Academy's bank with varying maturity dates to ensure a regular flow of funds becoming available for re-investment.

#### PLANS FOR FUTURE PERIODS

##### Plans for the future

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

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

#### PROVISION OF INFORMATION TO AUDITORS

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

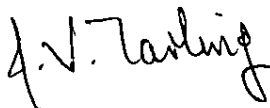
- so far as that Governor is aware, there is no relevant audit information of which the Charitable Company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a governor in order to be aware of any information needed by the Charitable Company's auditors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

#### AUDITORS

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

This report was approved by the Governors on 17<sup>th</sup> December 2013 and signed on their behalf, by

Mr J Tarling  
Chair of Governors





## STEWARDS ACADEMY TRUST

### GOVERNANCE STATEMENT

#### SCOPE OF RESPONSIBILITY

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

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

#### GOVERNANCE

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

Governor	Meetings attended	Out of a possible
Ms R Murthar, Headteacher	3	3
Mr AM Armitage	1	3
Mrs P Jenkins	3	3
Mr JV Tarling	3	3
Mr B Ayton (resigned 26 October 2012)	1	3
Ms S Young (resigned 1 September 2012)	0	0
Dr D Guest	2	3
Mr J Hewlett	0	3
Mr A Bower	3	3
Mr B Moldon	0	3
Mrs J Baldwin	3	3
Mr J Brandon (resigned 1 September 2012)	0	0
Mr S Dodd	2	3
Mr B Leadley	1	3
Mr P Rogers	0	3
Mr P Hickman	2	3
Ms D Johnson	0	3
Mrs K Hunt	2	2
Mrs K Rushbrooke	1	2

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

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr B Ayton (resigned 10 October 2012)	1	1
Mr A Bower	6	6
Mr J Brandon (resigned 1 September 2012)	0	0
Mr S Dodd (resigned 10 October 2012)	1	1
Dr D Guest	4	6
Mrs P Jenkins	6	6
Mr B Leadley	3	6
Mr B Moldon	5	6
Ms R Murthar	6	6
Mr J Tarling	5	6

## STEWARDS ACADEMY TRUST

### GOVERNANCE STATEMENT (continued)

#### THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stewards Academy Trust for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

#### CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### THE RISK AND CONTROL FRAMEWORK

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

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

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

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

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

#### REVIEW OF EFFECTIVENESS

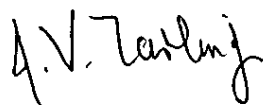
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the governing body on 17<sup>th</sup> December 2013 and signed on their behalf, by

Mr J Tarling  
Chair of Governors



Ms R Murthar  
Accounting Officer



## STEWARDS ACADEMY TRUST

### STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Stewards Academy Trust I have considered my responsibility to notify the Academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the Academy Governing Body is able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2012)

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

Ms R Murthar  
Accounting Officer

*R. Murthar*



## STEWARDS ACADEMY TRUST

### GOVERNORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013

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

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

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

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

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

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

Approved by order of the members of the governing body on 17-12-13 and signed on its behalf by



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

## **STEWARDS ACADEMY TRUST**

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

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

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

#### **RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

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

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

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

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

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

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

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

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

## **STEWARDS ACADEMY TRUST**

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

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

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

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

Mr Gary Miller (Senior Statutory Auditor)

#### **Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
19 December 2013

## **STEWARDS ACADEMY TRUST**

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

In accordance with the terms of our engagement letter dated 8 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stewards Academy Trust during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Stewards Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stewards Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Stewards Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed

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

The Accounting Officer is responsible, under the requirements of Stewards Academy Trust's funding agreement with the Secretary of State for Education dated 1 October 2011, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

#### **APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

The work undertaken to draw to our conclusion includes

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

## **STEWARDS ACADEMY TRUST**

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

#### **CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

**Price Bailey LLP**

Chartered Accountants

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

19 December 2013



# STEWARDS ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses) FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds						
Net assets transferred on conversion	2	-	-	-	-	7,542,993
Other voluntary income	2	32,015	282,098	-	314,113	233,699
Activities for generating funds	3	323,470	-	-	323,470	280,261
Investment income	4	19,762	-	-	19,762	1,762
Incoming resources from charitable activities	5	-	7,437,818	21,348	7,459,166	6,364,185
<b>TOTAL INCOMING RESOURCES</b>		<b>375,247</b>	<b>7,719,916</b>	<b>21,348</b>	<b>8,116,511</b>	<b>14,422,900</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities	8	210,029	6,814,501	427,790	7,452,320	6,525,026
Governance costs	7	-	26,250	-	26,250	11,700
<b>TOTAL RESOURCES EXPENDED</b>	<b>6</b>	<b>210,029</b>	<b>6,840,751</b>	<b>427,790</b>	<b>7,478,570</b>	<b>6,536,726</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>165,218</b>	<b>879,165</b>	<b>(406,442)</b>	<b>637,941</b>	<b>7,886,174</b>
Transfers between Funds	16	-	(192,924)	192,924	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>165,218</b>	<b>686,241</b>	<b>(213,518)</b>	<b>637,941</b>	<b>7,886,174</b>
Actuarial gains and losses on defined benefit pension schemes		-	(164,000)	-	(164,000)	(575,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>165,218</b>	<b>522,241</b>	<b>(213,518)</b>	<b>473,941</b>	<b>7,311,174</b>
Total funds at 1 September 2012		839,404	(1,830,536)	8,302,306	7,311,174	-
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>1,004,622</b>	<b>(1,308,295)</b>	<b>8,088,788</b>	<b>7,785,115</b>	<b>7,311,174</b>

All activities relate to continuing operations

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

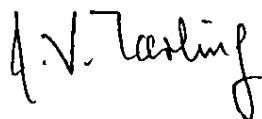
The notes on pages 18 to 32 form part of these financial statements

**STEWARDS ACADEMY TRUST**  
**REGISTERED NUMBER: 07770970**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £	2012 £
<b>FIXED ASSETS</b>				
Tangible assets	13		8,088,788	8,377,898
<b>CURRENT ASSETS</b>				
Debtors	14	477,043	182,874	
Cash at bank and in hand		2,267,772	1,523,109	
		<u>2,744,815</u>	<u>1,705,983</u>	
<b>CREDITORS</b> amounts falling due within one year	15	(273,488)	(330,707)	
<b>NET CURRENT ASSETS</b>			<u>2,471,327</u>	<u>1,375,276</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>10,560,115</u>	<u>9,753,174</u>
Defined benefit pension scheme liability	20	(2,775,000)		(2,442,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>7,785,115</u></u>	<u><u>7,311,174</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds				
Restricted funds	16	1,466,705	611,464	
Restricted fixed asset funds	16	8,088,788	8,302,306	
		<u>9,555,493</u>	<u>8,913,770</u>	
Restricted funds excluding pension liability				
Pension reserve		(2,775,000)	(2,442,000)	
		<u></u>	<u></u>	
Total restricted funds			6,780,493	6,471,770
Unrestricted funds	16		1,004,622	839,404
<b>TOTAL FUNDS</b>			<u><u>7,785,115</u></u>	<u><u>7,311,174</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 17<sup>th</sup> December 2013 and are signed on their behalf, by



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

The notes on pages 18 to 32 form part of these financial statements

# STEWARDS ACADEMY TRUST

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013

		31 August 2013 £	Eleven months ended 31 August 2012 £
	Note		
Net cash flow from operating activities	18	842,233	1,596,939
Returns on investments and servicing of finance - interest received		19,762	1,762
Capital expenditure		(117,332)	(75,592)
<b>INCREASE IN CASH IN THE YEAR</b>		<b>744,663</b>	<b>1,523,109</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS FOR THE YEAR ENDED 31 AUGUST 2013

	31 August 2013 £	Eleven months ended 31 August 2012 £
Increase in cash in the year	744,663	1,523,109
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>744,663</b>	<b>1,523,109</b>
Net funds at 1 September 2012	1,523,109	-
<b>NET FUNDS AT 31 AUGUST 2013</b>	<b>2,267,772</b>	<b>1,523,109</b>

The notes on pages 18 to 32 form part of these financial statements

## STEWARDS ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 1 ACCOUNTING POLICIES

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

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

##### 1.2 Company status

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

##### 1.3 Fund accounting

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

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

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

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

##### 1.4 Incoming resources

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

## STEWARDS ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 1 ACCOUNTING POLICIES (continued)

##### 1.5 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

##### 1.6 Going concern

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

##### 1.7 Tangible fixed assets and depreciation

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

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

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

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

##### 1.8 Operating leases

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

##### 1.9 Taxation

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

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 1 ACCOUNTING POLICIES (continued)

#### 1 10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

### 2 OTHER VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Net assets transferred on conversion	-	-	-	7,542,993
Donations	32,015	148,445	180,460	94,421
Grants	-	133,653	133,653	139,278
Subtotal	32,015	282,098	314,113	233,699
Voluntary income	32,015	282,098	314,113	7,776,692

### 3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Catering Income	184,674	-	184,674	158,694
Rental Income	55,865	-	55,865	45,682
Other Income	10,056	-	10,056	33,011
Swimming Lessons Income	72,875	-	72,875	42,874
	323,470	-	323,470	280,261

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 4 INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Bank Interest	19,762	-	19,762	1,762

### 5 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	6,191,002	6,191,002	5,607,686
Other DfE / EFA grants	-	1,105,552	1,105,552	510,985
Start Up Grant	-	-	-	25,000
Local Authority Grant	-	162,612	162,612	220,514
	-	7,459,166	7,459,166	6,364,185

### 6 ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Charitable activities	3,470,770	-	491,809	3,962,579	6,525,026
Provision of education - support costs	1,859,745	558,036	1,071,960	3,489,741	2,950,717
<b>Charitable activities</b>	5,330,515	558,036	1,563,769	7,452,320	9,475,743
<b>Governance</b>	-	-	26,250	26,250	11,700
	5,330,515	558,036	1,590,019	7,478,570	9,487,443

### 7. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Subcontracted RO assistance	-	1,200	1,200	1,200
Governance statutory auditors' remuneration	-	6,000	6,000	6,500
Governance statutory auditors' other costs including EFA Pilot audit	-	19,050	19,050	4,000
	-	26,250	26,250	11,700

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 8 CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DIRECT COSTS</b>				
Wages and salaries	-	2,839,008	2,839,008	2,434,887
National insurance	-	230,084	230,084	199,139
Pension cost	-	401,678	401,678	265,302
Educational Supplies	-	260,992	260,992	365,884
Examination Fees	-	97,205	97,205	97,174
Staff Development	-	120,844	120,844	86,211
Educational Consultancy	-	6,596	6,596	28,626
Transport	-	6,172	6,172	14,086
	-	3,962,579	3,962,579	3,491,309
<b>SUPPORT COSTS</b>				
Wages and salaries	-	1,524,291	1,524,291	1,258,771
National insurance	-	92,476	92,476	74,135
Pension cost	-	242,978	242,978	222,572
Depreciation	-	406,442	406,442	375,836
LGPS FRS17 interest adjustments	-	90,000	90,000	83,000
Technology Costs	-	47,287	47,287	18,600
Travel & Subsistence	-	21,352	21,352	8,980
Other Costs	87,051	6,985	94,036	72,984
Recruitment & Support	-	72,188	72,188	39,956
Maintenance of Premises & Machinery	-	207,825	207,825	245,698
Cleaning	-	136,262	136,262	125,627
Rates	-	17,898	17,898	17,790
Energy	-	118,221	118,221	97,433
Insurance	-	39,169	39,169	61,716
Security	-	9,995	9,995	4,416
Transport	-	1,937	1,937	2,627
Catering	122,978	73,849	196,827	170,385
Occupancy Costs	-	29,065	29,065	27,081
Bank Interest & Charges	-	96	96	-
Telephone	-	20,644	20,644	17,844
Printing, postage and stationary	-	74,091	74,091	60,257
Professional fees	-	46,661	46,661	48,009
	210,029	3,279,712	3,489,741	3,033,717
	210,029	7,242,291	7,452,320	6,525,026



# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 9 STAFF COSTS

Staff costs were as follows

	31 August 2013 £	Eleven months ended 31 August 2012 £
Wages and salaries	4,271,106	3,604,144
Social security costs	322,560	273,274
Other pension costs (Note 20)	644,656	487,874
	<u>5,238,322</u>	<u>4,365,292</u>
Supply teacher costs	92,193	89,514
	<u>5,330,515</u>	<u>4,454,806</u>

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

	31 August 2013 No	Eleven months ended 31 August 2012 No
Teachers	59	61
Administration and support	84	84
Management	5	6
	<u>148</u>	<u>151</u>

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

	31 August 2013 No	Eleven months ended 31 August 2012 No
In the band £ 60,001 - £ 70,000	1	1
In the band £100,001 - £110,000	1	1
	<u>2</u>	<u>2</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013 pension contributions for these staff amounted to £31,980

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 16 STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>Unrestricted funds</b>						
General funds	839,404	375,247	(210,029)	-	-	1,004,622
<b>Restricted funds</b>						
General Annual Grant (GAG)	273,024	6,191,002	(5,098,914)	(192,924)	-	1,172,188
Other government grants	338,440	884,909	(959,732)	-	-	263,617
SEN Funding	-	162,612	(162,612)	-	-	-
Pupil premium funding	-	332,948	(332,948)	-	-	-
Educational visits	-	148,445	(117,545)	-	-	30,900
Pension reserve	(2,442,000)	-	(169,000)	-	(164,000)	(2,775,000)
	(1,830,536)	7,719,916	(6,840,751)	(192,924)	(164,000)	(1,308,295)
<b>Restricted fixed asset funds</b>						
	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Fixed asset fund	8,302,306	-	(406,442)	192,924	-	8,088,788
ACMF income	-	21,348	(21,348)	-	-	-
	8,302,306	21,348	(427,790)	192,924	-	8,088,788
Total restricted funds	6,471,770	7,741,264	(7,268,541)	-	(164,000)	6,780,493
Total of funds	7,311,174	8,116,511	(7,478,570)	-	(164,000)	7,785,115

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

#### General Annual Grant (GAG)

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

#### Other government grants

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

#### Special Educational Needs (SEN) funding

This represents allocated funding for special educational needs pupils

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 13. TANGIBLE FIXED ASSETS

	Long Term Leashold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2012	8,567,701	56,761	129,272	8,753,734
Additions	-	40,195	77,137	117,332
At 31 August 2013	8,567,701	96,956	206,409	8,871,066
<b>Depreciation</b>				
At 1 September 2012	308,006	27,170	40,660	375,836
Charge for the year	334,778	25,740	45,924	406,442
At 31 August 2013	642,784	52,910	86,584	782,278
<b>Net book value</b>				
At 31 August 2013	7,924,917	44,046	119,825	8,088,788
At 31 August 2012	8,259,695	29,591	88,612	8,377,898

### 14. DEBTORS

	2013 £	2012 £
Trade debtors	5,673	-
Other debtors	59,170	111,692
Prepayments and accrued income	412,200	71,182
	<u>477,043</u>	<u>182,874</u>

### 15. CREDITORS

Amounts falling due within one year

	2013 £	2012 £
Trade creditors	16,207	-
Other creditors	257,281	300,834
Accruals and deferred income	-	29,873
	<u>273,488</u>	<u>330,707</u>

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 16 STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>Unrestricted funds</b>						
General funds	839,404	375,247	(210,029)	-	-	1,004,622
<b>Restricted funds</b>						
General Annual Grant (GAG)	273,024	6,191,002	(5,098,914)	(192,924)	-	1,172,188
Other government grants	338,440	884,909	(959,732)	-	-	263,617
SEN Funding	-	162,612	(162,612)	-	-	-
Pupil premium funding	-	332,948	(332,948)	-	-	-
Educational visits	-	148,445	(117,545)	-	-	30,900
Pension reserve	(2,442,000)	-	(169,000)	-	(164,000)	(2,775,000)
	(1,830,536)	7,719,916	(6,840,751)	(192,924)	(164,000)	(1,308,295)
<b>Restricted fixed asset funds</b>						
	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Fixed asset fund	8,302,306	-	(406,442)	192,924	-	8,088,788
ACMF income	-	21,348	(21,348)	-	-	-
	8,302,306	21,348	(427,790)	192,924	-	8,088,788
Total restricted funds	6,471,770	7,741,264	(7,268,541)	-	(164,000)	6,780,493
Total of funds	7,311,174	8,116,511	(7,478,570)	-	(164,000)	7,785,115

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

#### General Annual Grant (GAG)

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

#### Other government grants

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

#### Special Educational Needs (SEN) funding

This represents allocated funding for special educational needs pupils

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 16. STATEMENT OF FUNDS (continued)

#### Pupil Premium

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

#### Educational visits

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

#### Pension reserve

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

#### Restricted Fixed Asset Funds

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

#### Devolved Formula Capital (DFC) fund

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

### SUMMARY OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/(Losses) £	Carried forward £
General funds	839,404	375,247	(210,029)	-	-	1,004,622
Restricted funds	(1,830,536)	7,719,916	(6,840,751)	(192,924)	(164,000)	(1,308,295)
Restricted fixed asset funds	8,302,306	21,348	(427,790)	192,924	-	8,088,788
	<u>7,311,174</u>	<u>8,116,511</u>	<u>(7,478,570)</u>	<u>-</u>	<u>(164,000)</u>	<u>7,785,115</u>

### 17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	8,088,788	8,088,788	8,377,898
Current assets	1,004,622	1,740,193	-	2,744,815	1,705,983
Creditors due within one year	-	(273,488)	-	(273,488)	(330,707)
Provisions for liabilities and charges	-	(2,775,000)	-	(2,775,000)	(2,442,000)
	<u>1,004,622</u>	<u>(1,308,295)</u>	<u>8,088,788</u>	<u>7,785,115</u>	<u>7,311,174</u>

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 18. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2013 £	Eleven months ended 31 August 2012 £
Net incoming resources before revaluations	637,941	7,886,174
Returns on investments and servicing of finance	(19,762)	(1,762)
Non cash assets transferred on conversion	-	(6,878,142)
Depreciation of tangible fixed assets	406,442	375,836
Increase in debtors	(294,170)	(182,874)
(Decrease)/increase in creditors	(57,218)	330,707
FRS 17 adjustments	169,000	67,000
<b>Net cash inflow from operations</b>	<b>842,233</b>	<b>1,596,939</b>

### 19 ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	1,523,109	744,663	-	2,267,772
<b>Net funds</b>	<b>1,523,109</b>	<b>744,663</b>	<b>-</b>	<b>2,267,772</b>

### 20 PENSION COMMITMENTS

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

##### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act

## STEWARDS ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 20. PENSION COMMITMENTS (continued)

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

#### Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

#### Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 20. PENSION COMMITMENTS (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £355,000, of which employer's contributions totalled £270,000 and employees' contributions totalled £85,000. The agreed contribution rates for future years are 12.3% for employers and 5.5-7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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

The amounts recognised in the Balance Sheet are as follows:

	31 August 2013 £	Eleven months ended 31 August 2012 £
Present value of funded obligations	(3,550,000)	(2,749,000)
Fair value of scheme assets	775,000	307,000
Net liability	<u>(2,775,000)</u>	<u>(2,442,000)</u>

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

	31 August 2013 £	Eleven months ended 31 August 2012 £
Current service cost	(349,000)	(212,000)
Interest on obligation	(116,000)	(91,000)
Expected return on scheme assets	26,000	8,000
Total	<u>(439,000)</u>	<u>(295,000)</u>
Actual return on scheme assets	<u>76,000</u>	<u>10,000</u>



# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 20 PENSION COMMITMENTS (continued)

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

	31 August 2013 £	Eleven months ended 31 August 2012 £
Opening defined benefit obligation	2,749,000	-
Current service cost	349,000	212,000
Interest cost	116,000	91,000
Contributions by scheme participants	85,000	69,000
Actuarial Losses	213,000	577,000
Past service costs	38,000	-
Present value of defined benefit obligation on conversion	-	1,800,000
	<hr/>	<hr/>
Closing defined benefit obligation	3,550,000	2,749,000
	<hr/>	<hr/>

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

	31 August 2013 £	Eleven months ended 31 August 2012 £
Opening fair value of scheme assets	307,000	-
Expected return on assets	26,000	8,000
Actuarial gains and (losses)	49,000	2,000
Contributions by employer	270,000	228,000
Contributions by employees	85,000	69,000
Benefits paid	38,000	-
	<hr/>	<hr/>
	775,000	307,000
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £164,000 (2012 - £575,000)

The Academy expects to contribute £272,000 to its Defined Benefit Pension Scheme in 2014

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

	2013	2012
Equities	6 60 %	5 90 %
Gilts	3 50 %	2 80 %
Other bonds	4 40 %	3 90 %
Property	5 60 %	4 90 %
Cash	0 50 %	0 50 %
Alternative assets	4 40 %	- %

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

	2013	2012
Discount rate for scheme liabilities	4 70 %	3 90 %
Expected return on scheme assets at 31 August	5 80 %	5 20 %
Rate of increase in salaries	4 70 %	3 70 %
Rate of increase for pensions in payment / inflation	2 90 %	1 90 %
Inflation assumption (CPI)	2 90 %	1 90 %
Inflation assumption (RPI)	3 70 %	2 70 %

# STEWARDS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

### 20. PENSION COMMITMENTS (continued)

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

	2013	2012
Retiring today		
Males	22.7	22.7
Females	25.3	25.3
Retiring in 20 years		
Males	24.2	24.1
Females	26.9	26.8

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013 £	2012 £
Defined benefit obligation	(3,550,000)	(2,749,000)
Scheme assets	775,000	307,000
Deficit	<u>(2,775,000)</u>	<u>(2,442,000)</u>
Experience adjustments on scheme assets	<u>49,000</u>	<u>2,000</u>

### 21. OPERATING LEASE COMMITMENTS

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
<b>Expiry date:</b>		
Between 2 and 5 years	<u>18,364</u>	<u>18,364</u>

### 22. RELATED PARTY TRANSACTIONS

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

During the period the Academy incurred expenditure of £79,536 (2012 - £30,765) in relation to educational services from Harlow Education Consortium (HEC). Ms R Murthar, Accounting officer, is a Director of HEC. At the period end, no balance was due to HEC (2012 - £nil).

Mr P Rogers a parent governor is married to Mrs C Rogers who is a personal assistant to the senior leadership team.

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