

**Company Registration Number: 08179242 (England & Wales)**

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Annual report and financial statements**

**For the year ended 31 August 2019**



**The Stour Academy Trust**  
**(A company limited by guarantee)**

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**The Stour Academy Trust**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Members**

The Diocese of Canterbury Academies Company Limited  
Mrs G A Glover  
Mrs A Barry  
Mr W Barry  
Ms C March (appointed 7 June 2019)  
Ms F Trigwell (appointed 9 October 2018)

**Trustees**

Mrs F L Trigwell, Chair  
Mr S J O'Keefe, Chief Executive Officer and Accounting Officer<sup>1,2</sup>  
Mrs C March (resigned 28 January 2019)  
Miss R L Howell, Deputy Chief Executive Officer<sup>2</sup>  
Miss V E Standing, (Vice Chair from 29/01/2019) (appointed 3 October 2018)  
Miss R A Ford  
Dr D J Moore  
Mr T P Singh  
Mrs S Wraight (appointed 26 April 2019)  
Mr O Aje (appointed 17 June 2019)

<sup>1</sup> Ex-Officio

<sup>2</sup> Staff

**Company registered number**

08179242

**Company name**

The Stour Academy Trust

**Principal and registered office**

Park View  
Sturry  
Canterbury  
CT2 0NR

**Company secretary**

Michelmores Secretaries Limited

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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**  
**For the year ended 31 August 2019**

**Senior management team**

Mr S O'Keefe, Chief Executive Officer  
Miss R Howell, Deputy Chief Executive Officer  
Mr T Cullen, Chief Operating Officer (whom acts as CFO)  
Mrs V Tottman, Director of HR  
Mr R Butterworth, Director of Marketing and Communications

**Independent auditors**

Kreston Reeves LLP  
Statutory Auditor  
37 St Margaret's Street  
Canterbury  
Kent  
CT1 2TU

**Bankers**

National Westminster Bank Plc  
11 The Parade  
Canterbury  
Kent  
CT1 2SQ

**Solicitors**

Michelmores Secretaries Limited  
Woodwater House Pynes Hill  
Exeter  
Devon  
EX2 5WR

**Member Schools**

Sturry Church of England Primary School  
Water Meadows Primary School (formerly Hersden Village Primary School)  
Adisham Church of England Primary School  
Lansdowne Primary School  
Finberry Primary School  
Thistle Hill Academy  
Richmond Academy  
Chilmington Green Primary School (from 1 September 2018)

**The Stour Academy Trust**  
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**Trustees' report**  
**For the year ended 31 August 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1st September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Stour Academy Trust operated 8 Primary Academies (pupils aged 2-11) within this period, 3 in the Canterbury area, 3 in the Swale area and 2 in the Ashford area. There are 2 nurseries within the Trust schools which can host 26 full time pupils or 52-part time pupils. Finberry Primary School and Thistle Hill Academy each host a Specialist Resource Provision for pupils with SEMH needs.

Sturry C of E Primary School and Adisham C of E Primary School are both Church of England faith schools within the Trust. Therefore the Trust operates Minority Church of England Articles of Association.

The Trust had a combined capacity of 2234 (includes 104-part time nursery places) on 1st Sept 2018 and had a roll of 1888 as at 31st August 2019.

**Structure, Governance and Management**

**Constitution**

The Stour 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 The Stour Academy Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as The Stour Academy Trust.

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 1.

**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**

A full insurance indemnity is taken out with the Academy Trust's insurance company; this is reviewed annually to protect against potential risk and to comply with current ESFA guidance.

**Fundraising**

The Academy engages in fundraising activities for other charities and recognises the provisions of the Charities (Protection and Social Investment) Act 2016. There is a rigorous process for the collection of funds raised, which ensures the process for collection conforms to the necessary standards.

The Academy welcomes feedback on its fundraising approach and seeks to make improvements wherever it can. Any complaints received in respect of our fundraising activities are taken very seriously and are acted upon immediately. We are pleased to report that during the year no complaints were received in respect of our fundraising activity.

**The Stour Academy Trust**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2019**

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

The number of Trustees shall not be less than 3 nor more than 16. Under the current Articles of Association, the company should have:

- Up to 6 Trustees appointed by the Members under article 50
- Up to 4 Foundation Trustees, this must not be more than 25% of the Board under article 50AA
- Up to 2 Staff Trustees under article 50A
- The Chief Executive Officer
- Parent Trustees in the event that no provision is made for parent representation on Local Advisory Boards

As of 31st August 2019 the Board comprised of 9 Trustees, including the CEO and Deputy CEO. The Boards skills cover a wide range of areas including educational management, finance and strategic growth.

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

All Trustees undergo a rigorous interview process undertaken by the Members of The Stour Academy Trust. Once appointed the Trustees are given access to the Trusts communication platform (KLZ). Within KLZ all Trust policies and governance related documentation can be viewed.

In addition, the Trust provides regular training to Trustees both internally and from external advisors on subjects such as the academies financial handbook, data analysis and premises legalities to ensure best practice and accountability is known.

In addition, within the period The Stour Academy Trust also held an annual governance development day which included all Members, Trustees, Local Advisory Board Members, Key Management Personnel and Headteachers, this provided an opportunity to share the Trusts vision, objectives and collaborative approach.

**Organisational Structure**

The Board of Trustees has delegated the day to day management of the academies to the Chief Executive Officer (CEO). The role of the CEO is setting the strategy and vision of the Trust, building its culture and the creation and development of teams that work both centrally as well as those providing services across the Trust. The CEO is responsible for capital allocation.

The Board holds the CEO to account. The CEO holds the central team to account.

The relationship between the Board and the CEO is underpinned by a shared vision and values.

The monitoring of academy development plans and key priorities of each academy has been delegated to the Local Advisory Board allocated to that academy. The monitoring of the Trust development plan and key priorities is the responsibility of the Board.

Within each academy there is a Headteacher.

The CEO is the Accounting Officer.

The Key Management Personnel (which forms the central team) within the year 18-19 is shown below:

- CEO
- Deputy CEO- (whom leads on Teaching and Learning)
- Chief Operating Officer (whom acts as CFO)
- Director of HR
- Director of Marketing and Communications

**The Stour Academy Trust**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2019**

**Arrangements for setting pay and remuneration of Key Management Personnel**

The Board oversees the pay and remuneration of the CEO and Deputy CEO and the central team recognised and the Key Management Personnel. Performance management reviews for the CEO is carried out by the Board of Directors supported by external advisors.

The CEO will oversee the setting of objectives and pay for all senior leaders and the remaining central team.

Within the year 16-17 the Board commissioned a thorough independent pay and rewards scheme review for the central team in line with the ESFA emphasis on executive pay. The idea behind this was to provide a baseline for central salaries but also to agree a 3-year rewards and retention plan to ensure financial stability. A full report was provided in 17-18 by an independent advisor who benchmarked the central team roles against other similar posts in and out of the education sector. This report was then presented to the full Board to develop a 3-year plan.

The 3-year plan was agreed and adopted via vote by the Board (excluding the CEO and Deputy CEO) and has been in place since September 2017 and is due to be revised in the financial year 19-20 in preparation for a September 2020 implementation.

**Related Parties and other Connected Charities and Organisations**

The Stour Academy Trust acts as a sponsor supporting a number of underperforming academies through collaborative working. Alongside an existing Free School, Finberry Primary, the Trust opened another Free School, Chilmington Green Primary in September 2018 housed in temporary accommodation prior to the completion of a new build in 2021.

**Objectives and Activities**

The objectives of the Trust are 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 academies which shall offer a broad, balanced curriculum and which shall include:

- (i) Academies other than those designated Church of England, whether with or without designated character; and
- (ii) Church of England academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship and in having regard to any advice and following any directives issued by the Diocesan Board of Education

But in relation to each of the academies to recognise and support their individual ethos, whether or not designated Church of England

Providing recreational and leisure facilities in the interests of social welfare for the inhabitants of the area of benefit especially those who have need of such facilities by reason of youth, age, infirmity or disablement, poverty or social and economic circumstances, provided that, such recreational and leisure time facilities shall not be provided by the company at an academy designated with a Church of England religious character, except by way of the operating of a trading company.

**Objects and Aims**

The Stour Academy Trust has a clear vision to transform education and bring learning to life. The Trust values children's wellbeing and their education above all else and the needs of the children are at the heart of every decision we make.

The Stour Academy Trust is built on creativity, innovation and desire to challenge the status quo. This will be demonstrated through the highest quality of teaching and learning and in the ambitions of the Trust itself.

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**Trustees' report (continued)**  
**For the year ended 31 August 2019**

**Objectives, Strategies and Activities**

The main objectives for the year focussed on six key areas. These are as follows:

- Training of staff to develop skills in holding "difficult conversations"
- Develop a new style of "peer to peer" monitoring to be known as "Health Checks"
- Evaluate Governance structure to keep pace with scale, demands and future challenges of the Trust
- Develop and adapt technology to improve collaboration and communication within the Trust
- Develop strategies to promote the health and well-being of the whole school community
- Evaluate Statutory Inspection of Anglican and Methodist Schools (SIAMS) to ensure full implementation ready for our 2 2019-20 SIAMS Inspections

In addition we will pilot Parent Forums in both Church and non-Church schools to provide the Board with increased and up-to-date information relating to the views of stakeholders in their local communities.

A wide range of strategies continued to be put in place to secure the recruitment and retention of staff in very challenging circumstances, particularly in our schools that were re-brokered and geographically inaccessible to the main source of work force supply. A high focus was placed on opportunities for both professional and career development, with staff at all levels engaging in CPD.

**Public Benefit**

The Trustees can confirm the objectives and activities of the Trust provide identifiable benefits, namely educational, which are in pursuance of the aims of the Trust. The Trustees confirm that they have complied with their duty to have regard to the guidance on public benefit as published by the Charity Commission.

**Strategic Report**

**Achievements and Performance**

**Ofsted 2018-19**

3 Trust academies were inspected by Ofsted during this period. Finberry, Richmond and Water Meadows were all inspected under section 5.

**Finberry Primary School**

26th - 27st September 2018

<b>Overall effectiveness</b>	Good
<b>Effectiveness of leadership and management</b>	Good
<b>Quality of teaching, learning and assessment</b>	Good
<b>Personal development, behaviour and welfare</b>	Good
<b>Outcomes for pupils</b>	Good
<b>Early year's provision</b>	Good

This was the first inspection since The Stour Academy Trust opened the school in September 2015.

**Richmond Academy**

30th – 31st January 2019

<b>Overall effectiveness</b>	Requires improvement
<b>Effectiveness of leadership and management</b>	Good
<b>Quality of teaching, learning and assessment</b>	Requires Improvement
<b>Personal development, behaviour and welfare</b>	Requires Improvement
<b>Outcomes for pupils</b>	Requires Improvement
<b>Early year's provision</b>	Requires Improvement



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**Trustees' report (continued)**  
**For the year ended 31 August 2019**

The Stour Academy Trust sponsored the academy in January 2017 following its re-brokerage from another Trust. The academy was given a new URN and a 3 year 'grace' period before routine inspection would commence. The Ofsted inspection came just two weeks into its third year.

**Water Meadows (formally Hersden Village Primary School)**  
19th – 20th March 2019

<b>Overall effectiveness</b>	Good
<b>Effectiveness of leadership and management</b>	Outstanding
<b>Quality of teaching, learning and assessment</b>	Good
<b>Personal development, behaviour and welfare</b>	Good
<b>Outcomes for pupils</b>	Good
<b>Early year's provision</b>	Outstanding

Water Meadows (formally Hersden Village Primary School) was inspected under section 8 in March 2018 and recommended for a Section 5 inspection as the school was judged to be working towards Outstanding.

**The Stour Academy Trust Data 2018-19**

	National average 2018	Adisham Results	Chilmington Green	Finberry Results	Hersden Results	Lansdowne Results	Sturry Results	Thistle Results	Richmond Results
<b>EYFS (GLD)</b>	70.7%	85%	60%	77%	71.4%	73.1%	81%	85.4%	74%
<b>Year 1 phonics</b>	81.2%	94%	75%	89.7%	88.2%	91.1%	89.7%	81.8%	66%
<b>KS1 Reading</b>	75.5%	76.9%	40%	82.7%	78.5%	76.2%	84%	83.3%	60%
<b>KS1 Writing</b>	68.2%	84.6%	60%	82.7%	78.5%	66.1%	84%	81.2%	60%
<b>KS1 Maths</b>	75.1%	92.3%	60%	89.6%	78.5%	79.6%	88%	87.5%	77%
<b>KS2 Reading</b>	76%	75%	-	87.5%	100%	51.8%	78.6%	53.8%	40%
<b>KS2 Writing</b>	78%	91.6%	-	93.7%	100%	85.1%	96.4%	61.5%	54%
<b>KS2 Maths</b>	76%	75%	-	87.5%	100%	70.3%	94.6%	61.5%	45%
<b>KS2 EGPS</b>	78%	75%	-	87.5%	100%	70.3%	89%	57.6%	36%
<b>KS2 Combined</b>	64%	75%	-	81.2%	100%	48.1%	75%	50%	32%

**Trust Overview 2018-19**

	National	Trust	Canterbury	Ashford	Swale
<b>EYFS</b>	70.7%	87.4%	89.3%	84.0%	87.2%
<b>Phonics</b>	81.2%	82.6%	88.8%	83.7%	78.6%
<b>Key Stage 1 reading</b>	75.5%	69.4%	80.7%	72.2%	64.5%
<b>Key Stage 1 writing</b>	68.2%	74.2%	84.3%	75.0%	67.4%
<b>Key Stage 1 mathematics</b>	75.1%	81.5%	85.5%	77.8%	80.3%
<b>Key Stage 1 combined</b>		69.4%	78.3%	69.4%	64.5%
<b>Key Stage 2 reading</b>	76.0%	63.0%	78.9%	87.5%	47.0%
<b>Key Stage 2 writing</b>	78.0%	78.6%	94.7%	93.7%	64.0%
<b>Key Stage 2 mathematics</b>	76.0%	72.4%	90.8%	87.5%	56.0%
<b>Key Stage 2 combined</b>	64.0%	58.3%	76.3%	81.3%	41.0%

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**Trustees' report (continued)**  
**For the year ended 31 August 2019**

**Key Performance Indicators**

The Trustees identified the following performance indicators for the Trust in 2018-19:

- School performance as detailed by the regulator (Ofsted)
- Latest pupil outcome performance targets
- Percentage of income received from ESFA spent on teaching staff
- Percentage of income received from ESFA spent on total staffing costs
- Amount of income spent on Agency Supply Staff and developing a recruitment and retention strategy to reduce these costs in 2018-19
- Ensuring financial stability for the future of the Trust with

**Going Concern**

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

**Financial Review**

In this financial period (1st September 2018 to 31st August 2019), the Academy Trust received the majority of its funding from the ESFA, however historical additional bulge classes continued following requests from the local authority (Kent County Council) in previous years at Thistle Hill Academy, Lansdowne Primary School and Finberry Primary School these were directly funded by the local authority.

Additional ring-fenced grants such as PE, Pupil Premium, UIFSM and Teacher Pay Grants were also received during the year from the ESFA. The Trust prides itself on ensuring that these grants are spent to ensure impact and legacy where possible.

The Trust was successful in being awarded 3 CIF bids during the year. 2 for Lansdowne Primary School and 1 for Richmond Academy resulting in an additional capital investment of over £612,000. This will represent a significant improvement to the buildings and infrastructure at both schools and will improve learning environments.

At the start of the period the Trust grew from 7 to 8 schools with the addition of Chilmington Green Primary School, as a new school this is funded based on guaranteed pupil numbers of 90 in 2018-19 with a 30 pupil increase until 2021-22. As a new school being housed in temporary accommodation, and no staff to TUPE into the Trust, no assets or pensions deficit were transferred on conversion.

The Trust continued to operate a policy of "top slicing" each academy to provide a range of services. These funds are held within the central account. The Board of Directors feel this top slicing achieves best value for money for all Trust schools. A comprehensive breakdown of this "top slicing" is detailed later in these accounts.

Within the period the COO has supported a number of other MATs with financial sustainability and growth planning. He also remained an active member of the ESFA user group sharing good practice and policy within the sector.

**Reserves Policy**

The Trustees have given consideration to a reserves policy, with the aim of creating reserves for future growth of the Trust. The level of reserves should never be in deficit. The Central Trust will hold reserves which will be accessible to each academy within the Trust. Although this will fluctuate it is estimated that the Central Trust free reserve will be between £50,000 - £100,000 in any academic year which has been met in the current year.

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**Trustees' report (continued)**  
**For the year ended 31 August 2019**

The Academy Trust has a pension liability of £3,384,000 as at 31 August 2019 which is included in restricted reserves. The disclosure does not mean that the liability is already committed and is no longer available to the Trustees to further the Academy Trust's objectives. Parliament has agreed, at the request of the Secretary of State for Education, in the event of academy closure, outstanding Local Government Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013. In the short term, the cash flow impact of having a pension scheme liability may be that employer contributions may increase to reduce the liability. The Academy Trust will always pay the employer contribution rates set by the pension scheme administrators.

Each year the Trustees review the resource requirements and income that is forecast for the next 3 years through a detailed budget plan which is formulated, challenged and approved before submitting to the ESFA.

**Investment Policy**

There are no investments held beyond cash deposits retained in Academy Trust bank accounts.

**Principal Risks and Uncertainties**

Recruitment and retention of high quality staff remains the principle risk to bringing about improvements across the Trust.

Recruitment and retention of local governors and Directors with the appropriate skills has become ever more challenging.

**Plans for Future Periods**

The Trust aims to continue to with its model of working in geographical hubs of approximately 4 academies.

3 academies within the Trust are due for expansion:

- Water Meadows Primary School (previously Hersden Village Primary School) from 0.5 FE to 2 FE. Building works commencing in March 2020, initially to extend to 1 FE in September 2020.
- Phase 2 of Finberry Primary School build extension from 1 FE to 2 FE commencing January 2020 for September 2020 opening.
- Chilmington Green Primary school, which opened in temporary accommodation in September 2018, is likely to remain on its temporary site until January 2021 due to delays in planning.

In light of the above school expansions, revise and evaluate leadership structures across the Trust.

Adopt new model Church Minority Articles of Association. Once adopted evaluate and revise current governance structure to address recruitment and retention issues and improve the effectiveness of governance across the Trust.

Revise the current Master and Supplementary funding agreements to take into account the revised articles and expansions of Trust schools.

The introduction of newly formed Church school's Committee (CSC) to ensure systems are in place that monitor the distinctiveness and effectiveness of Church of England schools within the Trust.

Undertake a comprehensive review of IT services to ensure Value for Money and quality of current provisions.

Due to the planned retirement of the current CEO, 31st August 2020, continue with the planned implement of the business plan agreed by the Board.

Implement a range of strategies to promote all academies within the Trust in order to increase overall pupil numbers.

The Trust plans to continue sharing good practice with other local MATs and support if requested.

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**Trustees' report (continued)**  
**For the year ended 31 August 2019**

**Funds held as Custodian Trustee on behalf of others**

The Trust does not hold any funds on behalf of others.

**Employees and disabled persons**

The Stour Academy Trust regularly reviews its Trust Accessibility Policies to ensure fair access to all employees including those registered as a disabled person. Occupational Health checks take place for all new employees to inform the Trust to any provisions that should be put in place to support employees, in addition current employees may also be referred to Occupational Health after periods of absences so allow the Trust to continue to support the employee. All staff have access to annual on-site health checks as well as a telephone counselling service.

**Political donations**

No political donations have taken place.

**Auditor**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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 the information.

The auditor, Kreston Reeves LLP, has indicated its willingness to continue in office. The Trustees will propose a motion re-appointing the auditor at the AGM.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 16 December 2019 and signed on its behalf by:



**Mrs F L Trigwell**  
Chair of Trustees

**The Stour Academy Trust**  
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**Governance Statement**

**Scope of responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer 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 The Stour 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 Trustees' Report and in the Statement of Trustee's responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Director				Meeting Attendance 2018/19	
Title	Forename	Surname	Governing Role	Meetings attended	Out of a possible
Mrs	Fiona	Trigwell	Director/Chair of the Board	5	6
Mrs	Claire	March	Vice Chair (Until 28.01.19)	2	2
Miss	Robyn	Ford	Director	5	6
Mr	Tejinder	Singh	Director	3	6
Mr	Simon	O'Keefe	Director / CEO	6	6
Mr	Daniel	Moore	Director	6	6
Miss	Rachael	Howell	Director / Deputy CEO	5	6
Mrs	Vicki	Standing	Director/Vice Chair	4	5
Mrs	Sarah	Wraight	Director	2	2
Mr	Olatunde	Aje	Director	2	2

Claire March was appointed as a new Member of the Trust during the period. Claire brought a range of educational experience as a former local governor and Director until 28.01.19.

The Chair of the Board, Mrs F Trigwell, was re-elected Chair in September 2019. Mrs Trigwell's wide experience in education and working in challenging schools has enhanced the Boards key purpose on raising standards.

Over the year the Board has increased in number to enhance the skills and expertise and continues to be a strength of the Trust.

Data provided by the Trust is comprehensive and runs alongside governor training and development to ensure clarity, understanding and challenge.

**Governance review:**

The Annual Review undertaken during the year identified further needs to enhance the skills and expertise of the Board of Trustees. A robust recruitment drive saw the appointment of 3 further Trustees.

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**Governance Statement (continued)**

**Review of value for money**

As Accounting Officer the Chief Executive Officer 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 supported by the COO for the Academy Trust has delivered improved value for money during the year by:

- Consolidating Trust service contracts alongside the 5-year procurement calendar where possible to achieve greater savings and concise management of services
- Completing the implementation of a Trust wide phone system which saves money as Trust school to school calls are no longer chargeable
- Moving the post of Head Teacher at our 2 smallest schools into a class based teaching role to allow the schools to have more financial investments in other areas such as IT
- Outsourced the CEO as NLE and COO on various projects to raise an additional income
- Introduced a new parental communication package which combined a number of services paid for separately into a concise and cheaper system

**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 The Stour Academy Trust for the period 1st September 2018 to 31 August 2019 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 1st September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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**Governance Statement (continued)**

**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 Trustees 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 Kreston Reeves LLP as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of income
- testing of Accounting systems
- testing of control account/bank reconciliations

On a quarterly basis, the auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The internal auditor carried out all work as per the schedule of planned work.

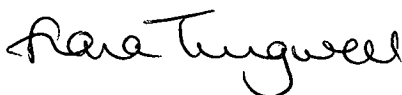
**Review of effectiveness**

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

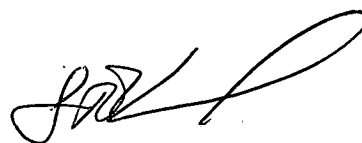
- the work of the internal auditor
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees 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 16 December 2019 and signed on their behalf by:



**Mrs F L Trigwell**  
Chair of Trustees



**Mr S J O'Keefe**  
Accounting Officer

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of The Stour Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, 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 2018.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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



**Mr S J O'Keefe**  
Accounting Officer  
Date: 16 December 2019



**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Statement of Trustees' responsibilities**  
**For the year ended 31 August 2019**

The Trustees (who 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 Academies Accounts Direction published by the Education & 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:

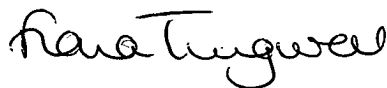
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 16 December 2019 and signed on its behalf by:



**Mrs F L Trigwell**  
Chair of Trustees

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Independent auditors' Report on the financial statements to the Members of The Stour Academy Trust**

**Opinion**

We have audited the financial statements of The Stour Academy Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

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 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Independent auditors' Report on the financial statements to the Members of The Stour Academy Trust**  
**(continued)**

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. 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, we are required to report that fact.

We have nothing to report in this regard.

**Opinion 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 including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Independent auditors' Report on the financial statements to the Members of The Stour Academy Trust**  
**(continued)**

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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 Auditors' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Independent auditors' Report on the financial statements to the Members of The Stour Academy Trust**  
**(continued)**

**Use of our report**

This report is made solely to the Academy Trust'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 Trust'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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Kreston Reeves LLP*

**Robert Sellers FCCA (Senior statutory auditor)**

for and on behalf of  
**Kreston Reeves LLP**

Statutory Auditor  
Chartered Accountants

Canterbury

16 December 2019

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Independent Reporting Accountant's Assurance Report on Regularity to The Stour Academy Trust and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 20 October 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Stour Academy Trust during the year 1 September 2018 to 31 August 2019 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 The Stour Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Stour Academy Trust 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 The Stour Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Stour Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Stour Academy Trust's funding agreement with the Secretary of State for Education dated 31 August 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Independent Reporting Accountant's Assurance Report on Regularity to The Stour Academy Trust and the Education & Skills Funding Agency (continued)**  
**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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.

**Work undertaken**

The work undertaken to draw to our conclusion includes:

- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Reviewed that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Governing Body minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with.

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Kreston Reeves LLP*

**Kreston Reeves LLP**

Reporting Accountant  
Chartered Accountants  
Canterbury

Date: 16 December 2019

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Statement of financial activities (incorporating income and expenditure account)**  
**For the year ended 31 August 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income from:</b>						
Donations and capital grants	3	109,180	-	739,060	848,240	299,659
Charitable activities	4	-	9,556,088	-	9,556,088	8,911,724
Other trading activities		347,332	-	-	347,332	321,516
<b>Total income</b>		<b>456,512</b>	<b>9,556,088</b>	<b>739,060</b>	<b>10,751,660</b>	<b>9,532,899</b>
<b>Expenditure on:</b>						
Charitable activities	6	217,654	10,082,847	458,548	10,759,049	9,804,559
<b>Total expenditure</b>		<b>217,654</b>	<b>10,082,847</b>	<b>458,548</b>	<b>10,759,049</b>	<b>9,804,559</b>
<b>Net income/(expenditure)</b>		<b>238,858</b>	<b>(526,759)</b>	<b>280,512</b>	<b>(7,389)</b>	<b>(271,660)</b>
Transfers between funds	16	(115,758)	63,570	52,188	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>123,100</b>	<b>(463,189)</b>	<b>332,700</b>	<b>(7,389)</b>	<b>(271,660)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	21	-	(700,000)	-	(700,000)	738,000
<b>Net movement in funds</b>		<b>123,100</b>	<b>(1,163,189)</b>	<b>332,700</b>	<b>(707,389)</b>	<b>466,340</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		196,315	(1,491,731)	18,826,415	17,530,999	17,064,659
Net movement in funds		123,100	(1,163,189)	332,700	(707,389)	466,340
<b>Total funds carried forward</b>		<b>319,415</b>	<b>(2,654,920)</b>	<b>19,159,115</b>	<b>16,823,610</b>	<b>17,530,999</b>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 25 to 52 form part of these financial statements.

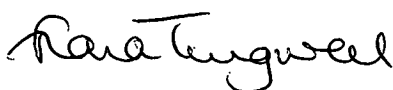


**The Stour Academy Trust**  
**(A company limited by guarantee)**  
**Registered number: 08179242**

**Balance sheet**  
**As at 31 August 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Fixed assets</b>			
Tangible assets	12	18,872,954	18,782,342
<b>Current assets</b>			
Debtors	13	443,762	269,610
Cash at bank and in hand		1,549,687	1,159,523
		<u>1,993,449</u>	<u>1,429,133</u>
Creditors: amounts falling due within one year	14	(651,703)	(393,378)
<b>Net current assets</b>		<u>1,341,746</u>	<u>1,035,755</u>
<b>Total assets less current liabilities</b>		<u>20,214,700</u>	<u>19,818,097</u>
Creditors: amounts falling due after more than one year	15	(7,090)	(30,098)
<b>Net assets excluding pension liability</b>		<u>20,207,610</u>	<u>19,787,999</u>
Defined benefit pension scheme liability	21	(3,384,000)	(2,257,000)
<b>Total net assets</b>		<u><u>16,823,610</u></u>	<u><u>17,530,999</u></u>
<b>Funds of the Academy Trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	16	19,159,115	18,826,415
Restricted income funds	16	729,080	765,269
Restricted funds excluding pension asset	16	19,888,195	19,591,684
Pension reserve	16	(3,384,000)	(2,257,000)
<b>Total restricted funds</b>	16	<u>16,504,195</u>	<u>17,334,684</u>
<b>Unrestricted income funds</b>	16	<u>319,415</u>	<u>196,315</u>
<b>Total funds</b>		<u><u>16,823,610</u></u>	<u><u>17,530,999</u></u>

The financial statements on pages 22 to 52 were approved by the Trustees, and authorised for issue on 16 December 2019 and are signed on their behalf, by:



**Mrs F L Trigwell**  
Chair of Trustees

The notes on pages 25 to 52 form part of these financial statements.

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Statement of cash flows**  
**For the year ended 31 August 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	<b>88,865</b>	225,302
<b>Cash flows from investing activities</b>	19	<b>301,299</b>	<b>96,881</b>
<b>Change in cash and cash equivalents in the year</b>		<b>390,164</b>	<b>322,183</b>
Cash and cash equivalents at the beginning of the year		<b>1,159,523</b>	837,340
<b>Cash and cash equivalents at the end of the year</b>	20	<b>1,549,687</b>	<b>1,159,523</b>

The notes on pages 25 to 52 form part of these financial statements

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2019**

**1. Accounting policies**

The Stour Academy Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Park View, Sturry, Canterbury, CT2 0NR. The Academy Trust's main objective is to advance for the public benefit of education in the United Kingdom, in particular without prejudice to the generality of the forgoing by establishing, maintaining, managing and developing Academies within the Trust.

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Stour Academy Trust meets the definition of a public benefit entity under FRS 102.

The academy trust's functional and presentational currency is Pounds Sterling.

The academy trust's financial statements are presented to the nearest pound.

**1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust 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.

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2019**

**1. Accounting policies (continued)**

**1.3 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**

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 year is deducted from income and recognised as a liability.

**Capital grants**

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance sheet 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.

- **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.

- **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 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 'Income from Donations and Capital Grants' to the net assets acquired.

**1.4 Expenditure**

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

- **Charitable activities**

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.

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2019**

**1. Accounting policies (continued)**

**1.5 Interest receivable**

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

**1.6 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.7 Tangible fixed assets**

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

*Premises occupied under a licence by church academies*

The Incumbent and Churchwardens of the Parish of Sturry in the Diocese of Canterbury and the Rector and Churchwardens of the Parish of Adisham own the legal titles of land and freehold property for the church academies the Trust operate. In these circumstances, the Academy Trust's rights over the premises are considered to meet the definition of an asset as the Academy Trust has control over the premises. Accordingly the Academy Trust recognises these premises as a fixed asset on its balance sheet. There are no formal leases in place and The Incumbent and Churchwardens of the Parish of Sturry in the Diocese of Canterbury and the Rector and Churchwardens of the Parish of Adisham do not charge any rent for the use of these properties.

*Premises leased from local authorities*

Land, buildings and playing fields occupied under 125 year leases from a local authority are recognised as a fixed asset in the academy trust balance sheet at fair value.

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

**The Stour Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2019**

**1. Accounting policies (continued)**

**1.7 Tangible fixed assets (continued)**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land and assets under construction. 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 leasehold property	- over 50 years straight line
Furniture and equipment	- over 5 years straight line
Computer equipment	- over 3 years straight line

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.

**1.8 Debtors**

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

**1.9 Cash at bank and in hand**

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

**1.10 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.

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**The Stour Academy Trust**  
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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**1. Accounting policies (continued)**

**1.11 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 bases 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 13. Prepayments are not financial instruments. Amounts due to the Academy Trust'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 notes 14 and 15. 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 the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

**1.12 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**1.13 Pensions**

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 so as 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 on the basis of 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.

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.

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**Notes to the financial statements**  
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**1. Accounting policies (continued)**

**1.14 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 Department for Education Group.

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



**Notes to the financial statements**  
**For the year ended 31 August 2019**

**2. Critical accounting estimates and areas of judgment**

Estimates and judgments 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.

**Multi-employer defined benefit pension scheme**

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

**Tangible fixed assets**

The Academy Trust has recognised tangible fixed assets with a carrying value of £18,872,954 at the reporting date (see note 12). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the governors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

The Academy Trust originally recognised long term leasehold property which now have a carrying value of £5,751,289 which are subject to Church supplemental agreements. It is the Trustees opinion that this Church Supplemental Agreement constitutes a long term lease with substantially all the risks and rewards of ownership of the land and buildings transferring to The Stour Academy Trust and consequently the value of the land and buildings have been included above in long term leasehold property.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**2. Critical accounting estimates and areas of judgment (continued)**

Critical areas of judgment:

**Land and buildings**

It is the opinion of the Trustees that the Trust exercises control over the long leasehold property subject to Church supplemental agreements and therefore the value of land and buildings has been recognised as an asset of the Trust.

**Lease commitments**

The Academy Trust has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the governors to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

**Multi-employer defined benefit pension scheme**

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the governors, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 21 for further details.

**Going concern**

In the judgement of the Governors it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 1.2 for further details.

**3. Income from donations and capital grants**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted fixed asset funds 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Donations	109,180	-	109,180	10,213
Capital Grants	-	739,060	739,060	289,446
	<u>109,180</u>	<u>739,060</u>	<u>848,240</u>	<u>299,659</u>
Total 2018	<u>10,213</u>	<u>289,446</u>	<u>299,659</u>	

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**4. Funding for the Academy's educational operations**

	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	7,234,583	<b>7,234,583</b>	6,937,597
Other DfE/ESFA grants	1,303,294	<b>1,303,294</b>	1,160,112
	<b>8,537,877</b>	<b>8,537,877</b>	8,097,709
<b>Other government grants</b>			
Local authority grants	1,018,211	<b>1,018,211</b>	814,015
<b>Total 2019</b>	<b>9,556,088</b>	<b>9,556,088</b>	8,911,724

**5. Other trading activities**

	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Residential trip income	24,949	<b>24,949</b>	45,581
Contributions to visits	26,150	<b>26,150</b>	22,668
Income from facilities/services	34,219	<b>34,219</b>	73,569
Catering income	-	-	52,213
Breakfast/after school club income	189,560	<b>189,560</b>	91,817
Other income	72,454	<b>72,454</b>	35,668
<b>Total</b>	<b>347,332</b>	<b>347,332</b>	321,516
<b>Total 2018</b>	<b>321,516</b>	<b>321,516</b>	

**6. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2019 £</b>	<b>Support costs 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Educational operations	5,549,258	5,209,791	<b>10,759,049</b>	9,804,559
<b>Total 2018</b>	<b>4,584,014</b>	<b>5,220,545</b>	<b>9,804,559</b>	

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**6. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Staff costs	4,610,373	3,662,079
Books, stationery and materials	523,991	425,655
Other educational supplies & services	41,952	40,219
Staff development & other staff costs	179,047	175,514
Agency staff	193,895	280,547
	<b>5,549,258</b>	<b>4,584,014</b>

**Analysis of support costs**

	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
FRS102 pension finance cost	55,000	62,000
Staff costs	3,007,418	3,232,167
Depreciation	399,425	420,596
Maintenance of premises	204,663	151,068
Cleaning	158,076	149,023
Other educational supplies & services	-	60
Premises insurance	63,309	54,839
ICT (not capitalised)	182,866	147,724
Catering costs	385,047	332,251
Other occupancy costs	120,522	105,241
Security	4,762	13,125
Capital expenditure (items less than £5,000)	59,123	78,105
Water	28,903	42,470
Energy	154,195	103,817
Furniture and equipment (items less than £5,000)	52,385	26,212
Loan interest	520	626
Professional fees	133,036	83,060
Other services and supplies	200,541	218,161
	<b>5,209,791</b>	<b>5,220,545</b>

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**7. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Operating lease rentals	<b>25,978</b>	16,524
Depreciation of tangible fixed assets	<b>399,428</b>	420,596
Fees paid to auditors for:		
- audit	<b>21,050</b>	20,255
- other services	<b>16,400</b>	15,630

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**8. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	5,829,679	5,235,560
Social security costs	484,948	433,321
Pension costs	1,303,164	1,197,966
	<u>7,617,791</u>	<u>6,866,847</u>
Agency staff costs	193,895	280,547
Staff restructuring costs	-	27,400
	<u><u>7,811,686</u></u>	<u><u>7,174,794</u></u>

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	-	27,400
	<u>-</u>	<u>27,400</u>

**b. Non-statutory/non-contractual staff severance payments**

In the previous year in staff restructuring costs are non-statutory/non-contractual severance payments totalling £27,400. Individually, the payments were: £10,350 made on 16 January 2018, £6,200 made on 18 January 2018 and £10,850 made on 15 May 2018.

**c. Staff numbers**

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

	2019 No.	2018 No.
Teachers	109	89
Administration and support	194	204
Management	5	5
	<u>308</u>	<u>298</u>

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**8. Staff costs (continued)**

**d. Higher paid staff**

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

	<b>2019 No.</b>	<b>2018 No.</b>
In the band £60,001 - £70,000	<b>3</b>	<b>3</b>
In the band £70,001 - £80,000	<b>2</b>	<b>-</b>
In the band £80,001 - £90,000	<b>1</b>	<b>-</b>
In the band £90,001 - £100,000	<b>-</b>	<b>1</b>
In the band £120,001 - £130,000	<b>1</b>	<b>1</b>

**e. Key management personnel**

The key management personnel of the Academy Trust comprise the trustees and senior management team as listed on page 1. The total salaries received by key management personnel for their services to the Academy Trust was £378,277 (2018: £367,409). Employer pension contributions were a total of £31,828 (2018: 30,476) and employer national insurance contributions were a total of £45,644 (2018: £44,527).

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**Notes to the financial statements**  
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**9. Central services**

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

- Leadership
- Personnel and Administration services
- Others as arising

The Academy Trust charges for these services on the following basis:

**Central Services - 7%**

- Trust Leadership
- Trust CPD
- Marketing resources
- Trust Finance and HR Services

**School Improvement Services 2%**

- Lead Practitioners

**Safeguarding Services 1%**

- Safeguarding Lead x 2
- Safeguarding Software
- Safeguarding CPD

**Trust Services 1.5%**

- Software: Buildings Management and Assessment
- Speech and Language Therapist
- Audit, banking and legal fees

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Sturry Church of England Primary School	155,550	172,756
Water Meadows Primary School	50,488	56,157
Lansdowne Primary School	144,678	153,882
Adisham Church of England Primary School	49,051	51,471
Finberry Primary School	86,177	81,198
Thistle Hill Academy	142,898	139,871
Richmond Academy	177,442	194,918
Chilmington Green Primary School	47,922	-
<b>Total</b>	<b>854,206</b>	<b>850,253</b>



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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**10. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
S O'Keefe, Chief Executive Officer and Trustee	Remuneration	<b>120,000 -</b>	125,000 -
		<b>125,000</b>	130,000
	Pension contributions paid	<b>Nil</b>	Nil
R Howell, Deputy CEO and Trustee	Remuneration	<b>85,000 -</b>	90,000 -
		<b>90,000</b>	95,000
	Pension contributions paid	<b>15,000 -</b>	15,000 -
		<b>20,000</b>	20,000

During the year ended 31 August 2019, travel and subsistence expenses totalling £423 were reimbursed or paid directly to 3 Trustees (2018 - £403 to 1 Trustee).

**11. Trustees' and Officers' insurance**

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the Academy Trust's insurance policy.

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**12. Tangible fixed assets**

	Long-term leasehold property £	Assets under construction £	Furniture & equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 September 2018	19,400,061	-	292,783	393,459	20,086,303
Additions	159,106	193,224	3,743	133,967	490,040
Disposals	-	-	-	(28,697)	(28,697)
At 31 August 2019	<u>19,559,167</u>	<u>193,224</u>	<u>296,526</u>	<u>498,729</u>	<u>20,547,646</u>
<b>Depreciation</b>					
At 1 September 2018	935,357	-	93,845	274,759	1,303,961
Charge for the year	283,583	-	56,184	59,661	399,428
On disposals	-	-	-	(28,697)	(28,697)
At 31 August 2019	<u>1,218,940</u>	<u>-</u>	<u>150,029</u>	<u>305,723</u>	<u>1,674,692</u>
<b>Net book value</b>					
At 31 August 2019	<u>18,340,227</u>	<u>193,224</u>	<u>146,497</u>	<u>193,006</u>	<u>18,872,954</u>
At 31 August 2018	<u>18,464,704</u>	<u>-</u>	<u>198,938</u>	<u>118,700</u>	<u>18,782,342</u>

Included in long term leasehold property is leasehold land at cost of £5,314,000 (2018: £5,314,000) which is not depreciated.

**13. Debtors**

	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	-	34,177
Other debtors	15,712	60,046
Prepayments and accrued income	428,050	175,387
	<u>443,762</u>	<u>269,610</u>

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**Notes to the financial statements**  
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**14. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Other loans	22,431	22,103
Trade creditors	9,776	12,933
Accruals and deferred income	619,496	358,342
	<u>651,703</u>	<u>393,378</u>
	2019 £	2018 £
Deferred income at 1 September 2018	196,328	149,267
Resources deferred during the year	173,704	196,328
Amounts released from previous periods	(196,328)	(149,267)
	<u>173,704</u>	<u>196,328</u>

At the balance sheet date the Academy Trust was holding funds received in advance of the 2019/20 financial year in respect of free school meals and rates.

**15. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Other loans	7,090	30,098

Other loans comprise a long term loan from Kent County Council attracting interest at a rate of 1% per annum. The loan was inherited from the predecessor school, Lansdowne Primary School upon conversion to the Academy Trust.

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**16. Statement of funds**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>						
Unrestricted revenue fund	249,197	456,512	(217,134)	(139,119)	-	349,456
Deficit on conversion	(52,882)	-	(520)	23,361	-	(30,041)
	<u>196,315</u>	<u>456,512</u>	<u>(217,654)</u>	<u>(115,758)</u>	<u>-</u>	<u>319,415</u>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	697,269	7,234,583	(7,266,342)	63,570	-	729,080
Other DfE / ESFA grant	-	1,303,294	(1,303,294)	-	-	-
Other government grant	68,000	1,018,211	(1,086,211)	-	-	-
Pension reserve	(2,257,000)	-	(427,000)	-	(700,000)	(3,384,000)
	<u>(1,491,731)</u>	<u>9,556,088</u>	<u>(10,082,847)</u>	<u>63,570</u>	<u>(700,000)</u>	<u>(2,654,920)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	18,782,342	-	(399,425)	490,040	-	18,872,957
DfE/ESFA capital grants	44,073	739,060	(59,123)	(437,852)	-	286,158
	<u>18,826,415</u>	<u>739,060</u>	<u>(458,548)</u>	<u>52,188</u>	<u>-</u>	<u>19,159,115</u>
<b>Total Restricted funds</b>	<u>17,334,684</u>	<u>10,295,148</u>	<u>(10,541,395)</u>	<u>115,758</u>	<u>(700,000)</u>	<u>16,504,195</u>
<b>Total funds</b>	<u>17,530,999</u>	<u>10,751,660</u>	<u>(10,759,049)</u>	<u>-</u>	<u>(700,000)</u>	<u>16,823,610</u>

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

Unrestricted funds are applied to the general work of the Academy Trust to support activities inside and outside the curriculum.

GAG represents funds to be used to cover the normal running costs of the Academy Trust

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**Notes to the financial statements**  
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**16. Statement of funds (continued)**

Other DfE/ESFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

DfE/ESFA capital grants funds is to provide the Academy Trust with its own capital money to address improvements to buildings and other facilities. The balance on the fund represents unspent capital grant money to be spent in the first school term of 2019/20.

The Restricted fixed asset fund represents the leasehold land and buildings and other assets which were donated upon conversion to academy status, the value of fixed assets purchased since conversion including depreciation to the balance sheet date.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Sturry Church of England Primary School	71,408	120,749
Water Meadows Primary School	65,163	31,657
Lansdowne Primary School	219,971	100,503
Adisham Church of England Primary School	42,860	42,809
Finberry Primary School	132,954	159,583
Thistle Hill Academy	95,353	173,142
Richmond Academy	275,780	241,153
Chilmington Primary School	124,602	-
The Stour Academy Trust	20,404	91,988
Total before fixed asset funds and pension reserve	1,048,495	961,584
Restricted fixed asset fund	19,159,115	18,826,415
Pension reserve	(3,384,000)	(2,257,000)
<b>Total</b>	<b>16,823,610</b>	<b>17,530,999</b>

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**16. Statement of funds (continued)**

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Sturry Church of England Primary School	1,027,622	195,943	93,392	275,642	<b>1,592,599</b>	1,671,895
Water Meadows Primary School	261,658	65,412	31,447	101,332	<b>459,849</b>	473,961
Lansdowne Primary School	931,647	164,615	83,117	273,920	<b>1,453,299</b>	1,514,985
Adisham Church of England Primary School	269,548	57,869	41,127	97,978	<b>466,522</b>	309,056
Finberry Primary School	749,968	132,856	73,839	173,408	<b>1,130,071</b>	1,172,785
Thistle Hill Academy	992,628	194,236	92,237	241,054	<b>1,520,155</b>	1,416,826
Richmond Academy	1,238,875	284,029	73,377	298,953	<b>1,895,234</b>	2,020,384
Chilmington Primary School	217,749	45,138	44,013	128,543	<b>435,443</b>	-
The Stour Academy Trust	897,420	318,610	39,354	151,068	<b>1,406,452</b>	804,071
<b>Academy Trust</b>	<b>6,587,115</b>	<b>1,458,708</b>	<b>571,903</b>	<b>1,741,898</b>	<b>10,359,624</b>	<b>9,383,963</b>

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**16. Statement of funds (continued)**

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
Unrestricted revenue fund	141,001	331,729	(183,499)	(40,034)	-	249,197
Deficit on conversion	(74,229)	-	(626)	21,973	-	(52,882)
	<u>66,772</u>	<u>331,729</u>	<u>(184,125)</u>	<u>(18,061)</u>	<u>-</u>	<u>196,315</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	552,672	6,937,597	(6,432,606)	(360,394)	-	697,269
Other DfE/ESFA grants	-	1,160,112	(1,160,112)	-	-	-
Other government grants	-	814,015	(746,015)	-	-	68,000
Pension reserve	(2,569,000)	-	(783,000)	357,000	738,000	(2,257,000)
	<u>(2,016,328)</u>	<u>8,911,724</u>	<u>(9,121,733)</u>	<u>(3,394)</u>	<u>738,000</u>	<u>(1,491,731)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	19,010,372	-	(403,006)	174,976	-	18,782,342
DfE/ESFA capital grants	3,843	289,446	(95,695)	(153,521)	-	44,073
	<u>19,014,215</u>	<u>289,446</u>	<u>(498,701)</u>	<u>21,455</u>	<u>-</u>	<u>18,826,415</u>
<b>Total Restricted funds</b>	<u>16,997,887</u>	<u>9,201,170</u>	<u>(9,620,434)</u>	<u>18,061</u>	<u>738,000</u>	<u>17,334,684</u>
<b>Total funds</b>	<u>17,064,659</u>	<u>9,532,899</u>	<u>(9,804,559)</u>	<u>-</u>	<u>738,000</u>	<u>17,530,999</u>

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**17. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Restricted fixed asset funds 2019 £</b>	<b>Total funds 2019 £</b>
Tangible fixed assets	-	-	18,872,954	<b>18,872,954</b>
Current assets	301,575	1,407,055	286,161	<b>1,994,791</b>
Creditors due within one year	24,930	(677,975)	-	<b>(653,045)</b>
Creditors due in more than one year	(7,090)	-	-	<b>(7,090)</b>
Provisions for liabilities and charges	-	(3,384,000)	-	<b>(3,384,000)</b>
<b>Total</b>	<b>319,415</b>	<b>(2,654,920)</b>	<b>19,159,115</b>	<b>16,823,610</b>

**Analysis of net assets between funds - prior year**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Restricted fixed asset funds 2018 £</b>	<b>Total funds 2018 £</b>
Tangible fixed assets	-	-	18,782,342	<b>18,782,342</b>
Current assets	248,522	1,136,538	44,073	<b>1,429,133</b>
Creditors due within one year	(22,109)	(371,269)	-	<b>(393,378)</b>
Creditors due in more than one year	(30,098)	-	-	<b>(30,098)</b>
Provisions for liabilities and charges	-	(2,257,000)	-	<b>(2,257,000)</b>
<b>Total</b>	<b>196,315</b>	<b>(1,491,731)</b>	<b>18,826,415</b>	<b>17,530,999</b>



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**18. Reconciliation of net expenditure to net cash flow from operating activities**

	2019 £	2018 £
<b>Adjustments for:</b>		
Depreciation	399,425	420,596
Capital grants from DfE and other capital income	(791,339)	(289,446)
Defined benefit pension scheme cost less contributions payable	427,000	426,000
Increase in debtors	(222,855)	(12,262)
Increase/(decrease) in creditors	284,023	(47,926)
<b>Net cash provided by operating activities</b>	<b>88,865</b>	<b>225,302</b>

**19. Cash flows from investing activities**

	2019 £	2018 £
Purchase of tangible fixed assets	(490,040)	(192,565)
Capital grants from DfE Group	791,339	289,446
<b>Net cash provided by investing activities</b>	<b>301,299</b>	<b>96,881</b>

**20. Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash in hand	1,549,687	1,159,523
<b>Total cash and cash equivalents</b>	<b>1,549,687</b>	<b>1,159,523</b>

**21. Pension commitments**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' 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 Kent County Council. Both are multi-employer defined benefit schemes.

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

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

**Notes to the financial statements**  
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**21. Pension commitments (continued)**

**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 full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £562,680 (2018 - 487,213).

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 Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

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**21. Pension commitments (continued)**

**Local Government Pension Scheme**

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 2019 was £469,000 (2018 - £458,000), of which employer's contributions totalled £365,000 (2018 - £357,000) and employees' contributions totalled £ 104,000 (2018 - £101,000). The agreed contribution rates for future years are 20 per cent for employers and 5.5 - 12.5 per cent 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.

**Principal actuarial assumptions**

	2019 %	2018 %
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.90	2.65

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.1	23.1
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.7	25.3
Females	25.8	27.5

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	(185,000)	(138,000)
Discount rate -0.1%	190,000	142,000
Mortality assumption - 1 year increase	237,000	168,000
Mortality assumption - 1 year decrease	(230,000)	(163,000)
Salary rate +0.1%	20,000	15,000
Salary rate -0.1%	(19,000)	(15,000)

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**21. Pension commitments (continued)**

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,446,000	2,036,000
Gilts	26,000	23,000
Other bonds	324,000	265,000
Property	419,000	369,000
Cash and other liquid assets	96,000	91,000
Absolute return fund	279,000	202,000
<b>Total market value of assets</b>	<b>3,590,000</b>	<b>2,986,000</b>

The actual return on scheme assets was £145,000 (2018 - £117,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(642,000)	(720,000)
Past service cost	(94,000)	-
Interest income	85,000	69,000
Interest cost	(140,000)	(131,000)
Administrative expenses	(1,000)	(1,000)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(792,000)</b>	<b>(783,000)</b>

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

	2019 £	2018 £
<b>At 1 September</b>	<b>5,243,000</b>	<b>4,999,000</b>
Current service cost	642,000	720,000
Interest cost	140,000	131,000
Employee contributions	104,000	101,000
Actuarial losses/(gains)	760,000	(690,000)
Benefits paid	(9,000)	(18,000)
Past service costs	94,000	-
<b>At 31 August</b>	<b>6,974,000</b>	<b>5,243,000</b>

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**21. Pension commitments (continued)**

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

	2019 £	2018 £
<b>At 1 September</b>	<b>2,986,000</b>	<b>2,430,000</b>
Interest income	85,000	69,000
Actuarial gains	60,000	48,000
Employer contributions	365,000	357,000
Employee contributions	104,000	101,000
Benefits paid	(9,000)	(18,000)
Administration expenses	(1,000)	(1,000)
<b>At 31 August</b>	<b>3,590,000</b>	<b>2,986,000</b>

The valuation allows for the estimated impact of the recent McCloud judgement as a past service cost. The estimated impact on the total liabilities as at 31 August 2019 is £94,000 (or 1.4% as a percent of total liabilities).

**22. Operating lease commitments**

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	32,010	34,187
Later than 1 year and not later than 5 years	25,183	50,487
	<b>57,193</b>	<b>84,674</b>

**23. 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.

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**24. Related party transactions**

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year Mr M Tottman, Mrs J Howell and Mrs V Shrivell, close family of Mrs V Tottman, Miss R Howell and Mr T Cullen, members of Key Management Personnel, were employed by the Academy Trust and were remunerated £18,363 (2018: £11,155), £12,887 (2018: £12,039) and £35,078 (2018: £30,263) respectively. Mrs V Tottman, Miss R Howell and Mr T Cullen were not involved in the selection process and did not influence the decision. The relationships were declared to the Academy Trust and included on the register of business interests.

During the year, there was transactions of £654 (2018: £Nil) to Ethos School Improvement Limited, of which Miss Ford is also a director.