

St Stephen's Church of England Multi Academy Trust

(A Company Limited by Guarantee)

**Annual Report and Financial Statements
Period 16 May 2017 to 31 August 2017**

Company Registration Number
10773530 (England and Wales)

**Feltons
Chartered Accountants**

**Birmingham
B1 3JR**



St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Report and Financial Statements
Period ended 31 August 2017

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Reference and Administrative Details

Members	R Whitehouse (appointed 16 th May 2017) J Bickley (appointed 16 th May 2017) C Banks (appointed 16 th May 2017) CECET (appointed 16 th May 2017).
Trustees	R Whitehouse (Chair, appointed 16 th May 2017) J Bickley (appointed 16 th May 2017) W Downing (appointed 16 th May 2017) J Whitehouse (appointed 16 th May 2017) P Flynn (appointed 16 th May 2017) M Smith (appointed 16 th May 2017) I Stockton (appointed 16 th May, resigned 19 th September 2017)
Company secretary	K Banks
Senior management team	St Stephen's Church of England Primary School W Downing, Executive Headteacher S Horton, Deputy Headteacher R Antonic, Assistant Headteacher N Pearce, Numeracy Lead Parkfield Primary School W Downing, Executive Headteacher J Price, Head of School M Cross, Assistant Headteacher I Upstone, EYFS and KS1 Lead K Banks, Trust Business Manager
Company name	St Stephen's Church of England Multi Academy Trust
Principal and registered office	Woden Road Wolverhampton West Midlands WV10 0BB
Company registration number	10773530
Independent auditor	Feltons 8 Sovereign Court 8 Graham Street Birmingham B1 3JR
Bankers	Lloyds Bank 3 rd Floor, Queen Square Wolverhampton WV1 1TF
Solicitors	Howes Percival LLP Nene House 4 Rushmills Northampton Northamptonshire NN4 7YB

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Trustees' report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 16 May 2017 to 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The multi academy operates two primary schools serving catchment areas in Wolverhampton which are:

- St Stephen's Church of England Primary Academy
- Parkfield Primary Academy

They have a combined pupil capacity of 420 plus 25 in nursery and had a roll of 420 plus 17 in nursery in the school census on 5 October 2017.

Conversion to academy trust

The company was incorporated at Companies House on 16 May 2017. The signed commercial transfer agreements were dated 31 May 2017 with academy conversion dates of 1 June 2017.

Structure, Governance and Management

Constitution

The multi 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 multi academy trust. The Trustees of St Stephen's Church of England Multi Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as St Stephen's Church of England Multi Academy Trust.

Details of the trustees who served during the period 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

In accordance with normal commercial practice the multi academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on multi academy business. The insurance provides cover up to £5,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

The management of the academy is the responsibility of the Trustees who are appointed or elected under the terms of the Trust deed.

Full details are laid out in the Trust Articles of Association. The number of Trustees shall not be less than three (unless otherwise determined by ordinary resolution) and shall not be subject to any maximum.

Subject to Articles 45-56, the Academy Trust shall have the following Trustees:

- a) Up to 8 Trustees, appointed under article 50;
- b) At least 2 and up to 3 Trustees, appointed under and subject to Article 50AA;

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Trustees' report (continued)

- c) The Chief Executive Officer; and
- d) Parent Trustees are appointed under Articles 53 – 56 in the event that no provision is made for parent representatives on the LGB's under Article 101A.

Members may appoint up to 8 Trustees and CECET shall appoint at least 2 and up to 3 Trustees provided that the total number of Trustees appointed would not exceed 25% of the total number of Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

Upon appointment, all Trustees attended a training session delivered by the Trust's Solicitors that covered Governance, Trustees Roles and Responsibilities. Trustees also received a pack containing key Trust documents. A Governance Training SLA package is also purchased from Services 4 Schools which is extended to Trustees.

Organisational structure

Members of the Trust meet annually and have an overall framework for the Governance of all academies operating within the Trust.

The board of Trustees meet on at least a termly basis and make all major decisions about the strategic direction of the Trust.

The board is supported by the:

- Finance, Audit and General Purposes Committee
- Site, Health and Safety Committee
- Pay Committee
- Head Teacher Performance Management
- Appeals Committee

Each Academy has its own Local Governing Body that meets at least termly with responsibility for local financial decisions, achievement and curriculum related matters.

The Accounting Officer for the Trust is the Executive Headteacher.

Arrangements for setting pay and remuneration of key management personnel

Decisions in relation to all members of the Leadership Team, including the Executive Headteacher are reviewed and implemented in accordance with the Trust's Pay Policy by the Pay Committee.

Related parties and other Connected Charities and Organisations

Connected charities or organisations during the period are described in note 23 related party transactions.

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Trustees' report (continued)

Objectives and activities

Objects and aims

The strategic goal of St Stephen's Church of England Multi Academy Trust is to provide a broad and balanced curriculum to all pupils in accordance with the funding agreement between the multi academy trust and the Department for Education.

Objectives, strategies and activities

St Stephen's Church of England Multi Academy Trust is a newly formed trust which developed from the desire and passion that we have nurtured and established here at St Stephen's Church of England Primary School.

It is our mission to ensure that every child who attends a school within our MAT:

- has the opportunity to grow and develop in a supportive environment;
- has access to provision with excellent standards and outstanding progress that permeates across the school;
- accesses an inspiring, broad and balanced curriculum that is tailored to meet their needs;
- is able to celebrate and develop their talents;
- sees learning as being fun, real and engaging;
- works in harmony with the community;
- is valued in God's eye and as a unique individual;
- develops lifelong friendships, perseveres, is respectful, compassionate, tolerant and trusting.

It is our mission to ensure that every member of staff within our MAT:

- is a valued member of the team, where their successes are celebrated and their aspirations are nurtured;
- accesses high quality professional development tailored to their individual needs and professional aspirations;
- learns from each other and shares outstanding practice to support our pupils on their journey with us.

We are very proud of our achievements at St Stephen's Church of England Primary School and our success has been built on the underpinning promise that,

'We will not make excuses, we will not make false promises, but we will insist that all children have the same life chances and opportunities.'

There is no such thing as failure within our Trust, only exciting, new learning opportunities which we can build on to enable our pupils to become well rounded, resilient individuals who are well prepared for the next stage of their education.

Public benefit

In setting our objectives and planning our activities, the board of trustees has given careful consideration to the general guidance on public benefit published by the Charity Commission on their website at www.gov.uk/topic/running-charity/managing-charity in exercising their powers or duties.

St Stephen's Church of England Multi Academy Trust is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

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Trustees' report (continued)

Strategic Report

Achievements and Performance

a) Key Performance Indicators

The school continues to use evidence from OFSTED, RAISEonline in addition to its own rigorous extensive monitoring data as Key Performance indicators to continue to drive school improvement.

b) Review of Outcomes

Outcomes for St Stephen's Church of England Primary School

Reception

Good Level of Development 73%

2017	Reading	Writing	Mathematics
Early Learning Goals 2+	73%	73%	73%

Year 1 Phonics

2017	
Met Standard	94%

Year 2 SATS Results

	Reading	Writing	Mathematics
Percentage at Expected Standard	78%	75%	78%
Percentage at Greater Depth	22%	22%	28%

Year 6 SATS Results

	Reading	Writing	Mathematics	SPAG
Percentage at Expected Standard	86%	86%	90%	90%
Percentage at High Scale Score	17%	28%	34%	66%
Progress, National average is 0.0				

Combined Reading, Writing and Mathematics 83%

Outcomes for Parkfield Primary School

Reception

Good Level of Development 70%

2017	Reading	Writing	Mathematics
Early Learning Goals 2+	70%	70%	77%

Year 1 Phonics

2017	
Met Standard	87%

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Trustees' report (continued)

Year 2 SATS Results

	Reading	Writing	Mathematics
Percentage at Expected Standard	73%	77%	83%
Percentage at Greater Depth	23%	30%	37%

Year 6 SATS Results

	Reading	Writing	Mathematics	SPaG
Percentage at Expected Standard	81%	74%	81%	84%
Percentage at High Scale Score	29%	16%	16%	26%
Progress, National average is 0.0				

Combined Reading, Writing and Mathematics 74%

Key Performance Indicators

- Direct costs as a percentage of total costs were 70.6%
- Support costs as a percentage of total costs were 29.4%
- Total payroll costs as a percentage of recurring income were 86.5%

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Multi 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

The financial results of St Stephen's Church of England Multi Academy Trust are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the ESFA and requirements as laid down by the Multi Academy's Financial Handbook.

The principal funding source is grant income from the ESFA. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Multi Academy.

During the period ended 31 August 2017 total resources expended were £629,728 and the surplus of income over expenditure was £3,144,665 which included depreciation of £27,037.

Reserves Policy

The trustees continually monitor the reserves of the charitable company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the board of trustees' general policy to continue to build reserves which can be used for future educational purposes.

The multi academy had total funds at 31 August 2017 of £3,102,665 which included £42,302 restricted funds not available for general purposes of the multi academy trust, £450,683 of free reserves

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Trustees' report (continued)

Reserves Policy (continued)

defined as unrestricted funds available for general purposes and £3,950,680 which can only be realised by the disposal of tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £492,985.

In addition, the deficit on the restricted pension fund of £1,341,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

The trust aims to retain approximately three months of total salary costs as a reasonable level of reserves. This is monitored and reviewed by trustees throughout the course of the financial year.

Investment Policy

The Trust's investment principles are outlined in its Investment Policy which requires the Trust to

- Undertake suitable risk assessments against any potential investment
- Gain professional advice
- Review ethical status of potential investments
- Monitor and report upon performance

The Trust does not currently have any active investments.

Principal Risks and Uncertainties

The trustees have considered the major risks and uncertainties facing the charitable company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Attention has also been focussed on non-financial risks arising from fire, health and safety. These risks are managed by ensuring accreditation is up to date, having robust policies in place, and regular awareness training for staff working in these operational areas.

Plan for Future Periods

a) Future Developments

We aim to grow as a Trust, supporting Primary Schools in Wolverhampton and the neighbouring authorities so that all children have the opportunity to reach their full potential in a supportive environment. All of our schools will be partners, with the same shared vision and values.

b) Our Children

We will ensure that all of our children reach their full potential and continue to out-perform National indicators both in terms of attainment and achievement. We want our children to see learning as fun and to be valued in God's eye as unique individuals.

c) Our Staff

The Trust will continue to value all members of the staff team, celebrating their successes and nurturing their aspirations. We will aim to develop our own staff so that they can become Leaders of the future.

Funds Held as Custodian Trustee on Behalf of Others

No monies are being held on behalf of other school or organisations as at 31 August 2017.

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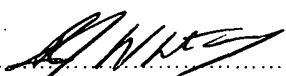
Trustees' report (continued)

Auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 5 December 2017 and signed on the board's behalf by:



R Whitehouse
Chair of Trustees

**St Stephen's Church of England Multi Academy Trust
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Governance statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that St Stephen's Church of England Multi Academy 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 Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Stephen's Church of England Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met two times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Whitehouse	2	2
J Bickley	2	2
I Stockton (resigned 19 th September 2017)	0	2
P Flynn	2	2
M Smith	1	2
J Whitehouse	2	2
W Downing	2	2
K Banks (in attendance)	2	2

A skills audit was undertaken during the academy conversion application process to ensure the members of the Trust Board had the desired skill set and experience to effectively discharge their duties as Trustees. Moving forward it was identified that whilst the Trustees had the desired knowledge and experience required, if additional Trustees could be appointed with a Business and / or Legal background it would strengthen the knowledge of the Board.

An annual skills audit will be undertaken to ensure continued effectiveness of the Trustee's skills and identify potential training opportunities.

The **finance, audit and general purposes committee** is a sub-committee of the main board of trustees. Its purpose is to maintain strategic oversight of financial planning and the day-to-day operations of the trusts finances, with due regard to the requirements of the Academies Financial Handbook and the Academy Funding Agreement.

Trustee	Meetings attended	Out of a possible
J Bickley	0	0
P Flynn	0	0
M Smith	0	0
W Downing	0	0
K Banks (in attendance)	0	0

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Governance statement (continued)

Review of value for money

As accounting officer the Executive Headteacher has responsibility for ensuring that the Multi 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 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 available. The accounting officer for the Multi Academy Trust has delivered improved value for money during the period by:

- Appointment of a Trust Business Manager to ensure the efficiency of systems, processes, procedures and financial controls and that these are consistent across all schools within the Trust.
- Review of current contracts and service level agreements has identified areas where future Trust contracts can negotiated, once current contracts have expired, to achieve economies of scale and future savings to the Trust.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the multi academy's 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 St Stephen's Church of England Multi Academy Trust for the period to 31 August 2017 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 Multi 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 Multi Academy Trust's significant risks that has been in place for the period to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has appointed M3 Academy Audit & Consultancy Services as internal auditor to carry out a programme of checks.

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Governance statement (continued)

The internal audit function role includes giving advice on financial matters and performing a range of checks on the Multi Academy Trust's financial systems. Due to the timescales of conversion and the first short accounting period, an internal audit review has not yet taken place however, this is scheduled for the spring term 2018 and will include:

- testing of purchasing (including petty cash and purchase cards)
- testing of income records
- testing of budgetary control systems.

A report will be prepared and presented to the board of trustees, through the finance, audit and general purposes committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As accounting officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

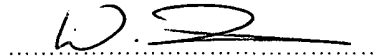
- the work of the external auditor;
- The Financial Management and Governance Self-assessment process;
- The work of the executive managers within the Multi Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5 December 2017 and signed on its behalf by:



R Whitehouse
Chair of Trustees



W Downing
Accounting Officer

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Statement on regularity, propriety and compliance

As Accounting Officer of St Stephen's Church of England Multi Academy Trust I have considered my responsibility to notify the Multi Academy Trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Multi 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 2016.

I confirm that I and the Multi Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the Multi Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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 the ESFA.



W Downing – Accounting Officer

5 December 2017

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Statement of Trustees' Responsibilities

The Trustees (who act as governors of St Stephen's Church of England Multi Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 5 December 2017 and signed on its behalf by:


.....
R Whitehouse – Chair of Trustees

**St Stephen's Church of England Multi Academy Trust
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**Independent Auditor's Report on the Financial Statements to the Members of
St Stephen's Church of England Multi Academy Trust**

Opinion

We have audited the financial statements of St Stephen's Church of England Multi Academy Trust for the period ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Multi 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 Multi Academy Trust's members those matters we are required to state to them in an auditor's 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 Multi Academy Trust and the Multi Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements :

- give a true and fair view of the state of the Multi Academy Trust's affairs as at 31 August 2017, and of its incoming resources and application of resources, including its income and expenditure, for the period 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 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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 Multi 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.

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Independent Auditor's Report on the Financial Statements to the Members of St Stephen's Church of England Multi Academy Trust
(continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. 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 matter 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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 Multi Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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Independent Auditor's Report on the Financial Statements to the Members of St Stephen's Church of England Multi Academy Trust
(continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement (set out on page 13), the trustees (who are also the directors of the Multi 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 Multi 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 Multi Academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement 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 on the effectiveness of the Multi 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 Multi 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 auditor's 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 auditor's report. However, future events or conditions may cause the Multi Academy trust to cease to continue as a going concern.

**St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members of St Stephen's Church
of England Multi Academy Trust
(continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

13 December 2017

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to St Stephen's Church of England Multi Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 June 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the St Stephen's Church of England Multi Academy Trust during the period 1 June 2017 to 31 August 2017 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 St Stephen's Church of England Multi 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 St Stephen's Church of England Multi Academy Trust and the 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 St Stephen's Church of England Multi Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Stephen's Church of England Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St Stephen's Church of England Multi Academy Trust's funding agreement with the Secretary of State for Education dated 31 May 2017 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 June 2017 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the 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 Multi Academy Trust's income and expenditure.

The work undertaken to draw our conclusion includes :

- Consideration of the applicable legislation and the multi academy trust's funding agreement
- Review and evaluation of the multi academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items.

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to St Stephen's Church of England Multi Academy Trust and the Education and Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 June 2017 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David W Farnsworth FCA (Reporting Accountant)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

13 December 2017

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities for the period ended 31 August 2017
(including income and expenditure account)

	Notes	Unrestricted funds £	Restricted pension fund £	Restricted general funds £	Restricted fixed asset funds £	Total 2017 £
Income from :						
Transfer from local authority on conversion	2	536,369	(1,278,000)	-	3,972,100	3,230,469
Funding for the academy trust's educational operations	3	7,512	-	536,394	-	543,906
Investments	4	18	-	-	-	18
Total		543,899	(1,278,000)	536,394	3,972,100	3,774,393
Expenditure on :						
Charitable activities:						
Academy trust's educational operations	5	10,206	21,000	571,485	27,037	629,728
Total		10,206	21,000	571,485	27,037	629,728
Net income/(expenditure) before transfers		533,693	(1,299,000)	(35,091)	3,945,063	3,144,665
Transfers between funds	14	(83,010)	-	77,393	5,617	-
Net income/(expenditure) after transfers		450,683	(1,299,000)	42,302	3,950,680	3,144,665
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	14, 22	-	(42,000)	-	-	(42,000)
Net movement in funds		450,683	(1,341,000)	42,302	3,950,680	3,102,665
Reconciliation of funds						
Total funds brought forward	14	-	-	-	-	-
Total funds carried forward		450,683	(1,341,000)	42,302	3,950,680	3,102,665

All of the Academy's activities were derived from acquisitions during the above financial period.

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Company number : 10773530

Balance sheet as at 31 August 2017

	Notes	2017	
		£	£
Fixed assets			
Tangible assets	11		3,950,680
Current assets			
Debtors	12	563,235	
Cash at bank and in hand		<u>135,873</u>	
		699,108	
Liabilities			
Creditors: amounts falling due within one year	13	<u>206,123</u>	
Net current assets			492,985
Net assets excluding pension liability			<u>4,443,665</u>
Defined benefit pension scheme liability	22		(1,341,000)
Total net assets			<u><u>3,102,665</u></u>
Funds of the academy trust :			
Restricted funds			
Fixed asset fund	14	3,950,680	
General fund	14	42,302	
Pension reserve	14	<u>(1,341,000)</u>	
Total restricted funds			2,651,982
Unrestricted income funds	14		450,683
Total funds			<u><u>3,102,665</u></u>

The financial statements on pages 20 to 41 were approved by the trustees, and authorised for issue on 5 December 2017 and are signed on their behalf by:



R Whitehouse - Chair of Trustees

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Statement of cash flows for the period ended 31 August 2017

	Notes	2017 £
Cash flows from operating activities		
Net cash (used in) operating activities	18	(394,897)
Cash transferred on conversion to academy trust		536,369
Cash flows from investing activities	19	(5,599)
Cash and cash equivalents at 31 August 2017	20	<u>135,873</u>

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2017

1. Statement of accounting policies

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

Basis of preparation

The financial statements of the multi academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

St Stephen's Church of England Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

Going concern

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

Income

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

- **Grants**

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

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

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

- **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.

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2017 (continued)

1. Statement of accounting policies (continued)

Income (continued)

- **Other income**
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the multi academy trust has provided the goods or services.
- **Donated goods, facilities and services**
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Upon sale the fair value of the goods is charged against, and the proceeds are recognised as, 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the multi academy trust's accounting policies.

Conversion to multi academy trust

The conversion from a state maintained school to an multi academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below :

The assets and liabilities transferred on conversion from St Stephen's Church of England Primary School and Parkfield Primary School to the multi academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Details of the nature and valuation of fixed assets including the allocation between Land & Buildings and Other Fixed Assets, pension and other assets and liabilities transferred are set out in note 24.

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.

- **Expenditure on raising funds**
This includes all expenditure incurred by the multi academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

**St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)**

Notes to the financial statements for the period ended 31 August 2017 (continued)

1. Statement of accounting policies (continued)

Expenditure (continued)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

The Academy acquired a number of assets from the predecessor schools for which no payment was made. A notional donation of £3,822,882 has been recognised to represent their value at that date.

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

Long leasehold buildings	- straight line over 50 years
Fittings and equipment	- 20% straight line
Computer hardware	- 25% straight line

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

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

The land and buildings are owned by the Diocesan Board of Education. The Trustees of the Diocesan Board of Education have granted the Academy, via a supplemental agreement, the right to use the land and buildings for educational purposes indefinitely. The property is therefore a resource controlled by the academy as a result of past events and from which future economic benefits flow. The land and buildings have been treated as long leasehold assets in accordance with FRS102.

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2017 (continued)

1. Statement of accounting policies (continued)

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. 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.

Leased assets

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

Taxation

The multi 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 multi 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.

Pension benefits

Retirement benefits to employees of the multi 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 multi 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. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the multi 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.

**St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)**

Notes to the financial statements for the period ended 31 August 2017 (continued)

1. Statement of accounting policies (continued)

Pension benefits (continued)

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

Fund accounting

Unrestricted income funds represent resources which may be used towards meeting any of the charitable objects of the multi 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 funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2017. 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.

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2017 (continued)

2. Transfer from local authority on conversion

	Unrestricted funds £	Restricted pension funds £	Restricted fixed asset funds £	Total 2017 £
Fixed assets	-	-	3,972,100	3,972,100
Other assets	28,677	-	-	28,677
Surplus on LA funds	507,692	-	-	507,692
LGPS pension (deficit)	-	(1,278,000)	-	(1,278,000)
	<u>536,369</u>	<u>(1,278,000)</u>	<u>3,972,100</u>	<u>3,230,469</u>

3. Funding for the multi academy trust's educational operations

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	Total 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	514,073	-	514,073
Other DfE/ESFA grants	-	1,481	-	1,481
	<u>-</u>	<u>515,554</u>	<u>-</u>	<u>515,554</u>
Other government grants				
Local authority grants	-	20,840	-	20,840
	<u>-</u>	<u>20,840</u>	<u>-</u>	<u>20,840</u>
Other income from the multi academy trust's educational operations	7,512	-	-	7,512
	<u>7,512</u>	<u>20,840</u>	<u>-</u>	<u>28,352</u>
	<u>7,512</u>	<u>536,394</u>	<u>-</u>	<u>543,906</u>

4. Investment income

	Unrestricted funds £	Total 2017 £
Short term deposits	<u>18</u>	<u>18</u>

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2017 (continued)

5. Expenditure

	Staff costs £	Non pay expenditure Premises £	Other £	Total 2017 £
Academy's educational operations				
Direct costs	388,702	18,582	37,393	444,677
Allocated support costs	81,546	42,375	61,130	185,051
	<u>470,248</u>	<u>60,957</u>	<u>98,523</u>	<u>629,728</u>

Net income/(expenditure) for the period includes :

	2017 £
Operating leases - plant and machinery	455
Depreciation	27,037
Fees payable to auditor - audit	7,250
- other services	<u>300</u>

6. Charitable activities

	Unrestricted funds £	Restricted pension fund £	Other restricted funds £	Total 2017 £
Educational operations				
Direct costs	8,682	-	435,995	444,677
Support costs	1,524	21,000	162,527	185,051
	<u>10,206</u>	<u>21,000</u>	<u>598,522</u>	<u>629,728</u>
Analysis of support costs				
Support staff	-	21,000	60,546	81,546
Depreciation	-	-	8,455	8,455
Technology costs	-	-	6,528	6,528
Premises costs	-	-	31,289	31,289
Other support costs	1,524	-	46,551	48,075
Governance costs	-	-	9,158	9,158
Total support costs	<u>1,524</u>	<u>21,000</u>	<u>162,527</u>	<u>185,051</u>

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2017 (continued)

7. Staff

a) Staff costs

Staff costs during the period were:

	Total 2017 £
Wages and salaries	328,618
Social security costs	29,524
Operating costs of defined benefit pension schemes	91,310
Apprenticeship levy	576
	<u>450,028</u>
Supply staff costs	20,220
	<u>470,248</u>

b) Staff numbers

The average number of persons employed by the multi academy trust during the period was as follows:

	2017 Number
Teachers	18
Administration and support	44
Management	8
	<u>70</u>

c) Higher paid staff

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

£70,000 - £80,000	<u>1</u>
-------------------	----------

d) Key management personnel

The key management personnel of the multi academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the multi academy trust was £114,421.

8. Central services

No central services were provided by the trust to its academies during the period and no central charges arose.

**St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)**

Notes to the financial statements for the period ended 31 August 2017 (continued)

9. Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the multi 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:

Wayne Downing (principal and trustee appointed 16/5/17)
Remuneration £15,000 - £20,000
Employer's pension contributions paid £0 - £5,000

During the period ended 31 August 2017, there were no travel and subsistence expenses reimbursed or paid directly to any trustees. Other related party transactions involving the trustees are set out in note 23.

10. Trustees' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on multi academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £27. The cost of this insurance is included in the total insurance costs.

11. Tangible fixed assets

	Leasehold land and buildings £	Fittings and equipment £	Computer hardware £	Total £
Cost or valuation				
Transfer on conversion	3,822,882	110,575	38,643	3,972,100
Other additions	-	-	5,617	5,617
At 31 August 2017	3,822,882	110,575	44,260	3,977,717
Depreciation				
Charge for the period	19,114	5,514	2,409	27,037
At 31 August 2017	19,114	5,514	2,409	27,037
Net book values				
At 31 August 2017	3,803,768	105,061	41,851	3,950,680

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2017 (continued)

11. Tangible fixed assets (continued)

Leasehold properties were valued at 13 September 2017 by The Valuation Office Agency – DVS and the fittings and equipment and computer hardware were valued on 1 June 2017 by the trustees. The basis on which the valuations were made was depreciated replacement cost.

Cost or valuation at 31 August 2017 is represented by :

	Leasehold land and buildings £	Fittings and equipment £	Computer hardware £	Total £
Valuation in 2017	3,822,882	110,575	38,643	3,972,100
Cost	-	-	5,617	5,617
	<u>3,822,882</u>	<u>110,575</u>	<u>44,260</u>	<u>3,977,717</u>

The multi academy trust's acquisitions relating to land and buildings included the taking up of the leaseholds on the following schools;

- St Stephen's Church of England Primary School, Woden Road, Wolverhampton, WV10 0BB
- Parkfield Primary School, Dimmock Street, Wolverhampton, WV4 6HB

12. Debtors

	Total 2017 £
VAT recoverable	16,467
Prepayments and accrued income	16,958
Other debtors	529,810
	<u>563,235</u>

13. Creditors

	Total 2017 £
Amounts falling due within one year :	
Creditors from operations	57,347
Accruals and deferred income	73,142
Other creditors	75,634
	<u>206,123</u>
Deferred income	
Resources deferred in the period	73,142
Deferred income at 31 August 2017	<u>73,142</u>

At the balance sheet date the multi academy trust was holding funds received in advance from the Education and Skills Funding Agency.

St Stephen's Church of England Multi Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2017 (continued)

14. Funds

	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds				
General Annual Grant (GAG)	514,073	(549,164)	77,393	42,302
Other DfE/ESFA grants	1,481	(1,481)	-	-
Local authority grants	20,840	(20,840)	-	-
	<u>536,394</u>	<u>(571,485)</u>	<u>77,393</u>	<u>42,302</u>
Restricted fixed asset funds				
Transfer on conversion	3,972,100	(27,037)	-	3,945,063
DfE/ESFA capital grants	-	-	5,617	5,617
	<u>3,972,100</u>	<u>(27,037)</u>	<u>5,617</u>	<u>3,950,680</u>
Pension reserve	<u>(1,278,000)</u>	<u>(21,000)</u>	<u>(42,000)</u>	<u>(1,341,000)</u>
Total restricted funds	<u>3,230,494</u>	<u>(619,522)</u>	<u>41,010</u>	<u>2,651,982</u>
Unrestricted funds				
Other income	543,899	(10,206)	(83,010)	450,683
Total unrestricted funds	<u>543,899</u>	<u>(10,206)</u>	<u>(83,010)</u>	<u>450,683</u>
Total funds	<u>3,774,393</u>	<u>(629,728)</u>	<u>(42,000)</u>	<u>3,102,665</u>

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education and Skills Funding Agency and Wolverhampton City Council.

Under the funding agreement with the Secretary of State for Education, the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the multi academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education and Skills Funding Agency and Wolverhampton City Council where the asset acquired or created is held for a specific purpose.

St Stephen's Church of England Multi Academy Trust
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Notes to the financial statements for the period ended 31 August 2017 (continued)

14. Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows :

	Total 2017 £
St Stephen's C of E Primary School	279,626
Parkfield Primary School	213,359
Total before fixed assets and pension reserve	492,985
Restricted fixed asset fund	3,950,680
Pension reserve	(1,341,000)
Total funds	3,102,665

Total cost analysis by academy

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

	Teaching & educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total £
St Stephen's C of E Primary School	206,514	45,421	2,160	68,857	322,952
Parkfield Primary School	182,188	36,125	516	60,910	279,739
Academy trust	388,702	81,546	2,676	129,767	602,691

15. Analysis of net assets between funds

Fund balances at 31 August 2017
are represented by:

	Unrestricted funds £	Restricted pension funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	3,950,680	3,950,680
Current assets	450,683	-	248,425	-	699,108
Current liabilities	-	-	(206,123)	-	(206,123)
	450,683	-	42,302	3,950,680	4,443,665
Pension scheme liability	-	(1,341,000)	-	-	(1,341,000)
Total net assets	450,683	(1,341,000)	42,302	3,950,680	3,102,665

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Notes to the financial statements for the period ended 31 August 2017 (continued)

16. Capital commitments

There are no capital commitments at 31 August 2017.

17. Commitments under operating leases

At 31 August 2017 the total of the multi academy trust's future minimum lease payments under non-cancellable operating leases was:

	Other 2017 £
Amounts due within one year	948
Amounts due between one and five years	2,844
	<u>3,792</u>

18. Reconciliation of net income to net cash flow from operating activities

	Total 2017 £
Net income for reporting period (as per the SoFA)	3,144,665
Adjusted for :	
Depreciation (note 11)	27,037
Cash transferred on conversion to multi academy trust (note 24)	(536,369)
Assets transferred on conversion to multi academy trust (note 24)	(3,972,100)
Interest receivable (note 5)	(18)
Defined benefit pension scheme obligation inherited	1,278,000
Defined benefit pension scheme cost less contributions payable	13,000
Defined benefit pension scheme finance cost (note 22)	8,000
(Increase) in debtors	(563,235)
Increase in creditors	206,123
Net cash (used in) operating activities	<u>(394,897)</u>

19. Cash flows from investing activities

	Total 2017 £
Interest received	18
Purchase of tangible fixed assets	(5,617)
Net cash (used in) investing activities	<u>(5,599)</u>

20. Analysis of cash and cash equivalents

	At 31 August 2017 £
Cash at bank and in hand	135,873
	<u>135,873</u>

**St Stephen's Church of England Multi Academy Trust
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Notes to the financial statements for the period ended 31 August 2017 (continued)

21. 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.

22. Pension and similar obligations

The multi academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. 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 the end of the financial period.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))

**St Stephen's Church of England Multi Academy Trust
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Notes to the financial statements for the period ended 31 August 2017 (continued)

22. Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

- 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%.

During the previous period the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £34,729.

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £41,000, of which employer's contributions totalled £35,000 and employees' contributions totalled £6,000. The agreed contribution rates for future years are 20.4% and 20.7% for employers and between 5.5% and 8.5% for employees.

LGPS obligation relates to the employees of the multi academy trust, who were the employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the multi academy trust at the balance sheet date.

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

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 31 years.

Principal actuarial assumptions

	At 31 August 2017
Rate of increase in salaries	4.20%
Rate of increase for pensions in payment / inflation	2.70%
Discount rate for scheme liabilities	2.60%
Inflation assumption (CPI)	2.70%
Commutation of pensions to lump sums	50.00%

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Notes to the financial statements for the period ended 31 August 2017 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Sensitivity analysis	As disclosed	Discount rate	Pension increases	In life expectancy
	£'000s	+ 0.1% pa £'000s	+ 0.1% pa £'000s	+ 1 year £'000s
Present value of total obligation	1,412	1,372	1,444	1,457
Projected service cost	204	198	210	210
	£'000s	- 0.1% pa £'000s	- 0.1% pa £'000s	- 1 year £'000s
Present value of total obligation	1,412	1,454	1,380	1,369
Projected service cost	204	210	198	198

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

	At 31 August 2017
Retiring today	
Males	21.8
Females	24.3
Retiring in 20 years	
Males	24.0
Females	26.6

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

	Fair value at 31 August 2017 £
Equities	45,000
Government bonds	5,000
Other bonds	3,000
Property	5,000
Cash/liquidity	3,000
Other	10,000
Total market value of assets	71,000

The actual return on scheme assets was £1,000.

	2017 £
Amount recognised in the statement of financial activities	
Current service cost (net of employee contributions)	48,000
Net interest cost	8,000
Total amount recognised in the SoFA	56,000

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Notes to the financial statements for the period ended 31 August 2017 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2017
	£
Conversion of academy trusts	1,307,000
Current service cost	48,000
Interest cost	8,000
Changes in financial assumptions	43,000
Contributions by participants	6,000
At 31 August 2017	<u>1,412,000</u>

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

	2017
	£
Conversion of academy trusts	29,000
Return on assets less interest	1,000
Employer contributions	35,000
Contributions by participants	6,000
At 31 August 2017	<u>71,000</u>

23. Related party transactions

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

The following related party transaction took place during the period:

Services 4 Schools

Profitable company in which C Banks, a member of the multi academy trust, is an employee	2017
	£
Services recharged to related company during the year	<u>3,049</u>

The trust conducted this transaction at arms' length.

In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2016.

St Stephen's Church of England Multi Academy Trust
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Notes to the financial statements for the period ended 31 August 2017 (continued)

24. Conversion to a multi academy trust

During the period the following academies converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to St Stephen's Church of England Multi Academy Trust from Wolverhampton City Council for £nil consideration.

Academy	Date of conversion
St Stephen's Church of England Primary School	01/06/2017
Parkfield Primary School	01/06/2017

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion.

St Stephen's Church of England Primary School

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

	Unrestricted funds	Restricted pension funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets					
Leasehold land and buildings	-	-	-	2,104,170	2,104,170
Other tangible fixed assets	-	-	-	87,825	87,825
Budget surplus/(deficit) on LA funds	284,410	-	-	-	284,410
LGPS pension (deficit)	-	(635,000)	-	-	(635,000)
Other identified assets	13,101	-	-	-	13,101
Total net assets	297,511	(635,000)	-	2,191,995	1,854,506

The above net assets include £297,511 transferred as cash.

The transfer agreement requires the company to run the academy known as St Stephen's Church of England Primary School on the present site; transfers all property, undertakings, rights, assets whether tangible or intangible to the multi academy trust; and sets out the responsibilities of the academy with regards to the employees of the former local authority controlled school. The transfer included the lease of property for a period of 125 years.

St Stephen's Church of England Multi Academy Trust
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Notes to the financial statements for the period ended 31 August 2017 (continued)

24. Conversion to a multi academy trust (continued)

Parkfield Primary School

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

	Unrestricted funds £	Restricted pension funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets					
Leasehold land and buildings	-	-	-	1,718,712	1,718,712
Other tangible fixed assets	-	-	-	61,393	61,393
Budget surplus/(deficit) on LA funds	223,282	-	-	-	223,282
LGPS pension (deficit)	-	(643,000)	-	-	(643,000)
Other identified assets	15,576	-	-	-	15,576
Total net assets	238,858	(643,000)	-	1,780,105	1,375,963

The above net assets include £238,858 transferred as cash.

The transfer agreement requires the company to run the academy known as Parkfield Primary School on the present site; transfers all property, undertakings, rights, assets whether tangible or intangible to the multi academy trust; and sets out the responsibilities of the academy with regards to the employees of the former local authority controlled school. The transfer included the lease of property for a period of 125 years.