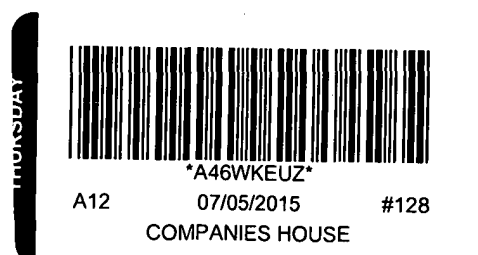


Staffordshire University Academies Trust
(formerly Staffordshire University Academy)
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 August 2014

Company Registration No: 07704020
England and Wales



Staffordshire University Academies Trust

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Staffordshire University Academies Trust

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Staffordshire University Michael Gunn Allan Howells Paul Richards Neil Scott Kenneth Sproston	Appointed 30 July 2014 Appointed 29 November 2014 Resigned 3 September 2014 Resigned 17 July 2014
Trustees	Mr P H Richards (Chair) Mr J K Capper Ms C L Heywood* Mr A Howells Ms M Lowe Dr T Ramgopal* Dr L A Rollason* Mrs D Crook Mr D Evans (Principal) Mrs H E Holyhead Mr M A Jones Ms G Russell Mr N R Scott Mr K B G Sproston Mrs S Turner	Appointed 16 September 2014 Appointed 02 October 2014 Appointed 30 July 2014 Resigned 19 July 2014 Resigned 30 July 2014 Resigned 11 July 2014 Resigned 11 July 2014 Resigned 15 July 2014 Resigned 17 July 2014 Resigned 05 August 2014 Resigned 11 July 2014
	* members of audit committee	
Accounting Officer	David Evans Rowena Hillier Keith Hollins	to 31 July 2014 from 1 August 2014 to 20 January 2015 from 21 January 2015
Clerk to the Trustees	Elizabeth Ball	
Registered Office	Marston Road Cannock Staffordshire WS12 4JH	
Company registration number	07704020	England and Wales
Independent auditor	Baker Tilly UK Audit LLP St Philips Point Temple Row Birmingham B2 5AF	
Bankers	Lloyds Bank plc 3 Market Place Cannock Staffordshire WS11 1BD	
Solicitors	SGH Martineau No 1 Colmore Square Birmingham B4 6AA	

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ending 31 August 2014.

The Trust was established on 1 September 2011 and was originally known as Staffordshire University Academy. During 2013/14 the Trust was encouraged actively by the Department of Education to sponsor Schools in an Ofsted Category requiring a sponsor led academy solution.

At the end of June 2014 the company completed agreements with the Department of Education (DfE) to convert to a multi-academy trust enabling it to undertake the activities of additional academies. On 20th June 2014 the company changed its name from the Staffordshire University Academy to the Staffordshire University Academies Trust.

On 31 August 2014 the Trust had two open academies. They were:

- The Staffordshire University Academy - an 11-18 secondary school with 529 pupils on roll as at January 2014 census date (opened 1st September 2011)
- The Moorgate Primary Academy – a 4-11 primary school with 221 pupils on roll as at January 2014 census date (opened on 1st July 2014).

A further primary school, now known as John Wheeldon Primary Academy, joined the Trust on 1st September 2014 and outside this accounting period.

The Trust objective, as set out in its Articles of Association, is in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Structure, Governance and Management

Constitution

The Staffordshire University Academies 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 Staffordshire University Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Staffordshire University Academies Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

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

The Governing Body has delegated the day-to-day responsibility to the 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 Staffordshire University Academies 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.

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.

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

Structure, Governance and Management (*continued*)

Trustees' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2014 was £1,254.

Method of Recruitment and Appointment or Election of Trustees

According to the Articles of Association, Staffordshire University, as sponsor, shall appoint up to 10 sponsor Directors. It is itself a member of the company. The Directors may appoint co-opted Directors. The Trustees are Directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The term of office for any Director shall be four years. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training is provided by the clerk to the Board of Trustees to new Trustees upon appointment. The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will include training on educational, legal and financial matters. All new Trustees will be given the opportunity to tour the Academies within the Trust and have the chance to meet with staff and students.

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

It is expected that only a very small number of new Directors will be appointed each year. Any induction will be carried out informally and will be tailored to the specific individual.

Organisational Structure

The Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academies within the Multi Academy Trust ("MAT") by the use of budgets and making major decisions about the direction of the Trust and its academies, capital expenditure and staff appointments.

The Governing Body should exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the MAT, addressing such matters as:

- Policy development and strategic planning, including target-setting to keep up momentum on school improvement in all schools
- Ensuring sound management and administration of the academies, and ensuring that managers are equipped with relevant skills and guidance
- Ensuring compliance with legal requirements
- Establishing and maintaining a transparent system of prudent and effective internal controls. Management of the academies financial, human and other resources (in particular control over the spending identified in the academies development plans)
- Monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon
- Helping the academies be responsive to the needs of parents and the community and making them more accountable through consultation and reporting
- Setting the academies standards of conduct and values
- Assessing and managing risk

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

Structure, Governance and Management (*continued*)

The Staffordshire University Academies Trust has a Board of Directors/Trustees responsible for overseeing the strategy and performance of the Academies within the Trust. The Senior Leadership Teams in each of the Academies are responsible for the implementation of strategy and the day to day operations of the Academy and are accountable to the Trust through a Local Governing Body. Each Academy has a dedicated Education Improvement Partner to support the delivery of the education aims and objectives.

For 2013/14 the Board of Trustees delegated the day to day responsibility to the accounting officer of the former single academy trust, for ensuring financial controls conform to the requirements of both propriety and good financial management. The Accounting Officer, working with each academy's leaders, controls the academies at an executive level implementing the policies laid down by the Governors and reporting back to them. This group is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels always contain a Governor. Some spending control is devolved to members of the Management Team of each individual academy, with limits above which a Senior Leader must countersign.

The Management Team of each academy includes the Senior Leadership Team and Subject Leaders, and Year Leaders in the senior school. These managers are responsible for the day to day operation of the academies, in particular organising the teaching staff, facilities and pupils.

Connected Organisations including Related Party Relationships

Staffordshire University acts as sponsor to the Staffordshire University Academies Trust. Where feasible and in the interests of both organisations, services and resources will be shared or organised on a joint basis.

The Trust has access to an experienced team of Education Improvement Specialists many of whom are based within, or connected to, the University's School of Education. OFSTED has rated the University's School of Education 'Outstanding' in every teacher training inspection since 2000. The School is a key strategic partner engaged to support the Trust's educational objectives. Academy Improvement activity is bespoke to the needs of each academy.

Examples of wider enrichment activity contributed by the sponsor include: university students working as ambassadors, a professor of paediatric cardiology embarking on 3 year longitudinal study with academy pupils and a local premiership football team to improve health outcomes, provision of marketing expertise for the brand identity of the Trust and its Academies, HR support for leadership appointments.

The object of this Trust is to enhance the quality of outcomes for the pupils within our schools, and of the wider community, by working together to

- Improve teaching and learning
- Provide better quality training opportunities for all staff
- Improve outcomes for young people, in our communities, by offering a full range of learning opportunities across the 3 – 19 age range, to develop cross – phase curricular developments and address personalisation, to enhance the quality of teaching and learning, for example, work with Gifted and Talented and Special Needs students
- Address more effectively issues relating to families and communities, for example, work with vulnerable families and inclusion
- Tackle issues relating to attainment more effectively across the family of schools by, for example, reducing underachievement
- Examine the potential to offer joint appointments across the MAT
- Achieve economies of scale in purchasing policy, for example, ICT procurement, ICT technical support, administrative supplies, and maintenance work
- Achieve savings in planning and administrative time, and developing the potential for MAT administrative staff who can work with each school
- Enhance strategic planning across all phases

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

Structure, Governance and Management (*continued*)

- Seek to develop a shared sense of identity and a common sense of purpose
- Build capacity across all phases
- Join together to access extended services
- Improve further the transition of students between phases

Each academy also collaborates with schools in their District.

Objectives and Activities

The Trust, like its University sponsor, is committed to providing an inclusive educational experience where every individual can thrive and reach their true potential.

Objects and aims

The principal object and activity of the company is the operation of The Staffordshire University Academies Trust to advance, for the public benefit, education for students of different abilities between the ages of 3 and 19.

The Governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives. In accordance with the Articles of Association the company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academies in the Trust, the catchment areas from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Trust during the period ended 31 August 2014 are summarised below. The Trust seeks to ensure that all pupils aim to maximise their attainment by:

- Developing a culture based on high expectations for both academic success and behaviour that supports learning
- Creating a set of values and norms which every member of the academy communities must espouse and uphold
- Maximising the use of teaching time, for example, by cutting out the minutes that are wasted by low level disruption and poor lesson transitions
- Focussing on the basics particularly literacy and numeracy
- Achieving high levels of consistency; our pedagogy, classroom routines and behaviour policies are apparent throughout the academies
- Seeking to reward effort as well as achievement
- Celebrating and developing resilience
- Systematically cultivating aspiration through the use of visits and role models

Objectives, Strategies and Activities, including Public Benefit

With regards to achievement and performance the principal objectives for the year have been to:

- Improve teaching and learning and assessment
- Improve levels of progress, achievement and attendance
- Review the curriculum in light of national changes education policy
- Close identified gaps between disadvantaged and other groups of pupils
- Secure effective senior leadership
- Improve the extent and quality of pupil, parent and community engagement

It is the primary concern of each Academy within the Trust to improve the standard of education provided within a safe and supportive environment.

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

Objectives and Activities (*continued*)

With regards to organisational structures the key objective for the year has been to move to multi-academy trust status integrating both a secondary and primary academy to give an inclusive 5 to 19 provision across the Trust.

The synergy between the schools, their wider partners and the university sponsor will be expected to lead to an increasing range of learning opportunities, improved practices and economies of scale as the Trust develops during 2014/15 and beyond.

Strategies to effect the objectives during the accounting period include:

- A change of leadership and restructure into faculties at the secondary academy
- Leadership team restructure at the primary academy
- The development and monitoring of Academy Development Plans aligned to the Trust's objectives
- The intervention of Academy Improvement Specialists linked to the sponsor's School of Education during the conversion of Moorgate Primary to an Academy to audit existing performance against Trust objectives and implement and rework the Development plan accordingly
- The introduction of strengthened literacy and numeracy policies and schemes
- School Improvement Experts dedicated to each Academy
- Fostering of new community links and greater engagement with outside agencies

The Trust's aspirations are reflected in the culture and ethos of the academies, in the way in which our communities are built upon sensitivity, tolerance and the appreciation of difference; at the heart of our work is the education of the young people in our care.

Public Benefit

The Trustees have complied with the duty in Section 17 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to widen educational objectives via a strong community role and links with its university sponsor.

There have been a significant number of activities undertaken by the schools in the Trust during the relevant financial period to further its charitable purposes for the public benefit. We feel that we make an outstanding contribution to community cohesion. The Trust seeks at all times to involve the academy workforces and pupil bodies in the promotion of community cohesion.

We are using the curriculum teaching and learning techniques as a tool in building community cohesion. Within the taught curriculum each school's pupils learn about national, regional, ethnic and religious cultures, British Values, the connections between them and between the UK and the wider world and they explore the concept of community cohesion and the different forces that bring about change in communities over time. Examples of this include:

- Opportunities across the curriculum to promote shared values and help pupils to value difference and challenge prejudice, discrimination and stereotyping
- Underpinned by strong local partnerships, multicultural elements of the curriculum are delivered through the Arts and by very strong links with local schools and our global links
- Our Citizenship work addresses the strand "Identity and Diversity: Living Together in the UK"
- We also have a full programme of fieldwork visits, which increase pupils' understanding of community and diversity, for example, geography students study the different socio - economic characteristics of residential areas. We have links with various and diverse places of worship in each locality. In the specialist subjects students study ethnic art and music, attend dance classes and African drumming workshops

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

Objectives and Activities (*continued*)

- We provide support for pupils for whom English is an additional language; we seek to remove barriers to effective learning and enable pupils to be integrated so that they can achieve the highest possible standards. We hold assemblies that involve the local and wider community. We raise significant amounts of money and/or gifts for diverse organisations
- Our comprehensive use of data enables us to identify and tackle underperformance and we have effective policies and procedures in place to deal with discrimination, bullying and harassment; it is not tolerated
- We have worked hard to develop good partnership activities with parents and the wider community. The shared use of our facilities provides a means for our pupils to interact, as do the numerous opportunities for meaningful intercultural activities such as sport, drama, music, festivals, volunteering activities and trips

Examples include:

- A programme of links through our extensive out-of-school learning programmes and work based learning opportunities in both towns
- The Principals meet with relevant District Councillors and with the local MP
- The schools work closely with the police and Community Police Officers, PCT and religious groups in the town
- Our schools invite theatre groups
- Trips to art galleries, media events, theatres, music concerts and dance festivals
- We participate in each town's Christmas and Arts Festivals

The schools of the Staffordshire Universities Multi Academy Trust teach students in the 5 – 19 age range. Pupils are admitted by adhering to the MAT's Admissions Policy. Pupils are admitted in the following order:

- a) Students whose statutory statement of special needs names that as the most appropriate mainstream school
- b) Students living in the catchment area of that school
- c) Students who have an elder sibling at that school who will still be attending the school on the proposed admission date
- d) Students who attend the named catchment schools
- e) Medical/Hardship grounds
- f) Other students are arranged in order of priority according to how near their home addresses are from that academy by the shortest walking route as measured by the Geographical Information Systems

STRATEGIC REPORT

Achievements and performance

Recent and planned changes to the curriculum, the examination system and the inspection framework present ever greater challenges to performance and achievement.

Achievements are assessed in relation to current and last year's performance, examination results, national averages and benchmarks. Summary achievements as follows:

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

STRATEGIC REPORT (continued)

Staffordshire University Academy

2014 GCSE examination results

- 5A*C with English and mathematics 46%
- Expected progress mathematics 67%
- Expected progress English 55%
- Attendance 2013/14 93.7%

The 5A*C results were a slight dip on the previous summer due to the removal of the speaking and listening marks from the English GCSE. Expected progress in English rose by 2% and maths dipped by 3%. Attendance was static.

2014 Post 16 examination results

- Academic performance average 228 points (equivalent to high C grade)
- Vocational performance average 223 points

The overall academic performance was 50 points higher than the previous year. 70% of Year 13 leavers went on to a place at university; this is the highest rate ever experienced at the Academy and well above the national average. Other students left to join apprentices or the work place.

Moorgate Primary Academy

End of year Key Stage 2 Assessments Summary

Results Of Teacher Assessments (Writing) and SATs Scores (All other)										
Percentage at each level										
		w	1	2	3	4	5	6	Age related or better	+/- in relation to national figures
Reading	School				3	59	38	-	97%	+12%
	National	2		3	8	41	44	-	85%	
Writing	School				21	59	20	0	79%	-6%
	National			4	11	52	31	2	85%	
Maths	School				10	48	35	7	90%	+4%
	National	1		3	11	44	35	7	86%	

Attendance in 2013/14 95.1% an increase of 1.7% over last year

Moorgate Primary Academy only joined the Trust in July 2014, so these results will be used as the baseline measure for future performance.

Key Performance Indicators

Under the Companies Act requirements for a strategic report this must include an analysis against key financial performance indicators and, where appropriate, an analysis using other key performance indicators including information relating to environmental and employee matters. For example this could include, but may not be limited to, Ofsted inspection outcomes, examination / key stage results, pupil attendance data and pupil recruitment data, in addition to financial and investment performance.

Financial performance is monitored through budget forecasts, annual accounts and pupil number returns. There are now currently (December 2014) 557 pupils on roll at the secondary academy, an increase of 28 since the January 2014 census date.

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

STRATEGIC REPORT (continued)

Both the primary and secondary school are in the OFSTED Requires Improvement category. Leadership changes, staffing restructures and dedicated Education Improvement Partners have been introduced to help address and improve the educational performance indicators and inspection category.

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.

Finance Report

During the year ended 31 August 2014 Staffordshire University Academy acquired Moorgate Primary Academy and went from a Single Academy to a Multi Academy Trust, therefore a like for like year on year comparison of income and expenditure cannot be made.

Most of the Trusts income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31st August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

For the year ended 31 August 2014 total incoming resources of £20,132,000 and total expenditure of £4,851,000 resulted in a surplus of £15,281,000. Total incoming resources of £20,132,000 included a £15,996,000 donation from the Local Authority for the building at Staffordshire University Academy.

At 31 August 2014 the net book value of fixed assets totalled £15,621,000. This included £15,023,000 for the land & buildings, £566,000 for computer equipment, £19,000 for furniture & equipment and £13,000 for the minibus. At 31 August 2013 the net book value of fixed assets was £19,000 and this related only to the minibus.

The cashflow statement shows net funds have decreased by £14,000 from £1,807,000 at 1 September 2013 to £1,793,000 at 31 August 2014, mainly due to capital expenditure.

Reserves Policy

The Trustees have determined that the Trust should aim to have a minimum of £250,000 held in reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants, to aid cash flows, curriculum investment, expansion, make provisions for future uncertainties in income and expenditure and provide a cushion to deal with unexpected emergencies, urgent maintenance and capital projects. At 31 August 2014 unrestricted general funds amounted to £86,000 (2013: £147,000).

Investment Policy

The current policy is to only invest in risk free deposit accounts.

Principal Risks and Uncertainties

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

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

STRATEGIC REPORT (continued)

Based on its mission, the Board and each academy's Senior Leadership Teams undertake a termly comprehensive review of the risks to which the academies are exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the academies. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Board and Senior Leadership Teams will also consider any risks which may arise as a result of any new area of work being undertaken by the MAT.

The Risk Management Strategy aims to ensure that the Trust complies with risk management best practice and with the requirements of both the Turnbull Guidance and the HM Treasury guidance contained in publication "Management of Risk – Principles and Concepts". At The Trust risk management is embedded in our on-going risk management processes. This enables us to succeed in our aim which is to achieve an acceptable level of comfort using the available resource and for the Board to be able to report sound arrangements in annual accounts.

The current processes and responsibilities for risk management in The Staffordshire University Academies Trust can be summarised as:

- The Board acknowledges responsibility for the system of internal control
- An on-going process is in place for identifying, evaluating and managing all significant risks
- An annual process is in place for reviewing the effectiveness of the system of internal control
- There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts

In assessing what constitutes a sound system of internal control the Board gives consideration to:

- The nature and extent of the risks facing the Trust
- The extent and categories of risk which it regards as acceptable
- The likelihood of the risks concerned materialising
- The Trust's ability to reduce the incidence and impact of the risks that do materialise

The objectives for managing risk across the academies in The Trust are:

- To comply with risk management best practice, including the Turnbull guidelines
- To ensure risks facing the trust are identified and appropriately documented
- To provide assurance to the Board that risks are being adequately controlled, or identify areas for improvement
- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks

The Trust's Risk Management strategy aims to:

- Outline the roles and responsibilities for risk management.
- Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
- Ensure appropriate levels of awareness throughout the academies in the Trust

The Accounting Officer has overall responsibility for risk management and has lead responsibility for risk management processes and the Trust-wide Risk Register. This responsibility includes:

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks
- Preparation of periodic reports to the Board.

The Risk Register is formally reviewed each half term by the Finance Manager and the Accounting Officer. A Risk Management Plan is submitted termly to the Board.

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

STRATEGIC REPORT (continued)

The approach to risk management is linked to the MAT's strategic aims and objectives. These have been set and agreed with the Board and can be summarised, in our context, as:

- High achievement and high value added
- Outstanding leadership and management
- Outstanding infrastructure
- Financial efficiency and excellent value for money
- Inspiring and supportive culture
- Strong community and stakeholder partnerships

The structure and organisation of the MAT's Risk Register follows the above structure to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

The SUAT Intervention Strategy is compiled within the compass of the 'risk cycle' as identified within the Risk Register.

The Intervention Strategy is designed to complement our Risk Strategy which is premised around the framework of Risk Management

- Risk governance – sets the tone and culture
- Risk assessment – to identify new and changing risk landscape
- Risk quantification and aggregation – enables prioritisation
- Monitoring and reporting – of performance
- Risk and control optimisation – framework of controls to optimise cost / benefit

For the purposes of this Intervention Strategy the Trust will define its Operational Risk Appetite (ORA) as "the amount and type of risk that the MAT is prepared to seek, accept or tolerate". The MAT has adopted a robust risk management framework and Intervention Strategy. We are seeking to put in place a holistic risk management approach across the organisation. The challenge is how to make incremental improvements that have high value but low impact.

We recognise that an element of risk (innovation) is good for the further development of the MAT but understand that the risk needs to be properly controlled and regulated. In simple terms, expressing ORA is a question of defining what is acceptable to the Trust and what is not. This will be achieved within both the Risk Management and Intervention Strategies by deciding, for each type of risk, what is acceptable, what is unacceptable, and the parameters of the area between those two i.e. what is tolerable.

In order to ensure effective monitoring and governance, the risk appetite, and attendant intervention strategies, will incorporate a balanced mix of both quantitative and qualitative measures.

Quantitative Measures – income, expenditure, student numbers

Qualitative Measures – reputation, press relations, management effort

This approach will be applied across the full range of operational risk framework components (including risk and control self-assessment and scenario analysis) and will provide us with a clear indication of proportional response to the perceived materiality of the associated risk. Specifying a timeframe for resolution will emphasise the perceived urgency and significance of the underlying issue. This will promote a consistent understanding, of risk, across the MAT.

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

STRATEGIC REPORT (continued)

From the perspective of SUAT as a business there are a number of benefits to be accrued by defining ORA and our intervention strategies as this will:

- Enable the Board to exercise appropriate oversight and corporate governance by defining the nature and level of risks it considers acceptable (and unacceptable) and thus setting boundaries for future activities and behaviours
- Provide a means of expressing the Senior Leadership Teams' attitude to risk, which can then be communicated throughout the academies as part of promoting a risk aware culture.
- Establish a framework for decision making (which risks can be accepted/retained, which risks should be mitigated and by how much) which ensures an appropriate balance between being risk seeking and risk averse.
- Improve the allocation of risk management resources by bringing focus to higher priority issues.
- Ensure an enhanced view of risk expenditure so that the costs of risk do not exceed the benefits.
- Align strategic goals and operational activities through optimising the balance between the development of the Trust and the related risks inherent in pursuing those goals. This will enable the strategy to be put into effect.
- Encourage more conscious and effective risk management practices

1. Government funding

The Trust has considerable reliance on continued government funding through the EFA. In 2013/14, the majority of the Trust's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Trust is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the Trust's balance sheet in line with the requirements of FRS 17. The details of the deficit and contribution rates for future years have been outlined in the Financial Review.

The Governors believe that resources are deployed efficiently and effectively providing good value for money. Evidence to support this belief includes:

- Outcomes for groups and individuals show a trend of improvement; we are improving our ability to deploy resources to achieve positive outcomes for all groups of pupils
- The good overall condition of the site and buildings
- The programme of buildings refurbishment undertaken as part of a detailed Asset Management Plan
- The increasing level of investment in equipment and resources

Strengths of leadership and management in providing value for money include:

- Adherence to DfE financial standards
- Our Finance Manager is a member of SLT in one of the academies; this provides a link between our financial processes and our ability to ensure that learning resources are sufficient to meet the demands of the curriculum and its organisation. The new Accounting Officer is a former Head of an academy, Executive Principal of three other High Schools and a National Leader of Education
- Adherence to Best Value principles in contracting

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

STRATEGIC REPORT (continued)

Further evidence of effective leadership of financial activity includes:

- Significant investment in learning resources
- The academies have maintained a balanced budget for many years
- Favourable audit report
- Documented processes of budget allocation

Our planning for improvement aims to ensure that the human and physical resources of the academies are adequate and able to support our priorities. In procedural and structural terms strengths include:

- Significant investment in a programme of staff learning, through the Trust's link with the outstanding School of Education at Staffordshire University. The Trust is a professional learning community.
- The allocation of funding to all departments requires them to build this spending into their Development Plan and provide evidence of improved outcomes
- Allocation of capitation follows a set formula
- Teachers staffing expenditure as the highest percentage area of the budget is closely monitored to ensure that provision matches timetabled demand with no over capacity
- Benchmarking exercises show that our overheads on premises and administration are well below the averages allowing staffing resources to be focussed on teaching and education support staff. Remodelling the workforce went beyond the tasks of the workforce agreement to provide better value and focus more staff on areas of expertise

Plans for Future Periods

The Trust will continue striving to improve the levels of performance of its pupils in both tiers and will continue its efforts to ensure its pupils maximise their progress. The Trust will also attempt to increase its recruitment up to the PAN, accepting transfers from other schools and academies into all years where possible.

The Trust aims in the future to provide the opportunity for all pupils to experience an education that is fit for purpose. To achieve this we draw up a community development plan, based on an identification and analysis of need. The plan's aim is to establish ways to benefit the wider community (from links with mainly local secondary and primary schools) and direct access to our facilities, curricular materials and the expertise of all of our employees.

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

STRATEGIC REPORT (continued)

The key aims and key objectives of the Trust in the immediate short term are:

- Continue to improve progress and achievement for all students
- Reduction of in-Academy variation in pupils' progress across all groups but paying particular attention to vulnerable groups, SEND students and those with high IDACI scores (Income Deprivation Affecting Children Index)
- To further develop all pupils' capacity to become independent learners
- As part of the Behaviour for Learning System develop a more comprehensive rewards system and ensure consistent application
- To further develop strategies which encourage respect for other people and cultures and which promote community cohesion
- To review and refine pupil support structures
- Develop monitoring and coaching systems to enhance further the role of teachers and tutors to support learning; strengthen further the link with Staffordshire University School of Education
- To continue to develop pedagogy and AFL
- To further develop and embed effective assessment across all subjects in response to assessment without levels agenda
- Further develop the role of staff with regards to improving the progress made by pupils, defining alternative curriculum direction, learning & teaching and behaviour. Further increase the breadth and range of curricular and extra-curricular opportunity to better meet the needs of the total pupil body in order to facilitate participation, progression and high achievement
- Develop community links and marketing strategies to increase the numbers on roll
- Ensure the careful management of the budget to provide value for money

These will be achieved by the rigorous Quality Assurance of the Strategic Development Plan.

Leadership and management are improving and increasingly effective. This has been confirmed by Ofsted. There is an emphasis on distributed and connected leadership using a robust line management system and staff are given responsibility for identifying issues and providing solutions but are also responsible for outcomes. The Senior Leadership Teams focus their work on academy improvement and strategic developments. We also have additional capacity created by the MAT leadership arrangement and the work of the education Improvement Partners, arranged through the School of Education. The MAT leadership structure has benefited the schools in a number of significant ways:

- Increased status and influence for the academies, working in partnership at local, regional and national level
- A strengthened role for the Governors in the strategic planning within the schools
- A strengthened role, and career progression, for key non - teaching staff in the leadership and management of the academies in the Trust
- A powerful learning opportunity for some staff
- Career progression and important professional development with the evolution of a new structure throughout the MAT for both teaching and support staff
- It promotes a broader perspective within our leadership teams giving them the chance to work across two schools
- It has strengthened strategic and operational roles for staff at all levels
- It has increased contact through the tiers and has strengthened collaboration
- Strengthens internal system of self-review driving up standards still further
- Allows us to work with, manage and search out change
- Allows the MAT to distribute leadership and power, and improve teamwork and morale as a way of sharing vision and values
- Allows the CEO to be a 'resource investigator', investigating new initiatives and making use of the resultant funding; resources are a key driver in school improvement.
- Creates additional capacity for lesson observation and self-review through the use of the EIPs
- Focus on vision and strategy so that we get strategy and policy right

Staffordshire University Academies Trust

TRUSTEES' REPORT (continued)

STRATEGIC REPORT (continued)

Funds held as Custodian Trustee on behalf of others

Details of assets and arrangements for safe custody and segregation should be given where the academy trust or its trustees are acting as custodian trustee. It should include the name and objects of the charity on whose behalf they are being held and how this activity falls within their own objective. No funds are held as Custodian Trustee on behalf of others.

Auditors

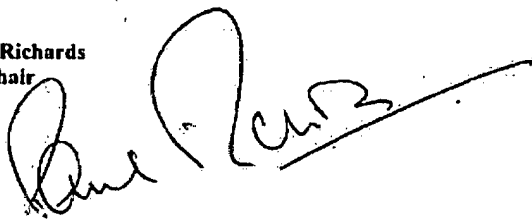
In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The auditors are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report including the Strategic Report was approved by order of the Board of Trustees on 29th January 2015 and signed on their behalf by:

P Richards
Chair



Staffordshire University Academies Trust

GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Staffordshire University Academies 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 Principal, 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 Staffordshire University Academies 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 full board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Name	Meetings attended	Out of a Possible
Mr J Capper	4	4
Ms CL Heywood	Appointed 16/9/2015	
Mr A Howells	Appointed 16/9/2015	
Ms M Lowe	Appointed 30/7/2015	
Dr T Ramgopal	3	4
Mr P H Richards	4	4
Dr L A Rollason	4	4
Mrs D Crook	1 (Resigned 5/12/2015)	1
Mr D Evans	3	4
Ms H E Holyhead	4	4
Mr M A Jones	4	4
Ms G Russell	0	4
Mr NR Scott	0	4
Mr KGB Sproston	0	4
Mrs S Turner	4	4

Additionally the Academy Trust (then Staffordshire University Academy) established a Finance and Audit Committee and an Academy Progress Committee. Attendance at meetings was as follows:

Finance Committee:

Mrs D Crook	1	1
Mr P Richards	3	3
Dr T Ramgopal	3	3
Mrs G Russell	1	3
Mrs S Turner	3	3
Mr D Evans	2	2

Academy Progress Committee

Dr L Rollason	4	4
Mr J Capper	4	4
Mr M Jones	4	4
Mr D Evans	2	2
Mrs H Holyhead	3	4
Mr S Charlesworth	2	4

The Audit Committee of the Multi Academy Trust did not meet until December 2014.

Staffordshire University Academies Trust

GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 Staffordshire University Academies Trust for the year ended 31 August 2014 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 year ending 31 August 2014 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Angela Randle, Finance Director at City of Wolverhampton Academy Trust, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis; the RO 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.

Staffordshire University Academies Trust

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

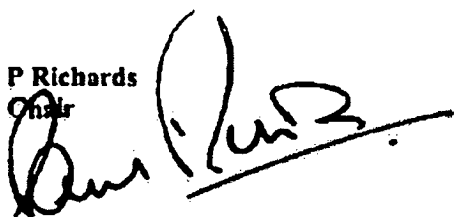
As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- 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.

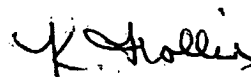
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 29 January 2015 and signed on its behalf by:

P Richards
Chair



K Hollins
Accounting Officer



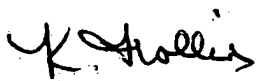
Staffordshire University Academies Trust

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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 board of trustees and EFA.



K Hollins
Accounting Officer

Date: 29 Jan 2015

Staffordshire University Academies Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who act as trustees for charitable activities of Staffordshire University Academies Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the trustees' report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Requirements issued by the Education 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;
- 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; 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 EFA/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 19th January 2015 and signed on its behalf by:

Signed


P Richards
Chair

Staffordshire University Academies Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Staffordshire University Academies Trust

We have audited the financial statements of Staffordshire University Academies Trust for the year ended 31 August 2014 on pages 23 to 42. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the Trustees (who act as Trustees for the charitable activities of the charitable company, and are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Staffordshire University Academies Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Staffordshire University Academies Trust

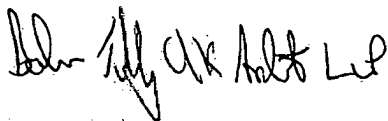
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Philip Coleman
(Senior Statutory Auditor)

for and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Date: 30 June 2015

Staffordshire University Academies Trust

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)
for the year ended 31 August 2014

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	-	-	15,996	15,996	-
Transfer from local authority on conversion	27	213	(465)	-	(252)	-
Activities for generating funds	3	67	-	-	67	61
Investment income	4	2	-	-	2	2
<i>Incoming resources from charitable activities:</i>						
Funding for the academy's educational operations	5	-	4,319	-	4,319	3,993
Total incoming resources		282	3,854	15,996	20,132	4,056
Resources expended						
<i>Charitable activities:</i>						
- Academy's educational operations	7	(90)	(4,168)	(448)	(4,706)	(3,307)
Governance costs	8	-	(145)	-	(145)	(49)
Total resources expended	6	(90)	(4,313)	(448)	(4,851)	(3,356)
Net incoming/ (outgoing) resources before interest and transfers		192	(459)	15,548	15,281	700
Gross transfers between funds	15	(40)	-	40	-	-
Net income/ (expenditure) for the year		152	(459)	15,588	15,281	700
<i>Other recognised gains and losses</i>						
Actuarial (losses) gains on defined benefit pension schemes		-	(406)	-	(406)	12
Net movement in funds		152	(865)	15,588	14,875	712
Reconciliation of funds						
Total funds brought forward at 1 September 2013	15	147	672	33	852	140
Total funds carried forward at 31 August 2014		299	(193)	15,621	15,727	852

All of the academy's activities derive from continuing operations during the above two financial years.
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes on pages 26 to 42 form part of these financial statements.

Staffordshire University Academies Trust

BALANCE SHEET

31 August 2014

Company Registration No. 07704020

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	12		15,621		19
Current assets					
Debtors	13	655		33	
Cash at bank and in hand		<u>1,793</u>		<u>1,807</u>	
		2,448		1,840	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(623)</u>		<u>(207)</u>	
Net current assets			<u>1,825</u>		<u>1,633</u>
Total assets less current liabilities and net assets excluding pension liability			<u>17,446</u>		<u>1,652</u>
Pension scheme liability	25		<u>(1,719)</u>		<u>(800)</u>
Net Assets including pension liability			<u>15,727</u>		<u>852</u>
Funds of the academy trust:					
Restricted income funds					
- Fixed asset fund	15	15,621		33	
- General fund	15	1,526		1,472	
- Pension reserve	15	<u>(1,719)</u>		<u>(800)</u>	
Total restricted income funds			15,428		705
Unrestricted income funds					
- General fund	15		299		147
Total unrestricted funds			<u>299</u>		<u>147</u>
Total funds			<u>15,727</u>		<u>852</u>

The financial statements on pages 23 to 42 were approved by the trustees and authorised for issue on 29th January 2015 and are signed on their behalf by:


P Richards
Chair

Staffordshire University Academies Trust

CASH FLOW STATEMENT

for the year ended 31 August 2014

	Notes	2014 £000	2013 £000
Net cash inflow from operating activities	19	533	718
Cash transferred on conversion to an academy trust	27	213	-
Return on investments and servicing of finance	20	2	2
Capital expenditure	21	(762)	-8
(Decrease)/Increase in cash in the year	22	<u>(14)</u>	<u>712</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		<u>1,807</u>	<u>1,095</u>
Net funds at 31 August 2014		<u>1,793</u>	<u>1,807</u>

Staffordshire University Academies Trust

ACCOUNTING POLICIES

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

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 year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

- **Interest Receivable**

Interest receivable is included within the statement of financial activities on a receivable basis.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and it is measurable.

- **Other income**

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

- **Donated Services and gifts in kind**

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

Staffordshire University Academies Trust

ACCOUNTING POLICIES (continued)

1. Statement of Accounting Policies (continued)

Resources Expended

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

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the academy trust's educational operations.

- **Governance Costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustee's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Motor Vehicles	4 years
Land and buildings	50 years
Furniture and equipment	4 years
Computer equipment	4 years

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.

Staffordshire University Academies Trust

ACCOUNTING POLICIES (continued)

1. Statement of Accounting Policies (continued)

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Taxation

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

Pensions Benefits

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

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 quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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 EFA where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency or the Department for Education.

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

2. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Donation from local authority of land and buildings	-	15,275	15,275	-
Donation – capital	-	721	721	-
	-	15,996	15,996	-

3. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Lettings Income	27	-	27	20
Trip Income	10	-	10	19
Other Income	30	-	30	22
	67	-	67	61

4. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Bank interest income	2	-	2	2

5. Funding for academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
DfE/EFA capital grants				
- Devolved capital grant	-	13	13	14
	-	13	13	14
DfE/EFA revenue grants				
- General Annual Grants (GAG)	-	3,725	3,725	3,488
- Start Up Grants	-	237	237	320
- Other DfE/EFA grants	-	344	344	137
	-	4,306	4,306	3,945
Other Government grants				
- Local authority grant	-	-	-	34
	-	-	-	34
	-	4,319	4,319	3,993

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

6. Resources Expended

	Staff Costs £000	Non pay expenditure Premises £000	Other costs £000	Total 2014 £000	Total 2013 £000
Academy's educational operations					
- Direct costs	2,938	-	234	3,172	2,323
- Allocated support costs	524	280	730	1,534	984
	<u>3,462</u>	<u>280</u>	<u>964</u>	<u>4,706</u>	<u>3,307</u>
Governance costs					
	<u>-</u>	<u>-</u>	<u>145</u>	<u>145</u>	<u>49</u>
	<u>3,462</u>	<u>280</u>	<u>1,109</u>	<u>4,851</u>	<u>3,356</u>

Incoming/outgoing resources for the year include:

	Total 2014 £000	Total 2013 £000
Operating leases	-	1
Fees payable to auditor		
- Audit	11	8
- Other	-	2
Depreciation of fixed assets	<u>448</u>	<u>3</u>

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

7. Charitable Activities - Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
<i>Direct costs</i>				
Teaching and educational support staff costs	-	2,938	2,938	2,098
Educational supplies	-	102	102	46
Educational visits	43	-	43	43
Examination fees	-	52	52	63
Staff development	-	35	35	21
Other direct costs	-	2	2	52
	<u>43</u>	<u>3,129</u>	<u>3,172</u>	<u>2,323</u>

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
<i>Allocated support costs</i>				
Support staff costs	-	524	524	458
Depreciation	-	448	448	3
Recruitment and support	-	24	24	10
Maintenance of premises and equipment	-	67	67	38
Cleaning	-	62	62	65
Rent & rates	-	151	151	17
Insurance	-	25	25	26
Security and transport	-	2	2	12
Catering	47	-	47	45
Other occupancy costs	-	26	26	145
Other support costs	-	158	158	165
	<u>47</u>	<u>1,487</u>	<u>1,534</u>	<u>984</u>
	<u>90</u>	<u>4,616</u>	<u>4,706</u>	<u>3,307</u>

8. Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Legal and professional fees	-	48	48	7
Auditor's remuneration				
- Audit of financial statements	-	11	11	8
- Other audit fees	-	-	-	2
Support staff costs	-	86	86	32
	<u>-</u>	<u>145</u>	<u>145</u>	<u>49</u>

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

9. Staff costs

	2014 £000	2013 £000
Wages and salaries	2,766	1,761
Social security costs	201	456
Pension Costs	372	294
	<u>3,339</u>	<u>2,511</u>
Supply teacher costs	123	71
Compensation payments	-	6
	<u>3,462</u>	<u>2,588</u>

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

	2014 No.	2013 No.
Charitable activities		
Teachers	34	32
Administration and other	64	34
Management	8	7
	<u>106</u>	<u>73</u>

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

	2014	2013
£60,000 - £70,000	2	2
£70,000 - £80,000	-	2
£90,000 - £100,000	1	-
£100,000 - £110,000	-	2
£110,000 - £120,000	-	1

The above employees participated in the Teachers' pension scheme. During the year ended 31 August 2014, pension contributions for these members of staff amounted to £32,715 (2013: £14,104).

10. Related Party Transactions – Trustees' Remuneration & Expenses

Head teacher and staff trustees only receive remuneration in respect of services they provide under the roles of Head teacher and staff members and not in respect of services as trustees. Other trustees' did not receive any payments, other than expenses from the academy trust in respect of their roles as trustees. The value of trustees' remuneration was as follows:

D Evans (principal and trustee)	£115,274 (2013: £105,000 - £100,000)
H Holyhead (staff trustee)	£39,323 (2013: £35,000 - £30,000)
S Turner (staff trustee)	£20,895 (2013: £15,000 - £10,000)

During the year ended 31 August 2014, travel expenses totalling £384 (2013: £nil) were reimbursed to one trustee.

Other related party transactions involving the trustees are set out in note 26.

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

11. 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 academy business. The insurance provides cover up to £5,000,000 (2013: £5,000,000) on any one claim and the cost for the year ended 31 August 2014 was £1,254 (2013: £1,254).

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

12. Tangible Fixed Assets

	Motor Vehicles £000	Long Leasehold Land and buildings £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost					
At 1 September 2013	22	-	-	-	22
Additions	-	54	20	701	775
Assets on conversion	-	15,275	-	-	15,275
At 31 August 2014	<u>22</u>	<u>15,329</u>	<u>20</u>	<u>701</u>	<u>16,072</u>
Depreciation					
At 1 September 2013	3	-	-	-	3
Charged in the year	6	306	1	135	448
At 31 August 2014	<u>9</u>	<u>306</u>	<u>1</u>	<u>135</u>	<u>451</u>
Net book values					
At 1 September 2013	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>
At 31 August 2014	<u>13</u>	<u>15,023</u>	<u>19</u>	<u>566</u>	<u>15,621</u>

13. Debtors

	Total 2014 £000	Total 2013 £000
Trade debtors	171	6
Other debtors	418	27
Prepayments and accrued income	66	-
	<u>655</u>	<u>33</u>

All amounts shown within debtors fall due for repayment within one year.

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

14. Creditors: amounts falling due within one year

	Total 2014 £000	Total 2013 £000
Trade creditors	328	79
Other taxation and social security	105	87
Accruals and deferred income	190	41
	<u>623</u>	<u>207</u>
Deferred Income		
Deferred income at 1 September 2013	15	-
Resources deferred in the year	-	15
Amounts released from previous years	(15)	-
Deferred income at 31 August 2014	<u>-</u>	<u>15</u>

Deferred income at the year-end is in relation to a month's deferral of pupil premium received in advance for the period July – September.

15. Funds

	Balance at 1 September 2013 £000	Incoming Resources £000	Resources expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2014 £000
Restricted general funds					
General Annual Grant	754	3,889	(4,015)	-	628
Start-up Grant	545	237	(43)	-	739
Other DfE/EFA grants	153	180	(174)	-	159
Local authority grants	20	-	(20)	-	-
Devolved capital grant	-	13	(13)	-	-
	<u>1,472</u>	<u>4,319</u>	<u>(4,265)</u>	<u>-</u>	<u>1,526</u>
Pension reserve	(800)	(465)	(48)	(406)	(1,719)
	<u>672</u>	<u>3,854</u>	<u>(4,313)</u>	<u>(406)</u>	<u>(193)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	33	15,996	(448)	40	15,621
	<u>33</u>	<u>15,996</u>	<u>(448)</u>	<u>40</u>	<u>15,621</u>
Total restricted funds	<u>705</u>	<u>19,850</u>	<u>(4,761)</u>	<u>(366)</u>	<u>15,428</u>
Unrestricted funds					
General fund	147	282	(90)	(40)	299
Total funds	<u>852</u>	<u>20,132</u>	<u>(4,851)</u>	<u>(406)</u>	<u>15,727</u>

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

15. Funds (continued)

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

Start Up Grant

This grant is to support any additional temporary costs the school incurs for a period after the academy opens. This covers both staff resource management and training costs along with learning materials for teaching.

Pupil Premium Grant

This applies to free school meals for pupils whose parents are on reduced levels of income.

Devolved Capital Grant

The purpose of this grant is to fund capital expenditure within the school.

Special Educational Needs (SEN) Grant

Teaching assistant resource is supplied from this in order to accommodate any SEN students.

Teacher Grant

The fund provided helps to provide any supply cover for the school along with helping implement the graduate teacher program and masters in teaching and learning.

16-19 Bursary

This is a bursary to supply discretionary payments to low income families.

General annual grant

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Analysis of Academies by Fund balance

	Balance at 31 August 2014 £000
The Staffordshire University Academy	1,624
The Moorgate Primary Academy	201
Total before fixed assets and pension reserve	1,825
Restricted fixed asset fund	15,621
Pension reserve	(1,719)
Total	15,727

16. Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Balance at 31 August 2014 £000
Tangible fixed assets	-	-	15,621	15,621
Current assets	299	2,149	-	2,448
Current liabilities	-	(623)	-	(623)
Pension Scheme Liability	-	(1,719)	-	(1,719)
Total net assets	299	(193)	15,621	15,727

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

17. Capital commitments

	Total 2014 £000	Total 2013 £000
Contracted for, but not provided in the financial statements	-	691

18. Financial commitments

Operating leases

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Total 2014 £000	Total 2013 £000
Other		
Expiring within one year	-	1
Between 2 and 5 years	4	1

19. Reconciliation of net income to net cash inflow from operating activities

	Total 2014 £000	Total 2013 £000
Net income	15,281	700
Depreciation (note 12)	448	3
Capital grants from DfE and other capital income	(13)	(14)
Interest receivable (note 4)	(2)	(2)
FRS 17 pension cost less contributions payable (note 25)	137	4
FRS 17 pension finance income (note 25)	30	28
(Increase)/decrease in debtors	(622)	10
Increase/(decrease) in creditors	297	(11)
Transfer from local authority of land & buildings	(15,275)	-
Transfer from local authority on conversion	252	-
Net cash inflow from operating activities	<u>533</u>	<u>718</u>

20. Returns on investments and servicing of finance

	Total 2014 £000	Total 2013 £000
Interest received	2	2
Net cash inflow from returns on investment and servicing of finance	<u>2</u>	<u>2</u>

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

21. Capital expenditure and financial investment

	Total 2014 £000	Total 2013 £000
Purchase of tangible fixed assets	(775)	(22)
Capital grants from DfE/EFA	13	14
Net cash outflow from capital expenditure and financial investment	<u>(762)</u>	<u>(8)</u>

22. Analysis of changes in net funds

	At 1 September 2013 £000	Cash Flows £000	At 31 August 2014 £000
Cash in hand	<u>1,807</u>	<u>(14)</u>	<u>1,793</u>

23. Contingent Liabilities

As at 31 August 2014, the academy had no contingent liabilities (2013: £nil).

24. 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.

25. Pension and similar obligations

The academy'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 defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2014 and the LGPS was 3 October 2014.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

25. Pension and similar obligations (*continued*)

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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. Many of these are being discussed in the context of the design for a reformed TPS and, as set out in the Proposed Final Agreement, scheme valuations have been suspended since the last valuation in 2004.

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

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. 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%.

Employer and employee contribution rates

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

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations. The employer contribution rate will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

25. Pension and similar obligations (*continued*)

There will be further reforms and changes to the TPS with a new 2015 scheme.

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and 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 and the implications for the Academy Trust in terms of the anticipated rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £155,000 (2013: £115,000), of which employer's contributions totalled £119,000 (2013: £88,000) and employees' contributions totalled £36,000 (2013: £27,000). The agreed contribution rates for future years are 11.7% for the school and on a variable scale, depending on salary for employees (which ranges from 5.5% to 7.5%).

	Total 2014	Total 2013
Rate of increase in salaries	4.5%	5.1%
Rate of increase for pension payments/inflation	2.7%	2.8%
Discount rate	3.7%	4.6%
Expected Return on Assets	5.6%	6.0%

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

	Total 2014	Total 2013
<i>Retiring today</i>		
Males	22.1	21.2
Females	24.3	23.4
<i>Retiring in 20 years</i>		
Males	24.3	23.3
Females	26.6	25.6

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

25. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected rate of return at 31 August 2014 £000	Fair value at 31 August 2014 £000	Expected rate of return at 31 August 2013 £000	Fair value at 31 August 2013 £000
Equities	6.3%	638	6.6%	493
Government bonds	3.4%	109	4.0%	77
Property	4.5%	67	4.7%	51
Cash/liquidity	3.3%	25	3.6%	19
Total market value of assets		839		640
Present value of scheme liabilities		(2,558)		(1,440)
Deficit in the scheme		(1,719)		(800)

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

The actual return on scheme assets was £103,000 (2013: £73,000).

Amounts recognised in the statement of financial activities

	Expected return at 31 August 2014 £000	Expected return at 31 August 2013 £000
Current service cost (net of employee contribution)	137	4
Total operating charge/(income)	137	4
Analysis of pension finance income/(costs)		
Expected return on pension scheme	46	25
Interest on pension liabilities	(76)	(53)
Pension finance costs	(30)	(28)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £394,000 loss (2013: £12,000 gain).

Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

25. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2014 £000	2013 £000
At 1 September 2013	1,440	1,232
Current service cost	137	92
Interest cost	76	53
Employee contributions	36	27
Actuarial loss	105	36
Liabilities Assumed in a Business Combination	773	-
Estimated Benefits Paid	(9)	-
At 31 August 2014	2,558	1,440

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

	2014 £000	2013 £000
At 1 September 2013	640	452
Expected return on assets	46	25
Employee contributions	36	27
Actuarial loss	(301)	48
Employer contributions	119	88
Assets Acquired in a Business Combination	308	-
Estimated Benefits Paid	(9)	-
At 31 August 2014	839	640

The estimated value of employer contributions for the year ended 31 August 2015 is £168,000 (2014: £91,000)

The two-year history of experience adjustments is as follows:

	2014 £'000	2013 £'000
Present value of defined benefit obligations	(2,558)	(1,440)
Fair value of share of scheme assets	839	640
Deficit in the scheme	(1,719)	(800)

Experience adjustments on share of scheme assets

Amount £'000	301	(48)
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Staffordshire University Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

26. Related Party Transactions

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

During the year the Trust purchased tuition and education improvement services, learning resources and governance reviews from Staffordshire University totalling £95,283. The University has confirmed that these services were provided at cost in accordance with the EFA guidance. The University also provided ad hoc guidance and advice, in its role as sponsor, for which it has not been possible to estimate a value. The Trustees are grateful for this continued support.

27. Conversion to an Academy Trust

On 1 July 2014 The Moorgate Primary Academy converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Staffordshire University Academies Trust for £nil consideration.

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

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

The Moorgate Primary Academy

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Budget surplus on LA funds	213	-	-	213
LGPS pension deficit	-	(465)	-	(465)
Net assets/(liabilities)	<u>213</u>	<u>(465)</u>	<u>-</u>	<u>(252)</u>

28. Central Services

The academy trust has provided some central services to its academies during the year. As The Moorgate Primary Academy only joined the trust in July 2014, no charges have been made for central services all of which have been borne by Staffordshire University Academy.

29. Post balance sheet events

On 1 September 2014, John Wheeldon Primary Academy joined the Trust.

Staffordshire University Academies Trust

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO STAFFORDSHIRE UNIVERSITY ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 15 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the academy trust during the year 1 September 2013 to 31 August 2014 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 Staffordshire University Academies Trust and the EFA in accordance with the terms of our engagement letter dated 15 September 2014. Our review work has been undertaken so that we might state to Staffordshire University Academies Trust and the EFA those matters we are required to state to it 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 Staffordshire University Academies Trust and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of Staffordshire University Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Staffordshire University Academies Trust's funding agreement with the Secretary of State for Education dated 30 June 2014 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. 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 ending 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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


Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Staffordshire University Academies Trust

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
STAFFORDSHIRE UNIVERSITY ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY
(continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ending 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Baker Tilly UK Audit LLP
Chartered Accountants
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Date:

30 June 2015



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INDEPENDENT REPORTING ACCOUNTANT'S REPORT TO STAFFORDSHIRE UNIVERSITY ACADEMIES TRUST ON THE ACCOUNTS RETURN 2013/2014

We have examined the Accounts Return set out in the attached file. We have separately reported on the statutory financial statements of Staffordshire University Academies Trust for the year ended 31 August 2014 prepared under section 396 of the Companies Act 2006, and the applicable framework comprising the Charities SORP and the Academies Accounts Direction 2013 to 2014 (the "Financial Statements").

This report is made solely to Staffordshire University Academies Trust in accordance with our instructions. Our work has been undertaken so that we might state to Staffordshire University Academies Trust those matters we are required to state to them in an accountant'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 Staffordshire University Academies Trust, for our work, for this report, or for the conclusions we have drawn.

Respective responsibilities of the trustees and Baker Tilly UK Audit LLP

The trustees are responsible for preparing the Accounts Return, in accordance with the requirements set out in the guidance notes issued by the Education Funding Agency, and the audited statutory financial statements.

It is our responsibility to report to you our conclusion as to whether:

- information in the Accounts Return marked as 'sourced directly from financial statements' is consistent with Staffordshire University Academies Trust's financial statements; and
- other information provided in the Accounts Return has been properly extracted from Staffordshire University Academies Trust's financial records and presented in the Accounts Return in accordance with the guidance notes issued by the Education Funding Agency.

Scope

As a practising member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/en/members/regulations-standards-and-guidance.



We have not been instructed to carry out an audit or a review of the Accounts Return or of the underlying accounting records from which the Accounts Return is prepared. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us. Consequently the procedures undertaken do not provide all the evidence that would be required in an audit and, therefore, we do not express an audit opinion on the information presented in the Accounts Return nor do we express an audit opinion in respect of the underlying accounting records from which the Accounts Return is prepared.

To enable us to give our conclusion we have confirmed:

- amounts in the Accounts Return marked as 'sourced directly from financial statements' are consistent with the Financial Statements;
- other amounts are consistent with supporting schedules that are derived from, and form part of, the records underlying the Financial Statements, but we do not otherwise perform a review of the accuracy or completeness of these supporting schedules.

Conclusion

It is our conclusion that the information marked as 'sourced directly from the financial statements' in the Accounts Return is consistent with the Financial Statements of Staffordshire University Academies Trust for the year ended 31 August 2014 and other information provided in the Accounts Return has been properly extracted from Staffordshire University Academies Trust's financial records and presented in Staffordshire University Academies Trust's Accounts Return in accordance with the guidance notes issued by the Education Funding Agency.

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30 January 2015

**Staffordshire University Academies Trust
Audit Findings Report**

Year ended 31 August 2014

**Circulated to the Board
by Baker Tilly UK Audit LLP
on 30 January 2015**

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Our Report is prepared solely for the confidential use of Staffordshire University Academies Trust and solely for the purpose of explaining the scope of the audit, our proposed audit approach, and to highlight the key risks that we will be focusing our audit work upon, forming part of the ongoing communications we are required to make under International Standard on Auditing (UK and Ireland) 260 – Communication of audit matters with those charged with governance. Therefore, the report may not, without our express written permission, be relied upon by Staffordshire University Academies Trust for any other purpose whatsoever, be referred to in whole or in part in any other external document or made available (in whole or in part) or communicated to any other party. Baker Tilly UK Audit LLP neither owes nor accepts any duty to any other party who may receive our Report and specifically disclaims any liability for any loss, damage or expense of whatsoever nature, which is caused by their reliance on our Report.

1 Introduction and coverage

This report summarises our key findings in connection with the audit of the financial statements of Staffordshire University Academies Trust and regularity assurance engagement of Staffordshire University Academies Trust in respect of the year ended 31 August 2014.

The scope of our work has already been communicated to you via our Audit Plan document dated 20 October 2014.

A summary of adjusted and unadjusted misstatements identified during the audit and regularity assurance engagement has been prepared and is included in Section 4.

We consider that the approach adopted will provide the Audit Committee with the required confidence that a thorough and robust financial statement audit has been carried out, together with a thorough and integrated regularity assurance engagement.

We can confirm that, at the date of this report, we anticipate no modifications from our pro-forma audit reports provided in the Audit Plan previously communicated to you.

2 Audit, Regularity and accounting issues identified at planning stage

Staffordshire University Academies Trust

Key area of focus	Our approach	Resolution
<p><u>Opening balance sheet and amounts transferred on conversion for Moorgate Primary School</u></p> <p>Upon conversion to an Academy, the company inherited assets and liabilities from the Local Authority which should be recognised in the statement of financial activities as gift and in the opening balance sheet.</p> <p>The opening balance sheet includes school building, land and fixtures and equipment, school budget surplus, school funds, and the local government pension scheme deficit of transferred employees.</p> <p>This transaction represents a gift to the Academy which needs to be recognised in accordance with the Charities SORP 2005 at current market value. A valuation will therefore need to be made for certain of these elements and therefore there is a risk that the amounts recognised may be materially misstated.</p> <p>The transaction will fall to be treated as an exceptional item and, therefore, this needs to be appropriately disclosed to ensure that the accounts are not misleading.</p>	<p>We will review the accounting treatment being the recognition, valuation, presentation and disclosure of these items with reference to the Charities SORP 2005, and the Academies: Accounts Direction 2013/14 published by the EFA.</p> <p>We will consider the reasonableness of amounts included e.g. with reference to the building and pension actuarial valuations and consider our ability to rely on the work of these experts.</p> <p>We will also consider the completeness of this opening balance sheet with reference to legal documentation and minutes.</p>	<p>Conversion documents for the Schools have been obtained and the amount confirmed by the local authority agreed to the opening balances in the financial statements.</p> <p>The buildings for both schools have been included in the financial statements at an independently provided valuation based on depreciated replacement cost and have been treated correctly.</p> <p>Pension deficits brought forward have been agreed to supporting reports and included as opening balance figures. Additional work has also been carried out on the actuarial valuation at the end of August 2014, as discussed later in this section.</p>

Key area of focus	Our approach	Resolution
<p>General annual grant</p> <p>The GAG is restricted funding and therefore there is a risk that the restricted fund could also be materially misstated and incorrectly recognised and disclosed.</p>	<p>We will review underlying records to ensure that GAG expenditure is separately allocated from other expenditure and that it is appropriately accounted for in restricted funds and the appropriate carried forward amount is recognised.</p> <p>We will ensure that management have given appropriate consideration to the amounts carried forward in line with current guidance from the Education Funding Agency and that disclosure notes on the GAG balances carried forward, are appropriate and comply with the requirement included in the Academies: Accounts Direction 2013/14.</p>	<p>We have reviewed the funding agreement and can confirm that no restrictions apply to GAG carry forward.</p> <p>GAG expenditure has been correctly accounted for and disclosed with the incoming resources having been agreed in total to the third party statements received.</p>
<p>FRS 17 – Retirement Benefits</p> <p>The FRS 17 pension liability is a significant balance sheet item and represents the Academy's share of the Local Government Pension Scheme. The amount recognised is based on a valuation undertaken by an actuary. The actuary also provides the disclosure for inclusion in the financial statements.</p> <p>There is a risk that the amount may be materially misstated where the data and assumptions used are not appropriate.</p>	<p>We will obtain and review a copy of the FRS 17 actuarial valuation prepared by the actuary and undertake procedures to determine our ability to rely on their work.</p> <p>We will undertake a review to ensure that the Academy's management have checked the data and considered the assumptions used by the actuary in preparing the FRS 17 valuation. We will also review the disclosures in the financial statements.</p>	<p>A copy of the FRS17 actuarial valuation has been obtained and the adjustment has been made to recognise both the opening deficit on conversion (see above) and the movement in the period.</p> <p>We have reviewed the assumptions applied in the valuation and compared to data from other Academies of a similar size and can confirm that the assumptions used appear to be consistent.</p>

Key area of focus	Our approach	Resolution
<p><u>Income recognition</u></p> <p>The Academy receives significant levels of grant funding and this should be recognised in accordance with the SORP 2005 recognition criteria and per the underlying funding agreement.</p>	<p>The accounting policies adopted by the Academy will be reviewed, considering the guidance available in SORP 2005 and the recognition criteria of entitlement, certainty and measurement.</p> <p>A review of grant funding agreements will be performed to determine whether the associated income has been recognised when appropriate.</p> <p>Through discussion with management and review of minutes we will identify any unexpected one-off sources of income, and ensure associated treatment is appropriate.</p>	<p>All incoming resources have been identified and agreed where appropriate to funding agreements and summaries.</p> <p>A review of the pupil premium remittances has shown that there is one months' worth of income that should have been deferred as it relates to September 2014. This amount has been included in section 4 as an unadjusted difference.</p>
<p><u>Accounting for capital spend</u></p> <p>Academies may spend money on capital projects and refurbishment work on existing buildings. Risk of incorrect accounting of replacement items within fixed assets. Issues surrounding component accounting.</p>	<p>We will review the nature of any capital spend or refurbishment work and ensure that it has been accounted for correctly in the financial statements.</p>	<p>During the year a £700k grant was received and spent on ICT equipment, and we can confirm that this has been treated correctly in the accounts.</p> <p>Additionally a further £29k was identified in relation to fencing costs that has not been capitalised, as it is thought that this may have been taken into account with the valuation of the property. Upon receipt of the valuation it will be determined if the fencing has been capitalised and therefore whether or not this amount needs to be capitalised.</p> <p>The Trust has not recognised any fixed assets in relation to the conversion of Moorgate School as detailed above, or acquired any other assets since conversion.</p>

Key area of focus	Our approach	Resolution
<p><u>Going Concern</u></p> <p>It is the responsibility of Governors' to assess the ability of the Academy to continue as a going concern for a period of not less than 12 months following the anticipated date of sign off.</p> <p>Given the current economic climate and in particular the pressures on government spending this is a key area of focus.</p>	<p>We will review the considerations of management including cash flow forecasts in relation to the going concern assumptions made and conclude on whether the considerations support their assessment that the Academy is a going concern.</p>	<p>We have reviewed the budgets prepared for the MAT for the three years to 2016/17 and concur with Managements' and the Board's assessment that the new MAT structure is a going concern.</p>
<p><u>Management override of internal controls</u></p> <p>As for all control systems, there is the unavoidable risk that control systems can be by-passed by those senior members of the management team with the ability to initiate and execute transactions and accounting entries without the need to follow the established control systems and procedures.</p>	<p>We will assess the overall control environment of the Academy including the arrangements for staff to 'Whistle-blow' inappropriate actions, and interview senior management.</p> <p>We will examine the significant accounting estimates and judgements relevant to the accounts for evidence of bias by management that may represent a risk of material misstatement due to fraud.</p>	<p>Work carried out as planned, no issues arising.</p>

3 Audit, Regularity and accounting issues identified during the audit and regularity work

Issue	Resolution
<p><u>Conversion to MAT status and acquisition of Moorgate and John Wheeldon</u></p> <p>During the year, the Trust converted to a multi-academy trust and Moorgate school joined the Trust on 1 July 2014. Subsequent to the year end, John Wheeldon School also joined the trust.</p> <p>It is not clear from a review of the Board minutes provided at what point the Board approved the school's conversion or what due diligence assessment was made before approval was given.</p>	<p>Discussions with Board members identified that the investigations into the conversion of these schools were undertaken by a project team supported by the principal sponsor. Appropriate re-charges were made (see below).</p> <p>We consider that the decision-making process on the part of the Trust Board should be clearer and more transparent (see recommendation below).</p>
<p><u>Building valuation</u></p> <p>The property at Staffordshire University Academy has had its 125 yr lease assigned to it. As a result a valuation of the property has been undertaken during the year,</p>	<p>A third party external valuation of the property was undertaken in November 2014. The basis of the valuation was depreciated replacement cost. The value of the property is £15,275k, and the value of the land is £3,025k. The property has been correctly recognised in the financial statements as a donation in kind and capitalised within fixed assets. The land has not been capitalised in the financial statements on the basis that it has an infinite life. The valuation report has not yet been reviewed.</p>
<p><u>Depreciation</u></p> <p>In the prior year, the only asset that was recognised in the financial statements related to the minibus. The assets have all been depreciated at 25%, irrespective of which assets category they are included in.</p>	<p>The trustees have now established policies they consider accurately represent the remaining useful economic lives of the different assets.</p>

Issue	Resolution
<p><u>Bank reconciliations</u></p> <p>Two of the main bank reconciliations were not provided on a timely basis during the audit. Upon receipt of the MAT bank reconciliation it has potentially been identified that there is a £500k hit to the income and expenditure account in relation to unrecorded items.</p> <p>Bank account 35997868 was not included in the trial balance therefore accounts teams had to analyse the bank for inclusion.</p>	<p>This adjustment has been included in section 4 and has been correctly reflected in the financial statements to show the correct cash book balances.</p>
<p><u>PAYE</u></p> <p>The PAYE liability has been shown as a reconciling item in the bank reconciliation, as opposed to a creditor included in other taxation and social security at the year end.</p>	<p>This adjustment has been included in section 4 and has been correctly reflected in the financial statements to show this amount as a liability.</p>
<p><u>Transactions with the connected parties</u></p> <p>There is no financial policy to cover transactions with the staff or governors or other connected parties.</p> <p>Significant services have been provided by Staffordshire University. It is not clear what procurement processes were appropriate for these transactions.</p> <p>The current draft financial statements do not fully reflect the transactions between the Trust and its principal sponsor.</p>	<p>It would be beneficial if the purchasing process included consulting the register of interests as part of the overall process to ensure that the register is utilised and to avoid conflicting transactions or why the governors believe that there is no need for an approved supplier list. The absence of such an approved supplier list could be deemed as a potential weakness in regards to purchasing decisions.</p> <p>Additional disclosures of relevant transactions have been included.</p> <p>The financial statements do not include costs relating to services provided by the University in relation to the conversion of John Wheeldon. An entry has been included in the unadjusted items in section 4 below.</p>
<p><u>Trustees remuneration</u></p> <p>There is no documentation provided through financial (or any other policies) outlining the rules and regulations regarding remuneration payments to Trustees. In addition to this, the current staff expense policy does not include any details of the rules/processes regarding trustees making a claim for expense reimbursement.</p>	<p>See recommendations below.</p>

Issue	Resolution
<p><u>Register of gift/hospitality</u></p> <p>There is no register of gifts/hospitality received is maintained by the Trust. Although no gifts were received in period, a register should be prepared in the event that gifts/hospitality are received.</p>	See recommendations below.
<p><u>Credit card policy</u></p> <p>There is no policy in place in specific relation to purchase card use (i.e detailing authorisation limits for card transactions, requirement of supporting documentation, identifying who card holders are etc).</p>	See recommendations below.
<p><u>Investment policy</u></p> <p>There is no investment policy in place at Staffordshire University Academy. Management confirmed that no such policy exists due to there being no investments held by the academy. However, due to the academy now being a MAT, it could be seen as a potential weakness in not having an investment policy set up in the event of actually entering into an investment. MLP has therefore been raised to advise the introduction of an investment policy which details acceptable investments (risk and ethical considerations), financial limits and investment periods, performance criteria, review and monitoring and requirement for authorisation and approval.</p>	See recommendations below.
<p><u>Overseas travel expenditure</u></p> <p>Finance policy does not provide any details of any processes/procedures to follow in regards to overseas travel expenses. Despite the client not incurring any such fees, MLP has been raised as the absence of such a policy could be deemed to be a weakness.</p>	See recommendations below.

4 Unadjusted/adjusted misstatements

A summary of the unadjusted/adjusted errors identified during the course of our work is set out below, analysed between errors of fact and differences in judgement.

We have not disclosed below those items that we consider to be “clearly trivial” in the context of our audit. For this purpose we consider “clearly trivial” to be any matter less than £1k individually and £10k in aggregate.

Entity	Adjusted misstatements		Unadjusted Misstatements Factual		Unadjusted Misstatements Judgemental	
	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s
Academy						
Fixed assets		29				
Support cost	(29)					
Being the reclassification of the fixed assets additions within the support cost						
PAYE		(88)				
Accruals		88				
Being to reverse the client accruals as the liability was already included within the bank cashbook						
PAYE		(105)				
Bank		105				
Being to post the PAYE liability included within the cashbook						

Entity	Adjusted misstatements		Unadjusted Misstatements Factual		Unadjusted Misstatements Judgemental	
	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s
Academy						
Other creditors		(44)				
Accruals		44				
Being to reverse the client accruals as the liability was already included within the bank cashbook						
Other creditors		(44)				
Bank		44				
Being to post the pension liability included within the cashbook						
Income		(13)				
Deferred income		13				
Being to post the Devolved capital funding that is received on the 20/06/14						
Accrued income		32				
Support cost	(32)					
Being to post the post year end rebates for rent and relating to the current year.						
Deferred income		(70)				
Support cost	11					
Bank		59				
Being to update the cashbook						

Entity	Adjusted misstatements		Unadjusted Misstatements Factual		Unadjusted Misstatements Judgemental	
	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s
Academy						
Bank		(164)				
Income EFA	164					
Being to include the Moorgate school reserve accounts						
Amounts introduced	465					
Actuarial gains and losses on defined benefit pension schemes	406					
Movement in defined benefit pension scheme liability		(919)				
Finance cost	30					
Cost of generating activities	18					
Being actuarial movement in pension liability						
Building		15,275				
Transferred on conversion	(15,275)					
Being the incorporation of land and building transfer						

Entity	Adjusted misstatements		Unadjusted Misstatements Factual		Unadjusted Misstatements Judgemental	
	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s
Academy						
Depreciation charge (B/s)		(306)				
Depreciation charge (p/l)	306					
Being the depreciation on the building						
Transferred on conversion	213					
Accrued income		(213)				
Being the balance transferred on conversion						
Charitable activities: GAG			10			
Charitable activities: Other DfE/EFA capital			(10)			
Being the reclassification of ACM grant included within the GAG income						
Other income			1			
Debtors				(1)		
Being to post the post end credit notes effecting the debtors and income						

Entity	Adjusted misstatements		Unadjusted Misstatements Factual		Unadjusted Misstatements Judgemental	
	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	SOFA effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s
Academy						
Deferred income			13			
Pupil premium				(13)		
Being to post the deferred income						
Professional services			45			
Creditors				(45)		
Being the costs to be recharged from the University in relation to John Wheeldon						

6 Significant deficiencies in internal control

We have set out below significant deficiencies in internal control which came to our attention during the course of our audit and regularity work. This does not constitute a comprehensive statement of all deficiencies that may exist in internal controls or of all improvements which may be made and has addressed only those matters which have come to our attention as a result of the procedures performed. The audit and regularity assurance engagement are not designed to identify all matters that may be relevant to you and accordingly they do not ordinarily identify all such matters.

Fact and potential consequence	Possible action	Management response	Timing of implementation and responsibility
Accounting Officer role Due to a change in the Principal during the year, there was a period of time when an accounting officer was not in place at the Academy.	Although corrective action has now been taken, and an accounting officer has been appointed, this should have been done on a more timely basis. The EFA have been advised of this new appointment.	Rowena Hillier was appointed as Accounting Officer once it was known David Evans would not be returning to the Trust. There was no period when an accounting officer wasn't in post. However it is acknowledged that in the period April – July 2014, in the absence of David Evans, an acting Accounting Officer should have been in place.	Trust Board
School fund The School fund bank account was still in the name of the School and not the Trust.	It is recommended as soon as practically possible, that the name of the School fund bank account is changed.	The Trust bank accounts have now been consolidated and renamed as Staffordshire University Academies Trust.	This change was implemented on 1 st November 2014 by the Finance Director.

Fact and potential consequence	Possible action	Management response	Timing of implementation and responsibility
Bank accounts Two of the main bank accounts were not reconciled at the year end.	It is recommended that bank reconciliations are carried out for all bank accounts at the end of each month. Evidence of an independent review of the reconciliation should also be carried out.	Internal processes are now in place to ensure that bank reconciliations are carried out for all bank accounts on a monthly basis. This will be independently reviewed through a reciprocal arrangement with the City of Wolverhampton Academy Trust on a termly basis.	Audit Committee Finance Director Responsible Officer
Fixed assets There is a £10k difference between the fixed asset register and the nominal ledger. These balances should reconcile.	It is recommended that the fixed asset register is reconciled to the nominal ledger as part of the month end procedures.	Internal processes are now in place to ensure that the fixed asset register is reconciled to the nominal ledger as part of month end procedures.	Finance Manager
Petty Cash Per the financial procedures petty cash payments can only be made to agreed limit (£25 max and £50 with VP signature) however it was noted during the audit that petty cash payments were made without the appropriate levels of authorisation	It is recommended that where policies are in place they are adhered to. Separate authorisation of payment should be made to ensure that the limits are not exceeded.	Individual petty cash accounts have been set up for each constituent Academy of the Trust along with a Financial Scheme of Delegation with appropriate levels set. Adherence to policy and procedure will be monitored regularly by the Finance Manager, Finance Director and through the independent audit reciprocal arrangement with the City of Wolverhampton Academy Trust on a termly basis.	Finance Manager Finance Director Responsible Officer

Fact and potential consequence	Possible action	Management response	Timing of implementation and responsibility
<p>Missing policies</p> <p>Our regularity audit work identified that the following policies have not been developed and agreed by the Trustees:</p> <ul style="list-style-type: none"> - Fixed asset disposals - Remuneration paid to trustees - Expenses paid to Trustees - Credit card/purchase card transactions - Investment policy - Overseas travel expenses <p>Without all relevant policies, the Academy leaves itself open to potential irregularity issues.</p> <p>It was also noted that the scheme of delegation and the finance policy had not been reviewed during the year, and there was no evidence to suggest that the financial regulations have been reviewed in line with changes in the Academies Finance Handbook.</p> <p>The business and continuity plan does not cover the process for school closures, IT backups or alternative accommodation, other than in the event of exams.</p> <p>There is also no register with regards to gifts and hospitality that staff have received during the year.</p>	<p>The Board should ensure that these policies are developed and agreed as soon as possible.</p> <p>In addition, we would recommend that a review of regularity compliance should be presented to the Board in support of their authorisation of the statements made by the Chair and Accounting Officer on their behalf in the annual report and accounts.</p>	<p>Work is underway on the missing policies and updating of existing to ensure compliance with legal and statutory compliance together with recommendations of good practice.</p>	<p>CEO & Finance Director by 31 August 2015</p>

Fact and potential consequence	Possible action	Management response	Timing of implementation and responsibility
Register of Interests From September 2014 the Trust is required to publish its register of interests on its website.	The Register should be published on the website. We would recommend that Registers should be maintained and published at both Trust and LGB level.	The Register of interests has been completed and will be published shortly on the Secondary Academy website whilst a Trust website is being developed.	Clerk to the Trust Board CEO
Management Accounts Management accounts currently provided to Trustees do not entirely comply with the requirements of Annex C of the Academies Financial Handbook.	Management should review the format of and information presented in the management accounts against the requirements and ensure compliance is prioritised. A cash flow position should also be included.	Management accounts from January 2015 forward have been amended to comply with the requirements of Annex C.	Finance Manager
Cash flow forecasts The budget monitoring process does not include cash flow forecasts.	Cash flow forecasts should be incorporated into the budget monitoring process.	Cash flow forecasts have been incorporated into the budget monitoring process from January 2015 onwards.	Finance Manager

Fact and potential consequence	Possible action	Management response	Timing of implementation and responsibility
<p>Transactions with Connected Parties</p> <p>As envisaged in its development, the Trust purchases significant services from its principal sponsor, Staffordshire University. This has included education improvement services, governance reviews, learning materials and direct staff development and training.</p> <p>In purchasing services from a connected party, the Trust is required by the Academies Handbook to obtain confirmation from the connected party that all goods and services are provided at cost only.</p> <p>Whilst the Trust has obtained this confirmation in respect of services purchased in the year to 31 August 2014, elements of the services planned for 2014/15 are reflected in round sum recharges or standard university fee levels.</p>	<p>The Trust Board should ensure that its processes lead to the understanding of connected party transactions within the Handbook and ensure that adequate information and analysis is provided to enable the Board to confirm compliance with the Handbook.</p>	<p>The CEO and Finance Director are currently examining processes in order to developing an action plan which addressed the specific issue of connected party transactions.</p> <p>There will be new Trust documentation produced to reflect new processes which are clear and understandable.</p> <p>At every meeting of Audit committee, which are followed by Trust Board meeting, there will be evidence provided that validates adherence to processes.</p>	<p>CEO & Finance Director</p> <p>Audit Committee (termly)</p> <p>Trust Board (termly)</p>

7 Significant accounting policies, disclosures and estimates

Accounting policies and estimates

The depreciation policy with regards to the property will need to be determined by the Trustees and applied to the financial statements, as detailed in section 3.

Accounting disclosures

During the course of our audit, we reviewed the adequacy of the disclosures contained within the financial statements and their compliance with both the relevant accounting standards, including the Statement of Recommended Practice – Accounting and Reporting by Charities 2005, the requirements of the Companies Act 2006 and the Academies: Accounts Direction 2013/14 issued by the Education Funding Agency (EFA). There are no disclosure matters which should be brought to your attention.

8 Qualitative aspects of accounting practices and financial reporting

Set out below are those matters that we have identified in respect of the above, during the course of our work, that we consider should be brought to the attention of the trustees.

Pension accounting

The staff at the school are either members of the National Teachers' Pension Scheme or the Staffordshire County Council local Government Pension Scheme. The financial impact of the latter is reflected in the Trust's financial statements.

A deficit was identified on conversion for Moorgate Primary School of £465,000 representing the cumulative deficit associated with the staff who transferred at that point. The position at the year-end was obtained for Staffordshire University Academies Trust, which incorporates both schools, and this has demonstrated an apparent deterioration in the position. A further £1,254,000 liability has been recognised, resulting in the revised deficit as shown in the financial statements of £1,719,000. The basis of valuation is driven by market developments and the reduction in the discount rate applied to future liabilities as at 31 August 2014 has had a particular impact on many valuations.

9 Fees

We confirm that the fees charged during the year to date in respect of services performed for Staffordshire University Academies Trust are consistent with those contained within our Audit Plan submitted to you and dated 20 October 2014.

Significant delays have been experienced in the conduct of the audit and we will be discussing our costs with management in due course.

10 Independence

In accordance with International Standard on Auditing (UK and Ireland) 260 "Communication with those charged with governance", there are no changes to the details of relationships between Baker Tilly UK Audit LLP and its related entities and Staffordshire University Academies Trust that may reasonably be thought to bear on Baker Tilly UK Audit LLP's independence and the objectivity of the audit principal, Philip Coleman and the audit staff and the related safeguards from those disclosed in the Audit Plan dated 16 October 2014.

Appendix A – Draft letters of representation

Baker Tilly UK Audit LLP
St Philips Point, Temple Row
Birmingham, B2 5AF

AUDIT OF FINANCIAL STATEMENTS – PERIOD ENDED 31 AUGUST 2014

This representation letter is provided in connection with your audit of the financial statements of the Academy Trust for the period ended 31 August 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in accordance with the applicable financial reporting framework. The financial reporting framework that has been applied in the preparation of the Academy Trust financial statements is applicable law, Academies Accounts Direction 2014 issued by the Education Funding Agency ('EFA') and United Kingdom Generally Accepted Accounting Practice.

We confirm, to the best of our knowledge and belief, and having made appropriate enquiries of other governors and officials of the Academy Trust:

Financial Statements

- a. We acknowledge and have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 1 April 2014 for ensuring that the Academy Trust maintains adequate accounting records and for the preparation of the financial statements in accordance with the applicable financial reporting framework, in particular, the financial statements give a true and fair view in accordance therewith.
- b. Significant assumptions used by us in making accounting estimates, including those relating to items measured at fair value, are reasonable.
- c. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework. In particular, full disclosure is made in the financial statements of:
 - i. any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans, or credit transactions) for Governors or any guarantee or provision of security for Governors;
 - ii. the identity of the party which controls the Academy Trust, if any;
 - iii. transactions and balances with related parties including:
 - the names of the transacting parties;
 - a description of the relationship between the parties;
 - a description of the transactions;
 - the amounts involved (even if nil);
 - any other elements of the transactions necessary for an understanding of the financial statements;
 - the amounts due to or from related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; and

- amounts written off in the period in respect of debts due to or from related parties.
- d. Full disclosure is made in the financial statements of:
- i. outstanding capital commitments contracted for at the balance sheet date;
 - ii. all contingent liabilities including details of pending litigation and material claims against the Academy Trust;
 - iii. all guarantees or warranties or other financial commitments.
- e. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- f. There have been no events (e.g. loss of source (or reduction) of funding (including DfE and other grants, donations or private sponsorship), loss of supplier or member of staff, change in student numbers, change in credit terms offered by suppliers, breaches of bank or other covenants, changes in banking or insurance arrangements or facilities) since the balance sheet date that would impact on the ability of the Academy Trust to continue as a going concern. Should such events occur prior to your signature of the audit report we will advise you immediately. Except as already incorporated into our cash flow and income and expenditure forecasts we have no plans or intentions that would impact on the ability of the Academy Trust to continue as a going concern.
- g. All events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustments or disclosure have been adjusted or disclosed. Should such further material events occur prior to your signature of the audit report we will advise you accordingly.
- h. The effects of uncorrected misstatements (whether arising from differences in amount, classification, presentation or disclosure of a reported financial statement item and the amount, classification, presentation or disclosure that is required for the item to be in accordance with the applicable financial reporting framework) are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements including those in relation to disclosures is attached to this representation letter.
- i. All designated and restricted fund balances are correctly shown in the accounts.

Information Provided

- a. As agreed in the terms of engagement, we have provided you with:
- i. Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation (including correspondence with the Department for Education ('DfE') and other matters including minutes of members and governors' meetings, committees of governors, management held between the beginning of the accounting period and the date of this letter;
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- b. We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements.

- c. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- d. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of that affects the Academy Trust and involves:
 - Management;
 - Employees who have significant roles in internal control; and
 - Others where the fraud could have a material effect on the financial statements;
- e. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- f. We have disclosed to you all known instances of non-compliance or suspected non-compliance with the terms of the funding agreement with the DfE and the Academies Financial Handbook 2013 and those laws and regulations whose effects should be considered when approving the financial statements, including but not limited to the Education Act 1996 as amended by the Learning and Skills Act 2000 and the Education Act 2002. We have also notified you of the actual or contingent consequences which may arise from such non-compliance, including any potential effects on the Academy Trust's ability to conduct its activities.
- g. We have disclosed to you the identity of the Academy Trust's related parties and all the related party relationships and transactions of which we are aware.
- h. We have disclosed to you the details of all known actual or possible litigation and claims whose effect should be considered when preparing the financial statements.
- i. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such incoming resources.
- j. We confirm that we have disclosed to you details of all banking and financing arrangements including related contracts and hedging products.
- k. We confirm that the Academy Trust has not entered into any tax avoidance schemes.

Charitable and academy trust status

- a. We have not conducted, or permitted to be conducted any activities which may call into question the charitable nature of the entity [or group].
- b. There have been no communications with the Charity Commission or the Secretary of State for Education as Principal Regulator or other regulatory body during the year or subsequently concerning matters of non-compliance with any administrative duty.

We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect fraud and error.

We confirm that we have taken all the steps that we ought to have taken as Governors in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to the auditors. We confirm that, as far as we are aware, there is no relevant audit information of which the auditors are unaware.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

REGULARITY ASSURANCE ENGAGEMENT – PERIOD ENDING 31 AUGUST 2014

We confirm, to the best of our knowledge and belief, and having made appropriate enquiries of other officials of the Academy Trust, the following representations given to you in connection with your regularity assurance engagement for the period ending 31 August 2014.

Regularity, Accounting records and transactions

- a. We acknowledge and have fulfilled our responsibility for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them.
- b. Neither the board of trustees nor the academy trust management have knowingly authorised a course of action, the financial impact of which was that transactions infringe the requirements of regularity.
- c. All transactions undertaken by the Academy Trust have been properly reflected and recorded in the accounting records.

Information provided

- d. As agreed in the terms of engagement, we have provided you with full and free access at all times to the financial records correspondence and other records of the academy trust, and such information and explanation as are necessary for the performance of your duties.

Compliance with laws and regulations

- e. We have disclosed all events of which we are aware which involve suspected non-compliance with the framework of authorities including:
 - the funding agreement with the Secretary of State for Education
 - the Academies Financial Handbook 2013;
 - Company law and Charity law;
 - Specific terms and conditions of income received

which provide a legal and contractual framework within which the academy trust conducts its business and which are central to its ability to conduct that business. We have also notified you of the actual or contingent consequences that may arise from such non-compliance.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Appendix B - Updated regulatory update

An update on regulatory matters was provided to the Academy in September 2014 as a separate document. There have been no substantial developments in the intervening period.