

STEP ACADEMY TRUST

Annual Report and Consolidated Financial Statements



FOR THE YEAR ENDED 31 AUGUST 2021

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Contents

Pages

Reference and Administrative Details	2 – 4
Message from our Chair	5 – 6
Message from our CEO	7
Trustees' Report	8 – 33
Governance Statement	34 – 39
Statement on Regularity, Propriety and Compliance	40
Statement of Trustees' Responsibilities	41
Independent Auditors' Report on Financial Statements	42 – 45
Independent Reporting Accountant's Report on Regularity	46 – 47
Financial Statements comprising:	48
Statement of Consolidated Financial Activities incorporating Income & Expenditure Account	49 – 50
Consolidated Balance Sheet	51
Academy Balance Sheet	52
Consolidated Cash Flow Statement	53
Notes to the Consolidated Financial Statements, incorporating: Statement of Accounting Policies Other Notes to the Financial Statements	54 – 87

STEP Standard

STEP Ahead
We invest in our future

STEP Mission
We agree to do things like this

STEP
Mission
Vision
Values

We strive together for excellence in partnership

Reference and Administrative Details

Members

I Dennigan (resigned 21 October 2021)

N King

D Sullivan

J Hilary

A Morley

R Venchard (resigned 1 May 2021)

Trustees (Governors)



Benjamin
Bartlett +



Kate
Chhatwal OBE +



Mark
Ducker OBE *



Angela
Farrell #



Ross
Gardner #



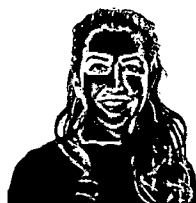
Peter
Lilford #



Rory
Nath #



Ursula
Norbert
(appointed 11
October 2021)



Navdeep
Sanghara +



Shelley
Stuart +



Rama
Venchard

Chair of Trustees

Rama Venchard

Vice Chair of Trustees

Ross Gardner

+ Member of the Education Committee

Member of the Finance and Operations Committee

* Chief Executive Officer (CEO)

Reference and Administrative Details

Executive Leadership Team

Chief Executive Officer (CEO)	M Ducker OBE
CEO Designate	P Glover
Chief Finance & Operations Officer	B March

Director of Effectiveness & Performance	J Alozie
Executive Director of Primary	J Halliwell
Director of Operations	J Hooper
Executive Director of Primary	T Mills

Company Name	STEP Academy Trust
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Principal and Registered Office	Gonville Road Thornton Heath Surrey CR7 6DL
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Company Registration Number	07612865 (England and Wales)
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Company Secretary	K Martin C Gilbert (resigned 19 July 2021)
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Independent Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW
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Bankers	Lloyds Bank PLC 25 Gresham Street London EC2V 7HN
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Solicitors	Winckworth Sherwood LLP Minerva House 5 Montague Close London Bridge SE1 9BB
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Reference and Administrative Details

ACADEMIES OPERATED	LOCATION	DATE JOINED	OFSTED RATING
 Angel Oak Academy	South London	February 2015	Outstanding (2017)
 Applegarth Academy	South London	April 2013	Good (2019)
 Beddington Park Academy	South London	November 2020	Due (2024)
 Benedict Academy	South London	May 2020	Due (2024)
 Breakwater Academy	East Sussex	September 2016	Good (2019)
 Burfield Academy	East Sussex	January 2017	RI (2018)
 David Livingstone Academy	South London	August 2011	Outstanding (2019)
 Gonville Academy	South London	April 2011	Good (2017)
 Hawkes Farm Academy	East Sussex	September 2016	Good (2019)
 Heathfield Academy	South London	September 2015	Outstanding (2018)
 High Cliff Academy	East Sussex	January 2017	Outstanding (2018)
 La Fontaine Academy	South London	September 2014	Good (2017)
 Park Academy	South London	May 2020	Good (2017)
 Phoenix Academy	East Sussex	January 2017	Good (2019)
 Tudor Academy*	South London	September 2018*	Good (2019)
 Turnham Academy	South London	August 2018	Due (2021)
 Westbridge Academy	South London	May 2020	Good (2017)
 White House Academy	East Sussex	January 2017	Good (2019)

Message from our Chair

2021 marks the tenth year of STEP. We now serve over 5,200 pupils in diverse communities across 18 academies in South London and East Sussex, supported by over 700 phenomenal staff members. And we are improving the life chances of all the children.

Over the past year all academies have worked tirelessly at a time when education has been seriously disrupted. We do not underestimate the scale of the challenge our academies and others have experienced through the pandemic. We therefore express our greatest thanks and respect to all our staff who continue to do everything they can to give our children the best possible chance to fulfil their potential, primarily through our Trust's ability to operate as a single team, through STEP First.



The past year has also brought about many successes for STEP:

- We learnt from our response during the first lockdown and the on-line learning offer was significantly more effective during the second lockdown. This was evident in the assessments when the children returned to school;
- Since the pandemic, we felt that the communication with families and their understanding of STEP had been more aligned;
- The pandemic had offered huge opportunities for the academies to support each other (EYFS, SEND, career pathways and performance management) and this collaboration will continue into the future;
- We received the NGA Award for Outstanding Governance in a Multi Academy Trust, which recognises the effective work of the Board of Trustees and Academy Committees;
- Our Anti-Racism Roadmap was launched and much progress has been made on embedding the new culture, curriculum design and policies, establishing Champions to lead on the (RACE) Charter Mark (which all academies have now registered with) and the Roadmap;
- In 2014/15, for every £1 of income, 64p was spent on Teaching & Learning, and by 2020/21 this rose by almost 10% to 70p;
- The financial strength of the Trust continued with a positive ESFA report, doubled reserves and we are moving towards equitable funding;
- We on-boarded four new academies and continued work with others under Memoranda of Understanding;
- Over 900 Chromebooks had been secured and set up for pupils to support them with their on-line learning;
- Relationships with secondary schools have been strengthened to smooth the transition; and
- The STEP Ahead Teaching School Hub received a DfE designation and the setup, recruitment and delivery plan had progressed over the year.

Our founding CEO, Mark Ducker OBE, announced that he would retire at end of the 2021/22 academic year. We are sad about Mark leaving, but hopeful for his continued involvement in the Trust, especially as he has laid the strong foundation for the Trust and espouses its values every single day. After a robust selection process, the Board appointed Paul Glover to be his successor. We very much look forward to his tenure. A planned transition is currently underway to ensure the future success of the Trust.

Although mentioned elsewhere in this report, I wish to reiterate our STEP Compass Priorities, as we believe they give us the focus and motivation to do everything we can to make sure every child in our care has the opportunity to achieve their potential:

- STEP First: Foster a strong sense of unity across the organisation, so that all stakeholders see themselves as being part of the one STEP team.
- STEP Way: To ensure consistency, continue to develop an appropriate STEP Way for each STEP Academy and, where appropriate, the Trust as a whole, which is informed by context and the STEP Standard.
- STEP Up: Generate the educational and operational capacity required to support our STEP Academies and their communities to recover from the impact of Coronavirus and achieve the STEP Standard.
- STEP Ahead: Ensure STEP Academy Trust continues to invest in the future in preparation for its next stage of development.

In summary, whilst we need to remain adaptable to the changing educational landscape (Ofsted framework, impact of pandemic, curriculum development and challenging communities), we look forward to another year to continue to develop a united partnership of excellent academies, where empowered leaders place our learners at the heart of what they do and all are supported to be successful.

“ Just wanted a massive thank you for all your hard work this year. You always make time to listen to our worries, especially when I was worried that the children were going to struggle. You have a massive heart and genuinely care about all the children. The small acts of kindness will never be forgotten and do mean a lot to me. ”

Feedback from STEP Academy Trust parents

Message from our CEO

It is true to say that 2020-2021 has been a year like no other. The COVID pandemic, which has had such a devastating impact on the communities we serve, and the racial unrest following the brutal murder of George Floyd, have tested STEP Academy Trust in a way none of us could have expected.

Adversity can often lead to contrasting effects, depending on the culture of an organisation. Some become fractured, struggling to cope with their new reality. Others, which are underpinned by a strong sense of unity, are able to demonstrate great agility, repurpose themselves to tackle head-on the challenges they face. For STEP, I believe the latter has been the case. Out of adversity, an even stronger sense of who we are and how we work has emerged.



Our Roadmap to Becoming an Anti-Racist Organisation, developed over the course of several months of introspection and reflection, illustrates how we move together as one. I am enormously proud of and grateful to the whole STEP team and our many committed partners.

Operating as a united team, STEP is now rightly regarded as one of the leading Trusts in the country. Indeed, it is gratifying that our strength as an organisation is now widely recognised; for example, by winning the prestigious 2021 NGA Outstanding Governance Award for a Multi Academy Trust. So, as I enter my final year as STEP CEO – which has undoubtedly been the privilege of my professional life – I am confident our Trust will go on to achieve even greater heights. The shrewd appointment of Paul Glover as my successor, who will be brilliantly supported by an outstanding Executive Team and Board of Trustees will, in my view, guarantee STEP's future success.

“

As a parent it was deeply comforting to know that during such difficult and unknown times there was always help, support and someone to turn to for advice at the school without any judgement.

”

Feedback from STEP Academy Trust parents

Trustees Report

The Trustees present their annual report together with the financial statements and independent auditors' reports of the charitable company for the year 1 September 2020 to 31 August 2021. This annual report serves the purposes of a Trustees' report, a Directors' report and a Strategic Report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).



Angel Oak
ACADEMY


Applegarth
ACADEMY


Beddington Park
ACADEMY


Benedict
ACADEMY


Breakwater
ACADEMY


Burfield
ACADEMY


David Livingstone
ACADEMY


Gonville
ACADEMY


Hawkes Farm
ACADEMY


Heathfield
ACADEMY


High Cliff
ACADEMY


La Fontaine
ACADEMY


Park
ACADEMY


Phoenix
ACADEMY


Tudor
ACADEMY


Turnham
ACADEMY


Westbridge
ACADEMY


White House
ACADEMY


STEP Ahead
TEACHING SCHOOL HUB

Who are we?

About us:

STEP was founded on a moral purpose; created to transform underperforming schools. STEP is an Academy Trust with 18 academies in the South East of England.

We are committed to improving the life chances of all children – where we have the capacity to make a difference we are morally bound to do so.

“ The pupils of our schools are placed at the heart of everything and they’re trying to make themselves better. The heart is also the amazing leaders of STEP Academy Trust holding it all together and making it work. ”

Quote from STEP pupil

To ensure that we hold this commitment at the heart of our decisions, strategy and operations, we established the STEP Mission and Vision.

STEP Mission

STEP Academy Trust is committed to improving the life chances of all children. Where we have the capacity to make a difference we are morally bound to do so.

STEP Vision

To develop a united partnership of excellent academies, where empowered leaders place our learners at the heart of everything and all are supported to be successful.

“ It makes me feel bigger, to make the school feel bigger. Because if we’re just by ourselves, then we wouldn’t have anyone by our side. ”

Quotes from STEP pupils

“ What I want to be when I’m older is something that I need lots of education for. ”

Quotes from STEP pupils

“ The way they teach us could lead us to a great life. ”

Quotes from STEP pupils

“ We can be confident in one big community. ”

Quotes from STEP pupils

“ Because we have different personalities we could put those together and make something big and extraordinary. ”

Quotes from STEP pupils

“ Working for STEP has restored my faith that an education organisation can hold the children’s best interests above all else. ”

Quotes from STEP staff survey

How we do it

To ensure that we are able to deliver on our Mission and Vision with unity and dedication across the Trust, we have established the STEP Values and 'Compass'. The Values provide a set of expectations of the behaviours and outcomes for all our academies and members, whilst the Compass provides design principles and guidance on decision making and strategy to achieve the Mission and Vision.

STEP Values – PUPAC

- Passion** Working in education, we have the ability to profoundly change children's lives. Our aim should always be to provide for the pupils of our Academies what we would want for our own children.
- Urgency** The amount of time children spend in education is finite. We have a responsibility to ensure that every moment a child is in a STEP Academy must be spent productively.
- Positivity** Staff have a responsibility to be positive and supportive of each other. Negativity leads to low expectations and a culture where excuses are tolerated.
- Aspiration** Embodied in the name of STEP, "*Striving Together for Excellence in Partnership*", all staff aim for excellence in their individual professional roles.
- Commitment** All are prepared to go the extra mile to provide the best possible education for pupils. The interests of children are always ahead of those of staff.

An important bi-product of PUPAC must be an enduring sense of dissatisfaction with the status quo. Whilst it is right that achievements are celebrated, the focus remains on the challenges ahead. PUPAC forms the basis of all initial discussions with prospective employees and partners of STEP Academy Trust

Our commitment to improving the life chances of all children, means ensuring that we are able to extend our support, knowledge and experience beyond the walls of our academies. Part of STEP Academy Trust is the STEP Ahead Teaching School Hub, which provides Initial Teacher Training, Continuous Professional Development and School to School Support to members across the South East of England.

“ STEP Academy Trust is among the top 10 trusts in England for progress between Key Stage 1 and the end of Key Stage 2. ”

The Department for Education, 2019

“ Working together as one team across the whole trust creates an environment where people learn from each other and grow. ”

Quote from Heathfield Ofsted Inspection 2018

STEP Compass



STEP First # Unity

We are one team. The Mission, Vision and Values are shared by all stakeholders. As a result, there is an acceptance that we are all one team. Sharing time, experience and resources to help every academy and member achieve the STEP Standard.

STEP Way # Consistency

We agree to do things like this. As a united team, it is right that we agree to do certain things in a consistent way, the STEP Way. Determined by a process of co-creation and review that ensures consistency and development of an appropriate approach in all areas for the Trust, informed by context and the STEP Standard.

STEP Up # Support

We all succeed together. Utilising resource and capacity across the Trust to support our STEP Academies and members to achieve the STEP Standard. Ensuring additional support to be targeted according to identified need

STEP Ahead # Development

We invest in our future. Ensuring that we continue to invest in the future in preparation for our next stage of development. This commitment requires a strong focus on CPD and strategic planning.

STEP Standard # Expectation

Striving together for excellence in partnership. An agreed set of expectations against which performance is measured to ensure that objectives, set to achieve the Mission and Vision, are met. Ensures there is clarity about what must be achieved.

Our Strategy

The points of the STEP Compass address the challenges we believe face the Education sector, and MATs in particular. By clearly expressing the purpose of each Compass point, we ensure that all within STEP are aware of the challenges and also know the part they play in achieving our Vision.

The STEP Compass works as the operating system for the Trust, with the goal of reaching the STEP Standard in all areas of academy life, where the STEP Standards are the way that we will achieve our aims, Mission and Vision.

By keeping the Mission, Vision and Values at the heart of what we do, we by nature accept that we are one team, STEP First. This binds us together and allows the Trust to operate as a whole. By accepting the concept of being one team, we also agree to do things in a consistent way, STEP Way. In moving towards meeting the STEP Standard, we move together collectively and therefore succeed together.

The purpose of the STEP Strategy is to allow the STEP Standard to be reached through identifying where STEP Up (support) is required, both for the current stage of our journey and for the future, through STEP Ahead.

The Vision of the Trust: "To develop a united partnership of excellent academies, where empowered leaders place our learners at the heart of everything and all are supported to be successful", ensures that each child's needs are kept at the centre of decision making and that anything which forms part of the STEP Way benefits the children; meaningful consistency.

These principles for each part of the Compass underpin the STEP Strategy, with a core belief that working together we can collectively achieve more than if we were on our own:

The whole is greater than the sum of its individual parts

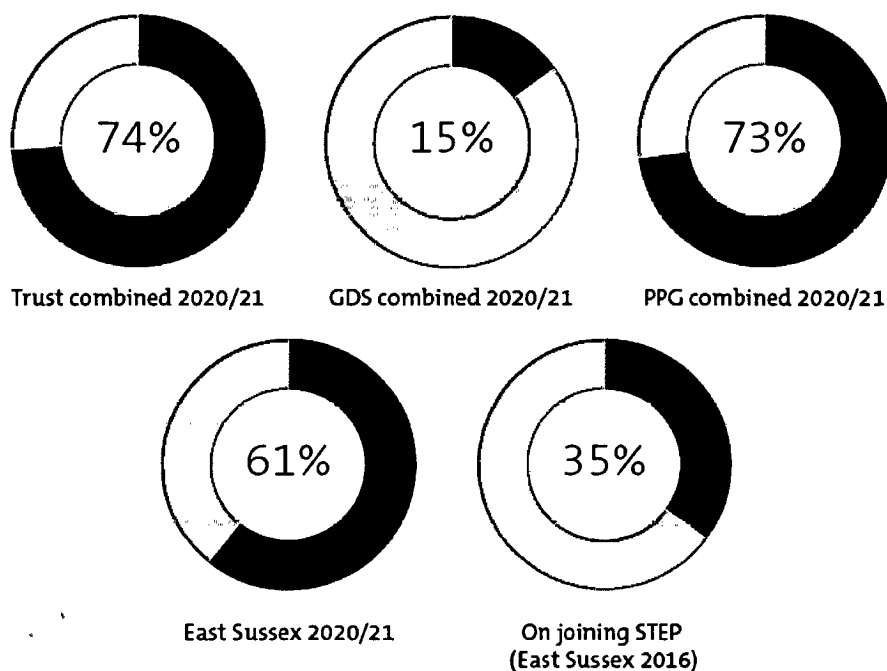
Each year, utilising these principles, the STEP Mission, Vision, Values, and the STEP Compass, the Executive Team and Trustees design and approve the Trust Strategy.

The Trust Strategy for this year was focused on providing integration into the Trust for the academies that joined in the year and further improving and embedding the STEP Mission, Vision, Values and Compass throughout the Trust. The Trust continues to focus on improving the life chances of children, with the impact of COVID still being felt by our pupils and communities, this means focusing on reducing the gap for pupils, supporting the health and wellbeing of all pupils, families, and the Trust staff and ensuring a positive and safe environment for pupils as they adjust to returning to the school environment. Importantly this year, this included strengthening relationships with secondary schools to allow a smooth transition for our pupils.

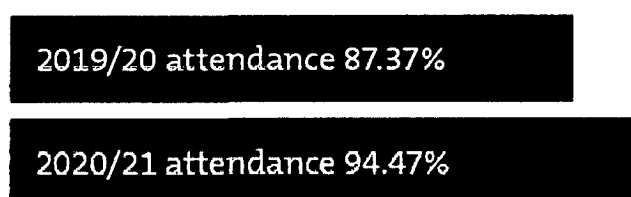
This year the Trust will continue its focus on reducing the impact of COVID on learning, with additional focus being on curriculum development and collaboration in specialist areas and improving the offer in SEND and inclusion. The Trust will also be focusing on embedding its new Executive Director and Executive Headteacher model and supporting its internal development of leadership within the Trust, supporting the Trust to remain adaptable to the changing landscape of education. The Trust will additionally be implementing its strategy on anti-racism and its Roadmap to Becoming an Anti-Racist Organisation. As well as Trust Key Stage results and progress monitoring, the Trust also considers attendance, exclusions and responses to pupil opinion surveys when assessing the success of its strategy.

Education At a glance

KS2 RESULTS



ATTENDANCE



EXCLUSIONS



ATTENDANCE IN DETAIL

PPG with >90% attendance	2019/20 48.4%	2020/21 74.8%
SEN with >90% attendance	2019/20 49.3%	2020/21 70.3%
FSM with >90% attendance	2019/20 45.3%	2020/21 74.4%

LEARNING SURVEY RESULTS (PUPIL OPINIONS)

Have enthusiastic teachers	STEP 85%	UK benchmark 19%
See errors as opportunities	STEP 54%	UK benchmark 11%

What's been achieved this year...

2020/21 Education Overview

The biggest challenge entering the 2020/21 academic year continued to be the ongoing impact of COVID on ensuring a high quality learning provision could be provided to, and accessed by, all our pupils. This developed into supporting our pupils in re-joining the school environment and closing the gap caused by the challenges of the last year.

Parents at one of our new academies have stated verbally how improved settings are, despite the pandemic and that they feel supported and their children are happy and learning well. This is encouraging, and shows our response to the challenges of COVID and changing restrictions was valued by our communities. The main reason for the success was the early adoption of a STEP Way approach to guide our academies, which was summarised in three words: Community, Safety, Choice.

In addition, day to day leadership in academies was exceptional. Adaptation by academies to meet the changing face of the pandemic meant there was communication with parents at least weekly via 1:1 phone calls, newsletters and of course regular website updates.

Our online learning provision - particularly with the experience of lockdown 1 - improved as we entered lockdown 2, and many parents complimented the offer. We were also able to secure over 900 devices for our academies to support pupils with home learning. With devices distributed according to need across STEP – which included the provision of internet access where needed – we know this had a positive impact on our pupils.

This is good news is balanced by post lockdown challenges, especially the real impact on pupils' writing and their wider development. For this reason, academies have been resourced to provide a fully experienced teacher in each class and a curriculum budget linked to the size of the academy. In addition, the Executive Team has ring fenced further funds to support academies as challenges emerge during the year.

However, we are encouraged by the way we have welcomed back pupils. Deep analysis of gaps in learning across the curriculum has taken place through Teacher Assessments and Summative Assessments of pupils' learning. This identified areas for each academy to prioritise, and these areas have been planned into Academy Improvement Plans, adapted Schemes of Work and prioritising of key aspects of learning throughout the timetable.

Preparing Pupils for Secondary

Our Year Six pupils have contended not only with the challenges of remote learning, lockdowns and isolation, but also with the difficulties of transitioning into a new school without the usual support and transition days offered during that period.

In response to these concerns, as a Trust we have adapted our approach for our transitioning pupils during this period, to ensure they are supported and confident in taking their next steps in their educational environment. In addition to the curriculum offer and assessment of Year Six pupils, we have strengthened relationships with secondary schools within the Local Authorities, and this has allowed us to identify key learning and experiences required to ensure our pupils were secondary ready.

Teaching Staff Development

A significant achievement in 2020/21 was the award of Teaching School Hub status for the Trust. This designation enables STEP to not only offer training for Teaching Staff and Leaders across the Trust, but also to hundreds of schools and academies within our geographical area.

Already, in preparation for 2021/22, around 350 teachers and mentors have registered on our Early Career Teachers programme, and we are confident this number will increase further.

In addition, the Teaching School Hub has been able to support schools directly outside of STEP. Peacehaven Heights Primary School and Telscombe Cliffs Primary have engaged the Hub to provide regular CPD for staff as well as subject lead coaching.

Academy Performance and KPIs

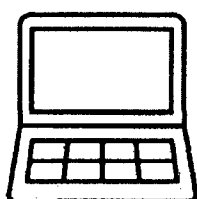
Our approach to pedagogy and curriculum indicates pupils have retained significant procedural, discrete and semantic knowledge with little loss in terms of reading progress and schematic development. This has been confirmed by recent contact from secondary schools. For example, Angel Oak was contacted by a local secondary school to advise that the exceptional knowledge exhibited by alumni was impressive, highlighting in particular geographical vocabulary and how pupils use the points of the compass to describe places in London. The feedback closed by the secondary stating: "This is a credit to how geography must have been taught in your school".

Across STEP, Pupil Outcomes Targets this academic year will reflect our ambition to ensure that Early Reading and Phonics outcomes are at least 85% for those academies who are not new to the Trust and KS2 Combined that is at least 10% above National average of 65%, demonstrating a determination to build on the strengths of the core curriculum across the Trust. Our outcomes included a mix of Teacher Assessments and standardised end of key stage tests. This approach allowed all leaders to understand what standards were being met and through question level analysis and other diagnostics the assessments helped to inform next steps for individual pupils.

One of the great outcomes of the past in year, is that we have seen increased collaboration across academies growing in efficacy, particularly regarding curriculum and writing. For example, a writing symposium has met on a number of occasions prior to develop the programme, which has now been trialled in three academies.

We are also seeing the benefit of our leadership model, which is facilitating co-operation across a number of academies. This has especially aided the on boarding of four new academies over lockdown and ensuring a smooth transition of leadership at La Fontaine.

Academy Life and Trust Operations At a glance



582 devices loaned to pupils to support remote learning

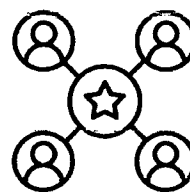


20 new recipes introduced in the year

"The trust put its heart and soul in delivering the very best education and wellbeing of all pupils. The trust wants to make a real difference to all children and their backgrounds"



QUOTE FROM STAFF SURVEY

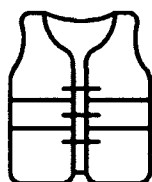


Staff survey
92% are proud to say they work for STEP Academy Trust

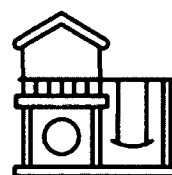


"Supports the staff with further CPD and career development. Help not only children but staff achieve their aspirational dreams and embed research into practice"

QUOTE FROM STAFF SURVEY



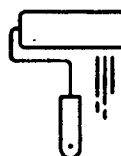
5 academies had roof replacements



3 academies had playground/play area with significant improvements



Negotiated over **£1million** in significant capital structural works for newly joined academies



Allocated repair and redecoration funds and resources to every academy in the trust

Academy Life and Operations....

Explained

The challenges of COVID were felt throughout the Trust and by our communities. One of the biggest hurdles to providing remote learning to our pupils were the resources available at home for our pupils and our staff. Our dedicated ICT colleagues worked with other departments across the Trust to identify the needs of the pupils and the teams working remotely. This resulted in the purchase of 943 laptop devices through ESFA schemes, with 582 being provided to pupils during the remote learning period. Additionally, the Trust purchased laptops, monitors, dongles, and other devices to support staff during this period, and worked with our suppliers to be able to provide additional software and licences to support the remote learning and working environments.

For our pupils and staff on site, those returning to site, and those who received meals from the academies during the period, they were able to enjoy 20 new recipes during the year. Each term the Catering team develop a new menu for pupils; each menu is produced with 3 weeks of different nutritious and appetising meals. Whilst our pupil surveys have paused during the COVID period, historically pupils have rated Trust meals with a 90%+. For 2021/22 the Catering team are additionally considering the diversity of our pupils and communities and will be developing menus with recipes from different countries.

With all services provided by STEP staff, we have been able to enhance annually our decoration programme to provide more opportunities for collaboration. This year, the projects were combined, to form a STEP-wide programme, which was then delivered by teams of site staff. This not only improved morale by enabling site staff to work in groups rather than in isolation, but also allowed each member of the team to both give and receive support from others and visit other sites.

Along with the financial savings of this approach, we have seen greater collaboration between site teams on a day-to-day basis and a greater appetite to provide and request support. This strengthens our capacity and resilience.

This is perhaps most strongly evidenced with the on-boarding and integration of Park, Westbridge, Benedict and Beddington Park Academies into the Trust at a time of educational uncertainty. Colleagues in those academies have commented: "I feel privileged to be part of a caring Academy Trust," and "Working for STEP is positive because they have passion for diversity and have the urgency to commit to helping aspire and change the lives within our community."

Despite the challenging period that we have all been experiencing, at STEP Academy Trust we have retained our team work, positivity and commitment. This is supported by the STEP Mission, Vision, Values and Compass which have underpinned the Trust's approach and decisions for many years; and shows its strengths most during periods of challenge and change, allowing us to make the right decisions. The success of this shows through our staff survey where the feedback included comments that staff felt they were "working for a Trust who cares about the pupils and staff" and that the Trust "strives to provide the best education for ALL children and supports staff to achieve their full potential".

What will we be achieving in 2021/22 and beyond?

Our plans for the year ahead

As a Trust our primary focus is always the education of our pupils. With learners held at the heart of everything, and our commitment to improving the life chances of children, our strategy is always centred around our pupils and their outcomes. Therefore, the focus for the Trust in the year ahead will be on supporting our pupils in their first full year back in a school environment, embedding the culture and strategy in the academies that are newer to the Trust, and closing the gap caused by the challenges in the last year.

The Trust has a wealth of experience in rapid improvement of academies that transfer into the Trust, and therefore understands the risks and challenges involved in this process. Therefore, the academies are in the process of starting a multi-year improvement strategy, with the support of experienced Executive Headteachers. The strategy of support of Executive Headteachers and Leads has provided success for the Trust historically, and will be a key part of the strategy for supporting all academies during the process of closing the gap in the next year.

However, as a Trust we are passionate about improving the life chances of children, not just focusing on educational outcomes, but ensuring that pupils have an understanding of the world around them. We also face the reality of the safety and happiness of some of our pupils can be at risk. As a result, the focus for the Trust for the next year, and continuing going forward, is anti-racism and the changes and challenges to Keeping Children Safe in Education.

Journey towards being an Anti-Racist Organisation

Our Roadmap was launched in 2020/21 with a focus on five areas for 2020/21. We identified several challenges throughout our launch and so have prioritised the RACE Charter Mark as a vehicle to ensure that an individual academy team's focus dovetails with the STEP Wide Roadmap. This compliments the good work of STEP Central and Executive teams. An evaluation of progress to date, impact and next steps for the STEP Roadmap is being carried out in early 2021/22 to ensure we continue to reach our milestone targets.

Keeping Children Safe in Education

Our primary duty as a Trust is to ensure all pupils are cared for and safe. To that end, we have reviewed safeguarding training so that all Academy based staff and STEP Leaders, including Trustees and Academy Committee members are clear about increased responsibilities related to KCSIE 2021, and in particular Sexualised behaviour, language and abuse. We have updated our STEP Child Protection & Safeguarding Policy and reviewed classifications on our safeguarding software so that we can regularly analyse and follow up.

Changes in Education

The education landscape is a constantly changing environment; guidance and requirements develop and grow constantly, the Trust must therefore develop and grow its strategy and offering to ensure that it meets the needs of the pupils and the requirements of the education sector. The most frequent changes to the sector include changes to the national curriculum, Ofsted framework, safeguarding requirements and other compliance regulations.

The Trust is confident of its ability to meet the needs of the changes in curriculum, Ofsted framework and safeguarding. Senior leaders work to ensure that they are aware of changes in the sector, developments in the latest research and update strategy, techniques and training that reflect this research. Supporting this continuous development, the Trust will be focusing in the coming year on the curriculum offer, including collaboration in specialist areas such as writing, and improving the Trust's offer in relation to SEND and Inclusion.

Other considerations

The low turnover across STEP, coupled with the high performance of staff that our standing in the sector requires, demonstrates a need to invest in all roles. We are delighted that throughout 2020/21 we have been able to fill vacancies with internal candidates, supporting them in new roles through formal and informal training and development opportunities.

STEP is now in the exciting position of moving towards a recruitment strategy that is weighted towards employing apprentices, further evidence of the commitment to our Mission. As part of the internal development practices within the Trust, there have been several internal appointments into the Senior Leadership Team within the year, and the coming year Executives and other senior leaders will focus on supporting and developing those new leaders in their role.

Within the changes to senior leaders during the coming year, the Trust is additionally focused on the transition of the Deputy CEO into the CEO role, following the retirement of the current CEO and founder, Mark Ducker. The Trust is excited about the internal appointment and is confident in the ongoing success of the Trust under the new leadership. However, the Trustees and Executive Team are mindful of the issues experienced within other Trusts following the changes in CEO and Senior Executives; and will be placing resource and focus on ensuring stability, confidence and consistency throughout the Trust and the changeover to mitigate the issues experienced in other Trusts.

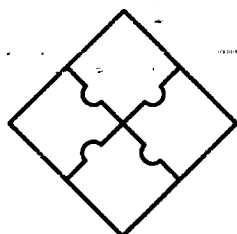
The Trust is currently working with 2 schools to support improvements in the learning provision. We have been approached for early discussion about these academies entering the Trust. Discussions are currently positive, and it is therefore likely that in the year these academies will join the Trust and senior leaders will work to on-board those academies and embedding the mission, vision, values, policies and procedures into the academies.

Our plans beyond 2021/22

The Trust aims to continue its growth strategy of working with academies where we can assist in improving the life chances of children. The Trust has significant success with primary academies, and has strengthened its support for pupils transitioning to secondary education. The future challenges for STEP will hopefully see further growth into the secondary area, allowing us to continue the support the life chances of children throughout their education.

Finances

At a glance

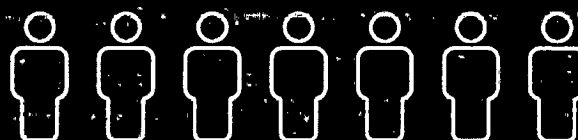


£150k saved through collaboration
with partner organisations in catering,
ICT and premises



General reserves
2020/21 1,082k 2019/20 516k

74% Direct staff costs (2020: 73%)
of total staff costs this year.



TEACHING AND LEARNING (DIRECT) EXPENDITURE PER PUPIL

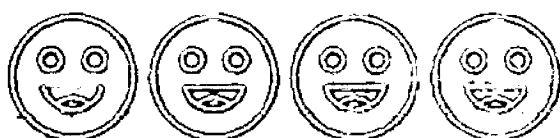
£3,012
2015

£4,129
2019/20

£4,475
2020/21

Headcount staff numbers

2020/21 937
2019/20 693



Academies in deficit

2020/21 1
2019/20 6



Finance Review

In the year, the Trust received £49,866k in incoming funds (2020: £49,458k), of this £13,910k (2020: £20,960k) related to funds inherited on conversion and donated land and buildings; therefore, £35,956k related to recurring income (2020: £28,498k). The overall increase in incoming resources is due to the Trust growing in year, taking on one new academy in the year, plus additionally having grown by 3 new academies towards the end of the prior year.

Recurring income principally consists of grant income received from the Education and Skills Funding Agency ("ESFA"), Department for Education ("DfE") and Local Authorities. Grant income in the year totalled £33,268k (2020: £26,880k). The increase is due to the additional academies taken in over the prior period. The academies also generate recurring income from other trading activities, in the year this income totalled £884k (2020: £755k). The increase in the year is due to the growth experienced following the 3 academies joining the Trust in the prior year. This income in the year is utilised to support the education and running of the academies within the Trust, trading income is utilised to support income generating activities and the Teaching School Hub.

The total expenditure in the year totalled £38,320k which increased from £30,550k in 2020. This increase is a result of the impact of having the academies that transferred in during 2020 within the Trust for the first full year. Of the total expenditure for the year, excluding depreciation, 78% related to staff costs, which is consistent with the historic expenditure. Direct staff costs, including teachers and teaching assistants, also remained consistent, accounting for 74% (2020: 73%) of total staff costs this year. A key principle of the Trust is for as much resource as possible to go towards teaching and learning. Maintaining the Trust's high allocation to direct costs can be challenging following sustained growth, especially owing to the Trust growth being provided through academies usually in educational and financial distress. It is demonstrative of the Trust's effective strategy for rapid improvements that these percentages were maintained.

There has been increased centralisation of operational services which is in keeping with "STEP Way" by ensuring consistency and achieving greater economies of scale across the academies. This year the Trust transferred all services, including premises, catering and ICT to the central operations. This allowed the academies and educational leaders to focus their time and resources on the teaching and learning.

At the year end, the Trust had net assets of £109,873k, an increase from 2020 (£100,309k). This is primarily due to the significant increase in cash at the year end being only partly offset by a decrease in debtors and an increase in creditors. This represents the general funds held by the Trust as well as the capital funds unspent (£576k) at the year end, earmarked for capital works at the academies in the coming year. There has been an increase in the creditors in the year, in line with the expansion of the Trust. Fixed Assets have increased from £112,166k to £127,040k. The pension liability has increased in the year to £18,825k (2020: £12,761), due to significant actuarial losses in the year and changes in assumptions used in the pension valuations across the sector.

STEP Academy Trust has free reserves of £1,082k as at 31 August 2021 (2020: £516k). The Academy Trust is mindful of the tightening economic conditions in the sector and has an active programme of contract review and efficiencies. The savings resulting, and anticipated, mean that the Trustees have confidence in the robust financial position of STEP Academy Trust now and for the future.

Finance Policies and Disclosures

Reserves Policy

As at the balance sheet date, the Academy Trust had general reserves of £1,082k. This consists of £80k of unrestricted general reserves and £1,002k of restricted general reserves.

The total pension reserves at 31 August 2021 were £18,825k and the total restricted fixed assets reserves were £127,616k.

Reserves are generated to provide funds to continue to enhance the educational facilities and services at the academies. Trustees monitor the level of reserves as part of the budget monitoring process with reserves being used to fund future projects and initiatives that Trustees feel are in harmony with the objects of the Academy Trust. The Academy Trust aims to keep overall reserves at a level which is appropriate for the Academy Trust as a whole whilst at the same time recognising that academies will have different requirements in terms of drawing on reserves. It is expected that over the coming three years, reserves will be replenished and maintained to an overall level of at least 5% of GAG income. 5% GAG income is less than 1 month payroll for the Trust, and is therefore not considered an excessive level of cash flow for an academy trust to hold at one time. However to ensure that as far as possible all resources are utilised in teaching and learning, the Trust operates on small margins, and therefore maintaining 5% GAG income in reserves is necessary to protect the Trust from unforeseen events in the year which may require the use of reserves.

At the year end, the general reserves were £1,082k, below the 5% benchmark (£1,752k). Contributing to this was 1 academy at the year end in a deficit position; David Livingstone Academy - £117k. During the year, Benedict Academy, Burfield Academy, Hawkes Farm Academy, La Fontaine Academy, Park Academy, Tudor Academy and White House Academy successfully repaid their deficits.

The Mission of the Trust is to improve the life chances of children. The Trust has historically worked with academies requiring significant assistance and rapid intervention and improvement. During the prior year, the Trust agreed to take on additional academies also in significant need of improvement. Owing to the significant resources needed to facilitate rapid improvement, the reduced reserves at 31 August 2020 and small operational margins budgeted by the Trust, the ESFA agreed a payment of GAG advances for deficit recovery. These advances are split into the historic resources spent to provide improvements in prior on-boarded academies, and for the resources anticipated as necessary for the newly on-boarded academies. This allowed the Trust to eliminate the deficits of several academies from the prior year.

David Livingstone Academy continues to face challenges, for which the Trustees approved a strategy of investment for rapid improvement. Trustees approved a long term repayment plan, which allows the repayment of the deficit over several years without compromising the academy's improvement and educational outcomes. Repayment started in the 2020/21 academic year.

As required by the Funding Agreement, the Academy Trust is part of the Local Government Pension Scheme ("LGPS"). As detailed in the Reserves Policy, the Local Government Pension Scheme is a funded scheme; employers' pension contributions will increase in line with the deficit over a period of years. The Academy Trust will not be liable for a lump sum and the increased pension contribution will be met from the Academy Trust's budgeted annual income. The Academy Trust budgets for the increased contributions required to meet the deficit each year.

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 these financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Investment Policy

The Trustees' investment powers are set down in the Academy Trust's Memorandum and Articles of Association. These permit the investment of monies of the Academy Trust that are not immediately required. The Academy Trust pursues a policy to keep all investments surplus to funds required in short term cash deposits.

Funds held as custodian Trustee on behalf of others

Although the Academy Trust maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders, STEP Academy Trust does not hold, and the directors do not anticipate that it will in the future hold, any funds as custodian for any third party.

Financial Instruments

Credit risk

The Trustees consider the Academy Trust to have a low level of credit risk exposure. The Academy Trust has a low level of debtor balances and transactions, and the finance department located at each academy regularly monitor any debtor balances that do occur.

Cash flow and liquidity

The Trustees consider the Academy Trust to have a low level of liquidity risk. The Academy Trust has sufficient liquidity to meet the obligations of the academies and central functions as they fall due. The Academy Trust monitors the cash flow and liquidity of the Academy Trust at least fortnightly.

Accounting Policies and Disclosures

Accounting policies and disclosures are included, as required, in the notes to the financial statements following this Trustees Report.

Risk Management

Overview of Risk

The education sector is one in which there is constant change and therefore there is continual need to identify and address risks and uncertainty.

The Trust operates a detailed risk register with key risk areas identified and broken down into separate identified specific risks. These risks are then assessed, risk mitigating actions identified and carried out, and key personnel identified for the ongoing monitoring of the outstanding actions and risk.

Local Government Pension Schemes have not been identified by the Trustees as a separate key risk, the deficit on these pensions schemes and the increased contributions required are considered to be included in the risk that 'financial challenges and changes mean that the Academy Trust becomes insolvent' and is appropriately mitigated by the actions identified for this risk.

The responsibility to identify and react to individual academy risk rests with the Leadership Team of each academy, with support provided by the Academy Trust as needed.

The Academy Trust has adopted a policy whereby risks are monitored on a likelihood and impact basis. As such, the key risks facing the Academy Trust, and the mitigating actions, are detailed below:

Risk: Children within the care of academies are not adequately safeguarded.

Key action(s):

- All staff undergo regular training.
- A culture of openness is encouraged and nurtured to ensure all staff and pupils know and understand their responsibilities in terms of safeguarding.
- A safeguarding governor and staff team are appointed in each academy.

Risk: Loss of key staff and Trustees, inability to attract or retain key staff and Trustees.

Key action(s):

- Key posts are identified and succession planning put in place.
- Salaries of staff are reviewed annually to ensure they remain competitive.
- The values of the organisation are promoted and seen as a differential between STEP and other organisations. As such, staff and Trustees become committed to STEP.

Risk: Poor practice in teaching or administration, harms the reputation of the Academy Trust.

Key action(s):

- Day-to-day management of the Academies is delegated to the Headteachers and their Leadership Teams. Academy Committees understand their role in ensuring policies approved by the Board are implemented. Challenge and support is provided by members of the Executive Team to ensure consistency of policy application.

Risk: Financial challenges and changes mean that the Academy Trust becomes insolvent.

Key action(s):

- Whilst it is not possible to predict Government policy in terms of funding, the Academy Trust adopts a prudent approach to financial management both in-year and over a three year planning cycle.
- As a significant percentage of revenue is linked to pupil numbers, the Academy Trust invests in appropriate marketing strategies and campaigns. Also, additional streams of funding are investigated and utilised.
- In terms of expenditure, economies of scale are maximised by procuring as an Academy Trust and forward planning resource needs.

Our Structure, Governance and Management

Constitution

STEP Academy Trust ("Academy Trust", "Trust" or "STEP") was incorporated on 21 April 2011 and is governed by the rules and regulations set down in its company Memorandum and Articles of Association dated 21 April 2011, and updated May 2021. The Academy Trust has entered into a Funding Agreement with the Department for Education which provides the framework within which the Academy Trust must operate.

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Academy Trust also has a wholly owned subsidiary, STEP Up Services Limited, details of which can be found in note 14 of the consolidated financial statements.

The Trustees of STEP Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as STEP Academy Trust. The Trust also has a subsidiary known as STEP Up Services Limited and a Teaching School Hub known as STEP Ahead Teaching School Hub.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on pages 2 to 4.

STEP's aim is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of foregoing by establishing, maintaining, carrying on, managing and developing schools ("the academies") offering a broad and balanced curriculum.

The Academy Trust's objects, per the Trust governing documents, are specifically restricted to the following:

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special education provision for pupils with Special Education Needs ("the Special Academies");
- b) to promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

STEP Academy Trust has been set up as an Academy Trust under the standard Multi-Academy Trust ("MAT") model. The Academy Trust contains 18 academies in the South East of England; Ofsted ratings for each academy are available in the References and Administrative Details of this report.

Structure

Trustees set the Trust strategy, Trust policies, approve an annual plan and budget, monitor performance against strategy and budget and make major decisions about the direction of the Trust, capital expenditure, and senior staff appointments.

The Trustees delegate the day-to-day management responsibility to the Executive Team, who are listed on page 3, led by the CEO, and Accounting Officer, Mark Ducker. The running of each individual academy is delegated to its senior leadership team. Every academy is overseen by one of the Academy Committees, which focuses on the stakeholder, standard and safeguarding of each academy in its remit. Academy Committees are supported by the Academy Senior Leaders, and include representation from academy parents and the local community.

The Trust Scheme of Delegation and its Appendices outline the decisions and approvals retained by the Board of Trustees, and those delegated to the Trustee Committees, Academy Committees, Executive Leadership and Academy Leadership.

Governance Management

Method of Recruitment and Appointment or Election of Trustees

Subject to any change in policy from time to time, or where circumstances merit a different approach, the Academy Trust Board will be constituted of up to the following:

- Trustees, appointed under Article 50;
- The Chief Executive Officer;
- Co-Opted Trustees; and
- Parent Trustees.

The total number of Trustees including the Chief Executive Officer who are employees of the Trust shall not exceed one third of the total number of Trustees. The Trustees may appoint by ordinary resolution such a number of Trustees as they see fit. The Chief Executive Officer, should they agree to act, may be appointed as a Trustee by ordinary resolution of the members.

A minimum of 2 Parent Trustees if elected or appointed under Articles 53-56B in the event that no Academy Committees are established under Article 100A or if no provision is made for at least 2 Parent Governors to be appointed on each established Academy Committee pursuant to Article 101A. The Academy Trust may also have any Co-opted Trustee appointed under Article 58.

Parent Trustees are elected by the Trustees. Parents must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the academies overseen by the Academy Committee at the time when they are elected or appointed. Where the number of parents or individuals standing for election is less than the number of vacancies those individuals are appointed to Trustees.

Trustees are nominated and appointed by the Board of Trustees, with appointments being agreed by Members. Recommendations are made by the CEO or Chair of Trustees for interested professionals who will subscribe to the Mission and Vision of STEP, i.e. making a difference to the lives of all children. CVs are submitted to the Trustees for consideration, candidates are interviewed by the CEO and Chair of Trustees and visit one or more of the STEP Academies. If the Board considers the candidate suitable, the appointment is ratified by the Board. The Company Secretary will advise Companies House and the ESFA of the appointment.

Trustee recruitment is undertaken by the Senior Executives at the direction of the Board of Trustees. The Board of Trustees will guide the skills, experience and qualities they are seeking in a new appointment through review of the Board composition and the needs of the Trust. Senior Executives will then liaise with external advisors to find a pool of appropriate candidates to be presented to the Trustees for shortlisting and interview.

Policies and Procedures Adopted for the Induction and Training of Trustees

Potential new Trustees meet with the CEO and Chair of Trustees to discuss STEP's Vision and Mission. They will then attend a Board meeting to see how the Board operates before deciding whether to stand for appointment. The Company Secretary will confirm to the Board when appointment has been notified to Companies House and ESFA.

On appointment to the Board, Trustees are provided with Welcome documentation from the Senior Clerk (including a Trustee Induction Pack), as well as details of training, signposting availability of the STEP policies and procedures, informed of meeting dates, and complete Disclosure and Barring Service ("DBS") checks. New Trustees are also provided with copies of Articles of Association and Scheme of Delegation.

Connected Organisations, including Related Party Relationships

STEP Academy Trust aims to work in partnership with a range of bodies, including the Croydon, Bromley, Lewisham, Southwark, Merton, Wandsworth, Sutton and East Sussex Local Authorities. The Academy Trust has a history of providing development opportunities and support to a range of academies through the STEP Ahead Teaching School Hub. STEP also provides School Improvement support to third parties through its wholly owned subsidiary, STEP Up Services Limited.

Members' Liability

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

Trustees' indemnity

In accordance with the Articles of Association, subject to the provisions of the Companies Act 2006 and Article 6.3 a Trustee of the Company and every member of any Academy Committee and/or Advisory Body (in so far as necessary) shall be indemnified out of the assets of the Company against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

Representations on Other Bodies

Consistent with the Academy Trust's ethos, STEP works closely with a range of partners, including Local Authorities and the DfE. In addition, STEP leaders are encouraged to support the governance arrangements of other organisations; for example, serve as a governor of a non-STEP school.

Public Benefit

STEP Academy Trust has been set up as an Academy Trust under the standard Multi-Academy Trust ("MAT") model. The Academy Trust contains 18 academies in the South East of England; Ofsted ratings for each academy are available in the References and Administrative Details of this report.

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this Trustees' Annual Report.

Benefit and Beneficiaries

In accordance with its charitable objectives, STEP Academy Trust strives to advance the education of the pupils attending the Academies that operate through the Academy Trust. The Academy Trust's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout all the Academy Trust's academies.

Directors' Assessment of Public Benefit

In order to determine whether or not the Academy Trust has fulfilled its charitable objectives for public benefit, the Trustees gather evidence of the success of the Academy Trust's activities using the range of measures described above.

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Fundraising

The Trust has not undertaken any formal fundraising in the year. The Trust does not use any external fundraisers. Should fundraising be undertaken by the Trust it will only be undertaken by STEP Academy Trust employees. Fundraising will be planned and monitored by the leadership of the Trust with full and appropriate safeguarding implemented regarding the Trust's reputation, data protection and other risks as outlined by the Charity Commission and applicable legislation.

Employees, Stakeholders and the Environment

Section 172(1) Statement

STEP Academy Trust is a successful Multi-Academy Trust that primarily provides education provision to the pupils within the Trust, and also strives to improve the life chances of those pupils. The Trust's ability to achieve these goals depends on the trust and confidence of its stakeholders to operate sustainably in the long term. The Trust seeks to put its pupils' best interests first, invests in its employees and supports the communities in which it operates.

The Trustees of STEP Academy Trust, both individually and together, consider they have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

The Trust has had many successes in the year in achieving its purpose, these have been outlined above in the Trustees reports.

Promoting the success of the Trust

STEP has established its mission, vision, values and STEP Compass to provide a framework and guiding principles for establishing decision making and strategy within the Trust that balances short term and long term goals and successes. One of the key principles established is that STEP is one team, striving for excellence in

partnership, this means that working together as a team, and with stakeholders such as suppliers, customers, the community and others is a key consideration in how we operate and the decisions made.

Another key principle of the STEP Compass is that we operate consistently, and that the consistency is determined through agreement, co-operation and collaboration. It is therefore important that we act fairly between all members of the Trust, while holding children at the heart of everything. Ensuring that decision making is made fairly, and with a focus on the achievement of the best outcomes for the children, helping to achieve the mission and vision of the Trust.

Decision-making at the Board

All matters which under the Trust's governance arrangements are reserved for decision by the Trustees are presented at Board and Board Committee meetings. Trustees are briefed on any potential impacts and risks for any stakeholders; including pupils, parents, employees, suppliers, partners and the community, and how they are to be managed. The Trustees take these factors into account before making a final decision which together they believe is in the best interests of the Trust and its members.

Engagement with suppliers, customers and other stakeholders

Trustees hold the Mission, Vision and Values of the Trust, and the long term educational and financial stability of the Trust, at the heart of all decision making. STEP Academy Trust Board of Trustees engage with stakeholders to ensure that strategy and decision making considers the impacts of all those involved.

Pupil engagement and outcomes are considered not only through the KS2 results of pupils, but through the cultural capital gained in the curriculum and pupil engagement in the community and with wider issues. Pupil Parliament and similar activities are held throughout the year to gain pupil perspectives.

Parents and the community are represented through the Academy Committees, which meet regularly to improve community engagement and Trust impact on the community, as well as safeguarding and curriculum considerations. Senior Leaders are always in attendance at each meeting to ensure open communication and discussion between the Trust and the Academy Committees. Additionally a Chairs' Forum is held for all Academy Committees, members of the Executive Team and a Trustee representative to provide an additional forum for feedback to the Board.

Employee engagement is discussed below in the Employee Information Policy. In addition Employee Surveys are conducted annually to ensure positive employee impacts and active engagement.

The Trust aims to build beneficial partnerships and arrangements with its key suppliers, working to develop its appointed supplier lists each year, furthering the development of beneficial relationships and improved quality to the Trust. The Trust aims to conduct all its business relationships with integrity and courtesy, and scrupulously to honour every business agreement.

Employee Information Policy

STEP Academy Trust Board of Trustees includes Staff Trustees on its Board who attend Academy Committee meetings. The CEO is on the Board of Trustees. This ensures that:

- employees' views are taken into account on decisions affecting their interests; and
- there is a common awareness on the part of all employees of all factors that affect the Academy Trust's performance.

The Academy Trust also undertakes discussions with employees when making decisions that affect employee interests to ensure that employee views are reflected in decisions made and their interests are protected. Senior Leaders regularly meet to assist the Executive Team in determining Trust policy, strategy and processes. The Senior Leaders hold regular team meetings within each academy and team to discuss Trust developments and achieving the targets of the Trust. The Trust's ethos and values encourages open communication and feed back, with teams able to contribute feedback up the chain to improve policy and process. The Trust has an active policy of performance management and internal development for all staff.

Equal Opportunities and Disabled Persons Policies (Equalities Policy)

The Academy Trust's policy on equal opportunities outlines the commitment of the staff and Governors of STEP Academy Trust to ensure that equality of opportunity is available to all members of the Academy Trust community. For our Academy Trust this means, not simply treating everybody the same but, understanding and tackling the different barriers which could lead to unequal outcomes for different groups of students in the Academy. It also means celebrating and valuing the equal opportunity achievements and strengths of all members of the Academy community. These include:

- Pupils
- Teaching staff
- Support staff
- Parents/carers
- Community governors
- Multi-agency staff linked to the Academy Trust
- Visitors to the Trust and its academies
- Students on placement

The Trustees believe that equality at the Academy Trust should permeate all aspects of Academy Trust life and is the responsibility of every team member of the Academy Trust and wider community. Every team member of the Academy Trust community should feel safe, secure, valued and of equal worth.

At STEP Academy Trust, equality is a key principle for treating all people the same irrespective of their gender, ethnicity, disability, religious beliefs, sexual orientations, age or any other recognised area of discrimination.

STEP Academy Trust is an Equal Opportunities Employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet minimum selection criteria. STEP Academy Trust provides training and development for all its employees, including people with disabilities, tailored where appropriate, to ensure they have the opportunity to achieve their potential. If a STEP employee becomes disabled while in our employment, the Academy Trust will do its best to retain them, including consulting them about their requirements, making reasonable and appropriate adjustments, and providing alternative suitable provisions.

Gender Pay Gap as at 5 April 2021

STEP Academy Trust is required by law to publish an annual gender pay gap report. This is its report for the snapshot date of 5 April 2021.

- The mean gender pay gap for STEP Academy Trust is 23.90% (2020: 29.28%).
- The median gender pay gap for STEP Academy Trust is 29.37% (2020: 32.27%).
- The mean gender bonus gap for STEP Academy Trust is 0% (2020: 0%).
- The median gender bonus gap for STEP Academy Trust is 0% (2020: 0%).

The proportion of male employees in STEP Academy Trust receiving a bonus is 0% and the proportion of female employees receiving a bonus is 0%. In line with the Trust's Pay Policy STEP Academy Trust does not remunerate employees with the use of bonuses.

Pay by Quartiles

Band	Males	Females	Description
A	26%	74%	Includes all employees whose standard hourly rate places them at or below the lower quartile
B	22%	78%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
C	10%	90%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
D	9%	91%	Includes all employees whose standard hourly rate places them above the upper quartile

The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The pay of key management personnel is set in line with STEP's Pay Policy, which is reviewed annually, and takes into consideration the overall size of the Academy Trust, market conditions, and benchmarking with other Multi Academy Trusts of a similar size. Pay for Trust Senior Leaders is recommended by the Executive Team for approval by the Pay Committee. CEO pay is reviewed by the Pay Committee and recommended to the Board of Trustees for approval.

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	739

Percentage of time spent on facility time

Percentage of time	
0%	3
1% - 50%	-
51% - 99%	-
100%	-

Percentage of pay bill spent of facility time

The total cost of facility time	£1k
The total pay bill	£28,532k
The percentage of the total pay bill spent on facility time (calculated as: total cost of facility time / total pay bill x 100)	0%

Paid trade union activities

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

(hours calculated as total hours spent on paid trade union activities by relevant union officials during the relevant period/total paid facility time hours x 100) 2%

Streamline Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2020 to 31 August 2021

Energy consumption used to calculate emissions (kWh)

Energy consumption breakdown (kWh)

Gas	2,096,288
Electricity	1,311,858
Fuel	84,240

Scope 1 emissions in metric tonnes CO2e 383.96

Gas consumption 4.03

Owned transport: mini buses 387.98

Total Scope

Scope 2 emissions in metric tonnes CO2e

Purchased electricity 305.85

Scope 3 emissions in metric tonnes CO2e

Business travel in employee owned vehicles 17.47

Total gross emission in metric tonnes CO2e 711.29

Intensity Ratio

Tonnes in CO2e per pupil 0.126

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity Measurement

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

Measures taken to improve energy efficiency

The Trust is currently working with its energy broker to identify a Trust wide provider of energy, this review will consider the usage and efficiency of each academy. The Trust monitors its energy usage across the Trust, and is reviewing Trust wide opportunities to implement efficiency improvement measures.

The Trust is committed to switching to a renewable energy provider once the current energy contracts expire for the Trust. Current efficiency improvements comprise roofing upgrades across the Trust, including upgrading insulation, a programme of replacement of lighting for energy efficiency bulbs and auto-turn off switches, and energy efficiency requirements on all new replacement goods.

Disclosures

Auditor

Insofar as all of the Trustees are aware:

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

The auditors are deemed to be reappointed under the Companies Act 2006, s. 487(2).

This Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 15 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read "R Venchard".

Mr R Venchard
Chair of Trustees

A handwritten signature in black ink, appearing to read "M Ducker".

Mr M Ducker OBE
Accounting Officer

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO, 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 STEP Academy Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdown in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of a possible
B Bartlett	4	6
K Chhatwal OBE	6	6
M Ducker OBE (Accounting Officer)	6	6
A Farrell	5	6
R Gardner	5	6
P Lilford	6	6
R Nath	5	6
U Norbert	-	-
N Sanghara	4	6
S Stuart	6	6
R Venchard	6	6

STEP Governance

The name STEP, an acronym, reflects the aspirational nature of the organisation – Striving Together for Excellence in Partnership. Inspired by the commitment to improve children's life chances, STEP Academies work together to provide high quality learning experiences for all their pupils.

STEP Governors / Trustees

"STEP First" is the notion that, first and foremost, everyone is committed to being part of STEP Academy Trust. All trustees and governors must be fully aligned to the Academy Trust's Mission and Vision.

Although serving one or more particular academies, governors are members of the wider STEP team. We are all one team, in one organisation, working towards the same goal: to be outstanding in all we do – STEP First!

Following the changes to the Board in the previous year, the Trustees have reviewed the membership of committees and the distribution of skills. This has enabled the Trust to benefit from skills and experience of the Trustees more effectively and aligned with the needs and priorities of the Trust.

The Trust has experienced a period of stability within the Board, which is consistent with the commitment the Trustees make. In the year, Trustees have undertaken the annual skills audit, and have focused their governance review on the effectiveness of Academy Committees, considering a new allocation of academies across the committees to enhance the effectiveness of the committees and align the allocations with the need and context of the academies being overseen.

STEP Governance Structure

The Chief Executive Officer (CEO), as Accounting Officer, together with Trustees are primarily responsible for the strategic direction of the Trust, promoting the Trust and developing the Trust's infrastructure. Trustee Committees have been established whose role is to examine in more detail the financial position of the academy through the review of management accounts, and financial forecasts. Committees operate within the terms of reference agreed by the Trustees.

Academy Committees have a role to play in ensuring that academies use their finances in a way which benefits the pupils of the academy. Fundamentally this is achieved by Academy Committees challenging and supporting the alignment of the Academy Improvement Plan with the agreed budget.

It is the belief of the Board of Trustees that this governance structure, underpinned by sound principles, will make best use of our strengths, will address our challenges and will provide the framework for each of our Academies to become Outstanding at the next opportunity.

The Trust Board receives sufficient information (e.g. Reports and minutes from Academy Committees, financial and management accounts and risk reports) to be able to effectively carry out its role. The structure of the Board is effective and enables each Trustee Committee to review specific detail and then share appropriate information at the Trust Board meetings. Information received by the Trustee Committees is reviewed and assessed on a regular basis. The information is obtained from underlying data, and reviewed by members of the Senior Leadership Team. Feedback is provided to those preparing the information to ensure that there is continued improvement and understanding of the information provided.

Similarly, the data produced for the review of Academy Committees, including performance and standards data, is reviewed by the Academy Leadership Teams. Academy Committees are able to feedback and challenge on the quality and content of data produced both to the Academy Leaders, but also directly to Trustees via the Chairs' Forum. Trustees ensure good communication with Academy Committees via regular update reports from Trustees to Governors, and through the Chairs' Forum.

The Trustees have undertaken a skills audit in the year and continues to self-assess its performance, reviewing its effectiveness and making changes where necessary.

Ongoing Review and Challenge

Trustees have met 6 times in the year, in line with ESFA recommended practice. The Trustees consider that they have sufficient oversight over the Trust owing to the frequency of meetings, and the regular and sufficient contact of Trustees and the Executive Team, and the regular reporting outside of the meetings between the two.

During the year, the Trust also held a Board Development Day, when all Trustees were invited. Additionally, the CEO and Chair of Trustees are in regular communication, as well as the Chairs of Committees in regular discussion with Executives. In this way the Trustees are regularly updated with the day to day running of the Trust and key decisions and strategy. Where necessary, Trustees will approve additional remote meetings to facilitate discussion, review and approvals as helpful to the strategy and management of the Trust.

The challenge for the Board and the Academy Trust in the year, has been the continued integration and control of the new academies that transferred into the Trust during the previous year and the new academy this year. The Trust has also been reviewing the composition of the Trustee Committees following the new appointments to the Board in the previous year, and ensuring the most effective use of the new skills and experience added to the Board. In line with the Trust strategy, the Board is also considering the diversity of its composition, as well as its skills and experience.

The Trust has reviewed its governing articles, and updated the articles of association and other documents to ensure that the Trust has the appropriate oversight and independence in its governance arrangements. Trustees have also placed focus on academy level governance; considering a new allocation of academies across the committees to enhance the effectiveness of the committees and align the allocations with the need and context of the academies being overseen.

Trustees are aware of the challenges faced by the sector and Trust. In the year the Trust's key challenges were the embedding of strategy and culture in the newly on-boarded academies; this challenge continues as the Trust continues to grow and develop. It is an ongoing challenge of the Trustees to balance the changing landscape of the education sector and the changing dynamics of a growing Trust. Trustees challenge the structures and oversight of the management, and the strategy for educational results and financial viability regularly and thoroughly; by continuing to challenge the strategy and structures Trustees are working with Trust management to continuously identify areas of improvement and appropriateness of current practice, allowing the Trust to maintain its high level of outcomes and quality.

Composition of the Academy Committees (AC)

In order to be functional, the composition of any AC responsible for two academies within STEP Academy Trust must meet the following maximum criteria:

- Parent x2 (elected, ideally one from each Academy)
- Staff x2 (Headteachers)
- Staff x2 (elected, ideally one from each Academy)
- STEP Governors x5
- Temporary Co-Opted Governors (according to need)

Where an AC covers just one Academy, the minimum membership will be:

- 1 Headteacher Governor
- 1 Staff Governor
- 2 Parent Governors
- 3 Co-opted Governors (i.e. appointed by the AC)

Finance and Operations Committee

The Finance and Operations Committee is a sub-committee of the main Board of Trustees. Its purpose is to maintain oversight of:

- Governance and internal control;
- Risk management;
- Financial management and value for money;
- External audit; and
- Financial statements and annual reports.

In addition, the Committee will operate to review the recommendations of the Pay Committee and approve the recommendations as appropriate. The remuneration of the CEO and Executive Team will be considered by the Committee, with a recommendation as appropriate made to the Board of Trustees for approval.

Attendance at the Finance and Operations Committee meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
A Farrell	1	3
R Gardner	3	3
P Lilford	3	3
R Nath	3	3

The Accounting Officer, Mark Ducker, is also invited to attend all Finance and Operations Committee meetings. In the year he attended 3 out of the 3 meetings held in the year.

Review of Value for Money

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

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

- Working with the Trust broker for tendering with suppliers for catering ingredients, appointing new suppliers and a shopping list of ingredients for the academies;
- Reviewing the Trust's printing arrangements and negotiating a new print management system across the Trust; and
- Continuing to reduce the use of outside contractors for maintenance through the employment of central premises staff, thereby reducing the costs of maintenance and building works for the Academy Trust.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 STEP Academy Trust during the entire period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts. 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 Operations 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; and
- identification and management of risks.

The Board of Trustees has decided to buy-in internal audit services from Strictly Education.

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

- review of cash management and payments; and
- purchasing and procurement.

On a termly basis, the internal auditor reports to the Board of Trustees, through the Finance and Operations Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The internal auditor has worked closely with Senior Leadership to deliver the schedule of work in line with Trustee timelines, plans and expectations.

Recommendations raised to date have not been classified as significant. Nonetheless, recommendations raised have been addressed and action plans put in place where appropriate.

Review of Effectiveness

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

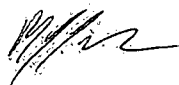
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool; and
- the work of the executive managers within the Academy Trust who have responsibility for the development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

The Accounting Officer has been advised of the implications of the results of the review of the system of internal control by the Finance and Operations Committee and plan to address weaknesses and ensure continuous improvement if the systems and controls in place.

Approved by order of the members of the Board of Trustees on 15 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R Venchard'.

Mr R Venchard
Chair of Trustees

A handwritten signature in black ink, appearing to read 'M Ducker'.

Mr M Ducker OBE
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of STEP Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the Funding Agreement in place between STEP Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and STEP Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's Funding Agreement and the Academies Financial Handbook 2020.

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

Approved on 15 December 2021 and signed by:



Mr M Ducker OBE
Accounting Officer

Statement on Trustees' Responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 15 December 2021 and signed on its behalf by:



Mr R Venchard
Chair of Trustees

INDEPENDENT

AUDITOR'S REPORT TO

THE MEMBERS OF STEP

ACADEMY TRUST

Opinion

We have audited the financial statements of STEP Academy Trust (the academy trust) for the year ended 31 August 2021 which comprise the Statement of Consolidated Financial Activities, the Consolidated Balance Sheet, the Academy Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable group's and company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including 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 requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the academy trust and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the academy trust, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated income and the academy trust's net income for the year.

Audit procedures performed included:

- reviewing the financial statement disclosures to underlying supporting documentation
- enquiry of trust staff in compliance functions to identify any instances of non-compliance with laws and regulations
- review of correspondence with and reports to the regulators, including correspondence with the ESFA
- enquiries of management, those charged with governance and the trust's legal advisors and the review of relevant correspondence around actual and potential litigation and claims
- reviewing minutes of meetings with those charged with governance
- review of internal audit reports during the year and discussion and consideration of any significant matters raised
- assessing the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the 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 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.

A handwritten signature in black ink, appearing to read "Colin Wright", with a horizontal line drawn underneath the signature.

Colin Wright
(Senior Statutory Auditor)

For and on behalf of UHY Hacker Young
Chartered Accountants and Statutory Auditor

4 Thomas More Square
London
E1W 1YW

17 December 2021

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO STEP ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by STEP Academy Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of STEP Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of STEP Academy Trust's funding agreement with the Secretary of State for Education dated 28 April 2011 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

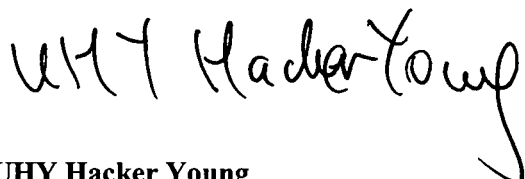
The work undertaken to draw to our conclusion includes:

- Evaluation of the general control environment
- Confirmation that the internal delegations have been approved by the trustees, and conform to the limits set by the Department for Education
- Review of the declaration of interests to ensure completeness
- Review of minutes for evidence of declaration of interest
- Consideration of whether prior approval has been sought from the Secretary of State for transactions where approval is required
- Consideration of whether special payments and certain transactions have been made in line with ESFA requirements
- Consideration of whether any related party transactions have been made in accordance with the ESFA's limits and requirements
- Consideration of whether the Academies Trust Handbook's governance requirements have been met
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities and its funding agreement
- A sample of cash payments were reviewed for unusual transactions
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement
- Enquiry and testing of procurement with regard to limits and required tendering policies and procedures
- Consideration of whether specialist grant income has been spent on the purposes intended

Formal representations have been obtained from the trustees and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety

Conclusion

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



UHY Hacker Young
Reporting Accountant

17 December 2021

FINANCIAL STATEMENTS 2020/21

**STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021
(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL
RECOGNISED GAINS & LOSSES)**

			Restricted funds			
	Notes	Unrestricted fund £'000	General funds £'000	Fixed asset fund £'000	2021 Total £'000	2020 Total £'000
Income and endowments from:						
Donations and capital grants	2	95	-	12,028	12,123	862
Transfer in with academy	36	-	(1,488)	4,848	3,360	20,960
<i>Charitable activities:</i>						
Funding for educational operations	3	-	33,268	-	33,268	26,880
Teaching School	37	185	46	-	231	-
Other trading activities	4	668	216	-	884	755
Investment income	5	-	-	-	-	1
Total income and endowments		948	32,042	16,876	49,866	49,458
Expenditure on:						
Raising funds and other trading activities	6	873	378	15	1,266	2,018
<i>Charitable activities:</i>						
Educational operations	6, 7	-	34,963	1,621	36,584	28,532
Teaching School	37	-	470	-	470	-
Total resources expended	6	873	35,811	1,636	38,320	30,550
Net incoming/(outgoing) resources before transfers						
		75	(3,769)	15,240	11,546	18,908
Gross transfers between funds						
		(92)	270	(178)	-	-
Net (expenditure)/income for the year						
		(17)	(3,499)	15,062	11,546	18,908
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	34	-	(1,982)	-	(1,982)	150
Net movement in funds		(17)	(5,481)	15,062	9,564	19,058
Total funds brought forward at 31 August 2020						
	20	97	(12,342)	112,554	100,309	81,251
Total funds carried forward at 31 August 2021						
	20	80	(17,823)	127,616	109,873	100,309

All of the Academy Trust's activities derive from continuing operations during the financial period.

**STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021
(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL
RECOGNISED GAINS & LOSSES)**

Comparative year information	Notes	Restricted funds			2020 Total £'000	2019 Total £'000
		Unrestricted fund £'000	General funds £'000	Fixed asset fund £'000		
Income and endowments from:						
Donations and capital grants	2	18	-	844	862	835
Inherited on conversion	36	-	(1,839)	22,799	20,960	53
<i>Charitable activities:</i>						
Funding for educational operations	3	-	26,880	-	26,880	23,792
Other trading activities	4	575	180	-	755	1,140
Investment income	5	1	-	-	1	1
Total income and endowments		594	25,221	23,643	49,458	25,821
Expenditure on:						
Raising funds and other trading activities	6	615	1,388	15	2,018	2,156
<i>Charitable activities:</i>						
Educational operations	6, 7	-	26,873	1,659	28,532	25,950
Total resources expended		615	28,261	1,674	30,550	28,106
Net incoming/(outgoing) resources before transfers		(21)	(3,040)	21,969	18,908	(2,285)
Gross transfers between funds		-	2	(2)	-	-
Net income/(expenditure) for the year		(21)	(3,038)	21,967	18,908	(2,285)
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	34	-	150	-	150	(2,966)
Net movement in funds		(21)	(2,888)	21,967	19,058	(5,251)
Total funds brought forward at 31 August 2019	20	118	(9,454)	90,587	81,251	86,502
Total funds carried forward at 31 August 2020	20	97	(12,342)	112,554	100,309	81,251

All of the Academy Trust's activities derive from continuing operations during the financial period.

CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	13	127,040	112,166
Current assets			
Stock	15	21	-
Debtors	17	1,059	1,423
Cash at bank and in hand	30	5,741	3,241
		6,821	4,664
Liabilities			
Creditors: amounts falling due within one year	18	(4,748)	(3,305)
Net current assets		2,073	1,359
Total assets less current liabilities		129,113	113,525
Creditors: amounts falling due after more than one year	19	(415)	(455)
Net assets excluding pension liability		128,698	113,070
Defined benefit pension scheme liability	34	(18,825)	(12,761)
Net assets including pension liability		109,873	100,309
Funds of the Trust:			
Restricted funds			
Fixed asset funds	20	127,616	112,554
Restricted income funds	20	1,002	419
Pension reserve	20	(18,825)	(12,761)
Total restricted funds		109,793	100,212
Unrestricted income funds	20	80	97
Total funds		109,873	100,309

The financial statements on pages 48 to 87 were approved by the Board of Trustees, and authorised for issue on 15 December 2021 and are signed on their behalf by:



Mr R Venchard
Chair of Trustees

Company registration no: 07612865

ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	13	127,040	112,166
Investments	14	-	-
		<u>127,040</u>	<u>112,166</u>
Current assets			
Stock	15	21	-
Debtors	17	1,433	1,628
Cash at bank and in hand		5,288	3,033
		<u>6,742</u>	<u>4,661</u>
Liabilities			
Creditors: amounts falling due within one year	18	(4,669)	(3,302)
		<u>2,073</u>	<u>1,359</u>
Net current assets			
		<u>129,113</u>	<u>113,525</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	19	(415)	(455)
		<u>128,698</u>	<u>113,070</u>
Net assets excluding pension liability			
Defined benefit pension scheme liability	34	(18,825)	(12,761)
		<u>109,873</u>	<u>100,309</u>
Net assets including pension liability			
		<u><u>109,873</u></u>	<u><u>100,309</u></u>
Funds of the Academy:			
Restricted income funds			
Fixed asset funds	22	127,616	112,554
Restricted income funds	22	1,002	419
Pension reserve	22	(18,825)	(12,761)
		<u>109,793</u>	<u>100,212</u>
Total restricted funds			
Unrestricted income funds	22	80	97
		<u>109,873</u>	<u>100,309</u>
Total funds		<u><u>109,873</u></u>	<u><u>100,309</u></u>

The financial statements on pages 48 to 87 were approved by the Board of Trustees, and authorised for issue on 15 December 2021 and are signed on their behalf by:



Mr R Venchard
Chair of Trustees

Company registration no: 07612865

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Net cash from operating activities	27	1,967	1,114
Cash funds transferred on conversion of academies	36	167	-
		<u>2,134</u>	<u>1,114</u>
Cash flows from financing activities	28	-	456
Cash flows from investing activities	29	<u>366</u>	<u>435</u>
Increase in cash and cash equivalents for the year		2,500	2,005
Cash and cash equivalents at 1 September 2020	30	<u>3,241</u>	<u>1,236</u>
Cash and cash equivalents at 31 August 2021	30	<u><u>5,741</u></u>	<u><u>3,241</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Statement of accounting policies

Company information

STEP Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Gonville Road, Thornton Heath, Surrey, CR7 6DL.

Basis of preparation

The accounts of STEP Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The financial statements have been prepared in sterling, which is the functional and presentational currency of the Trust. Monetary amounts in the financial statements are rounded to the nearest £'000. The financial statements have been prepared under the historic cost convention. A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of consolidation

These financial statements consolidate on a line-by-line basis the results of the Academy Trust and its wholly owned subsidiary, STEP Up Services Limited. A separate statement of financial activities for the Company itself is not presented because the Company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The Academy Trust's (unconsolidated) net movement in funds for the year was £9,564k (net incomings), which is the same as the consolidated net movement in funds.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants 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 period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditor as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Statement of accounting policies (continued)

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 period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditor as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

The Academy Trust is benefiting from ESFA's Free School Building Programme. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the academy trust controls (through ownership, lease or licence) the site where the development is occurring. The expenditure is capitalised in fixed assets.

Donations

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

Other income

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

Donated goods, services and gifts in kind

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

On becoming an academy, the land and property of the predecessor schools are transferred to the Academy Trust for £nil consideration. The valuation of the land and buildings as at the date of conversion is estimated using a depreciated replacement cost basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Statement of accounting policies (continued)

Transfer on conversion

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

Transfer of existing academies into the Academy Trust

Where assets are received on the transfer of an existing academy into the Academy Trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust, which is on signing of the transfer agreement with the transferring Academy Trust. An equal amount of income is recognised for the Transfer of an existing academy into the Academy Trust within Donations and capital grant income.

Transfer of land, buildings and property

Included in the transfer of assets on conversion or of existing academies into the Academy Trust, are the transfer of the land and buildings of the individual academy. The transfers are made either as freehold transfers, with charges against the property in favour of the ESFA, or are transferred under long term leases of 125 years. These assets are considered to be, in substance, owned by the Academy Trust and are therefore recognised at deemed cost at the date of transfer. Where the land and building is not recently acquired the deemed cost is considered to be the market value at the date of transfer. Assets that have been recently acquired or constructed are recognised at historical cost.

Expenditure

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

Expenditure on raising funds

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

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Statement of accounting policies (continued)

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 or donated market value and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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:

Freehold buildings	5 to 50 years
Leasehold land and buildings	125 years
Computer equipment	3 to 10 years
Fixtures and fittings	3 to 10 years

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

Impairment of fixed assets

At each reporting period end date, the Academy Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Academy Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Statement of accounting policies (continued)

Liabilities

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

Provisions

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

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

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term. The Trust does not enter into any finance lease contracts or hire purchase obligations.

Investment in subsidiary company

The Academy Trust's shareholding in the wholly owned subsidiary, STEP Up Services Limited, is included in the balance sheet at the cost of the share capital owned less any impairment.

Financial instruments

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

Financial instruments are recognised in the Academy Trust's Statement of Financial Position when the Academy Trust becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Statement of accounting policies (continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Stock

Stationery and any other academy stock are valued at the lower of cost or net realisable value.

Taxation

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Academy Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension 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 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 quadrennial valuations using a prospective unit credit method. As stated in note 34, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is an unfunded multiemployer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Statement of accounting policies (continued)

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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, the Department for Education or other funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Pension liability

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 34, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Statement of accounting policies (continued)

For 2020-21 there have been some specific issues which have continued to impact the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) Discount rates

There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(2) Mortality assumptions

Details of the changes in mortality assumptions are shown in note 34. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

Depreciation

The Trustees estimate the useful economic lives and residual values of Buildings, Computer Equipment, Furniture and Fittings and Motor Vehicles in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the statement of financial activities and the balance sheet.

The Trustees have reviewed the carrying values of the Academy Trust's Buildings, Building Improvements, Computer Equipment, Furniture and Equipment and Motor Vehicles.

Critical areas of judgement

The Trustees do not consider that they have made any critical judgements in the preparation of the financial statements.

2 Donations and capital grants	Unrestricted fund £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Capital grants	-	1,281	1,281	844
DfE Get Help with Technology Programme	-	197	197	-
ESFA Free School Building Programme	-	10,550	10,550	-
Other donations	95	-	95	18
	<u>95</u>	<u>12,028</u>	<u>12,123</u>	<u>862</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

3 Funding for the Academy Trust's educational operations

	Unrestricted fund	Restricted funds	Total 2021	Total 2020 Restated*
	£'000	£'000	£'000	£'000
DfE / ESFA grants				
- General Annual Grant (GAG)	-	25,026	25,026	20,615
- Start up grants	-	137	137	21
- Other DfE / ESFA grants				
UIFSM	-	713	713	666
Pupil Premium	-	2,641	2,641	2,199
Teachers Pay and Pension grants	-	1,208	1,208	863
PE and Sports Grant	-	377	377	281
Other grants	-	255	255	910
	-	30,357	30,357	25,555
Other Government grants				
- Local Authority Grants	-	2,465	2,465	1,311
COVID-19 additional funding (DfE/ESFA)				
- Catch Up Premium	-	415	415	-
- Other DfE/ESFA COVID-19 funding	-	-	-	-
COVID-19 additional funding (non-DfE/ESFA)				
- Coronavirus Job Retention Scheme grant	-	-	-	-
- Other COVID-19 funding	-	-	-	-
	-	2,880	2,880	1,311
Other income from the Academy Trust's educational operations	-	31	31	14
	-	33,268	33,268	26,880

There are no unfulfilled conditions or other contingencies for grants recognised.

The Trust received £415k of funding for the catch-up premium and costs incurred in respect of this funding totalled £415k. Funding was distributed to be spent by the academies in line with the catch up support plans approved by the Executive Headteachers for the academy.

The Trust did not furlough any employees in the year ended 31 August 2021, and therefore did not apply for and were not entitled to any grant under the Coronavirus Job Retention Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

3 Funding for the Academy Trust's educational operations (continued)

* Following the reclassification in the Academies Accounts Direction 2020 to 2021 of some grants received from the Department for Education and ESFA, the Academy Trust's funding for Universal Infant Free School Meals and Pupil Premium. Teachers Pay and Pension grants and PE and Sports grants are no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

4. Other trading activities income

	Unrestricted fund £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Hire of facilities	161	-	161	101
Catering income	72	202	274	166
Trip income	-	11	11	21
Sale of goods and services	243	-	243	328
Sale of uniforms	-	3	3	3
Consultancy	180	-	180	97
Other income	12	-	12	39
	<u>668</u>	<u>216</u>	<u>884</u>	<u>755</u>

5 Investment income

	Unrestricted fund £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Short term deposits (cash at bank) income	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

6 Expenditure

	Staff costs £'000 (note 8)	Non-pay expenditure		Total 2021 £'000	Total 2020 £'000
		Premises £'000	Other costs £'000		
Academy's educational operations (note 7)					
- Direct costs	20,994	978	1,497	23,469	18,726
- Allocated support costs	6,625	1,228	5,262	13,115	9,806
	<u>27,619</u>	<u>2,206</u>	<u>6,759</u>	<u>36,584</u>	<u>28,532</u>
Teaching school costs	325	-	145	470	-
Expenditure on raising funds and other trading activities	579	18	669	1,266	2,018
	<u>28,523</u>	<u>2,224</u>	<u>7,573</u>	<u>38,320</u>	<u>30,550</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

6 Expenditure (continued)

	2021 £'000	2020 £'000
Operating lease rentals	83	30
Fees paid to the auditor for:		
- Audit services	40	40
- Other services	33	22
Depreciation of tangible fixed assets (note 13)	1,636	1,444
	<u> </u>	<u> </u>

7 Charitable activities

	2021 £'000	2020 £'000
Direct costs – educational operations	23,469	18,726
Support costs – educational operations	13,115	9,806
	<u> </u>	<u> </u>
	36,584	28,532
	<u> </u>	<u> </u>

	2021 £'000	2020 £'000
Analysis of support costs		
Support staff costs	6,625	4,996
Depreciation (fixed asset restricted fund)	643	582
Technology costs	509	359
Cleaning	245	191
Energy costs	723	453
Rent and rates	253	239
Other premises costs	585	573
Insurance	172	153
Security and transport	305	220
Interest and finance costs	7	6
Other support costs	2,745	1,684
Governance costs	303	350
	<u> </u>	<u> </u>
Total support costs	13,115	9,806
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

8 Staff costs

Staff costs during the year were:	2021 £'000	2020 £'000
Wages and salaries	20,967	17,419
Social security costs	1,995	1,642
Operating costs of defined benefit pension scheme	4,255	3,286
Apprenticeship levy	90	78
	<u>27,307</u>	<u>22,425</u>
Supply staff costs	761	660
Staff development and other staff costs	220	266
Staff restructuring	235	67
	<u>28,523</u>	<u>23,418</u>

	2021 £'000	2020 £'000
Staff restructuring costs comprise:		
Redundancy payments	201	67
Severance payments	34	-
	<u>235</u>	<u>67</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £34,589 (2020: £66,960). Individually, the payments were: £14,020 and £20,569 (2020: £61, £292 and £66,607).

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

	2021 Number	2020 Number
Teachers	527	466
Administration and support	371	195
Management	39	32
	<u>937</u>	<u>693</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

8 Staff costs (continued)

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

	2021 Number	2020 Number
£ 60,001 - £ 70,000	9	9
£ 70,001 - £ 80,000	10	7
£ 80,001 - £ 90,000	4	4
£ 90,001 - £100,000	2	1
£100,001 - £110,000	-	2
£110,001 - £120,000	2	1
£120,001 - £130,000	2	1
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
	<u> </u>	<u> </u>

26 of the above employees participated in the Teachers' Pension Scheme (2020: 23). During the year ended 31 August 2021, pension contributions for these staff amounted to £476k (2020: £376k).

9. Central services

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

- Leadership and Management;
- Financial and Legal services;
- Human Resources;
- Procurement;
- Educational support services; and
- others as arising.

In the year ended 31 August 2021, the Trust additionally transferred the following services, which were previously undertaken by academies, to a central trust service and responsibility:

- catering;
- premises; and
- ICT

The charges of the additional services transferred centrally in the year, were calculated as the budgeted value for each academies operation, as agreed with the leadership. The Academy Trust charge for the historic central services was a flat 8% of income of the school budget share from Schools Block, Minimum Funding Guarantee and Education Support Grant Funding. Academies that hold surpluses in excess of 7% of annual GAG funding contribute these additional surpluses to the Central Academy Trust as a contingency for use at the Trust's discretion.

The actual amounts charged during the year were as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

9. Central services (continued)

	2021 £'000	2020 £'000
Applegarth Academy	690	164
Burfield Academy	265	52
Breakwater Academy	311	69
David Livingstone Academy	340	77
Gonville Academy	763	153
Hawkes Farm Academy	464	115
Heathfield Academy	522	87
High Cliff Academy	281	59
La Fontaine Academy	631	112
Angel Oak Academy	811	174
Phoenix Academy	310	58
Turnham Academy	567	154
White House Academy	268	59
Tudor Academy	959	210
Benedict Academy	363	-
Park Academy	262	-
Westbridge Academy	368	-
Beddington Park Academy	389	-
	<u>8,564</u>	<u>1,543</u>

10. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Executive Leadership team as listed on pages 2 to 4. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,082,964 (2020: £1,018,522).

11. Trustees' remuneration and expenses

One Trustee has been paid remuneration or has received other benefits from an employment with the Academy Trust. The CEO only receives remuneration in respect of services they provide undertaking the roles of CEO under their employment contracts, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration was as follows:

M Ducker OBE (CEO)

Remuneration £160,000 - £165,000 (2020: 155,000 - £160,000)

Employer pension contributions £35,000 - £40,000 (2020: 35,000 - £40,000)

During the year ended 31 August 2021, travel and subsistence expenses totalling £nil were reimbursed to Trustees (2020: £123).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

12 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 (2020: £5,000,000) on any one claim and the cost for the year ended 31 August 2021 and 2020 was not separately identifiable and has been included within the cost of commercial insurance.

13 Tangible fixed assets – Group and Trust

	Land and Buildings £'000	Computer Equipment £'000	Furniture & Fittings £'000	Total £'000
Cost				
At 1 September 2020	117,290	886	1,609	119,785
Additions	541	445	126	1,112
Donations from ESFA	10,550	-	-	10,550
Transfer in with academy (note 36)	4,843	-	5	4,848
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2021	133,224	1,331	1,740	136,295
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2020	5,944	770	905	7,619
Charge for year	1,259	223	154	1,636
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2021	7,203	993	1,059	9,255
	<hr/>	<hr/>	<hr/>	<hr/>
Net book values				
At 31 August 2021	126,021	338	681	127,040
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2020	111,346	116	704	112,166
	<hr/>	<hr/>	<hr/>	<hr/>

In the year ended 31 August 2021, Beddington Park Academy transferred into the Trust. The academy's land and buildings were transferred into the Trust at a total depreciated replacement value of £4,843k. Additionally, in the year the ESFA transferred into the Trust the land and buildings of La Fontaine Academy. The academy's land and buildings were transferred into the Trust at a total depreciated replacement value of £10,550k. This amount is included in the donations from the ESFA shown above. Valuations were obtained from qualified independent surveyors.

The value of computer equipment and furniture and fittings transferred on conversion were £5k. Further details on the academies transferred are in note 36.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

14 Investments - Academy

	Total 2021 £'000	Total 2020 £'000
Shares in subsidiary company – STEP Up Services Limited	-	-
	-	-

The cost of the investment in Step Up Services Limited at the year end was £1 (2020: £1).

The Trust holds more 100% of the share capital of the subsidiary company:

Company	Country of registration or incorporation	Shares held Class	%
STEP Up Services Limited	England and Wales	Ordinary	100.00

STEP Up Services Limited carries out the trading activities of the Academy Trust such as catering sales.

The results of the subsidiary for the year ended 31 August 2021 were as follows:

	£'000
Turnover	654
Operating expenses	(654)
Gift aid payment made to the Academy Trust	-
Net profit before taxation	-
Taxation charge	-
Retained profit for the year	-

At 31 August 2021 the aggregate amount of net assets and reserves of the subsidiary company was:

	£'000
Current assets	459
Current liabilities	(459)
	-
Represented by:	
Share capital	-
Reserves	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

15 Stock	Group 2021 £'000	Group 2020 £'000	Academy 2021 £'000	Academy 2020 £'000
Paper and stationery	21	-	21	-

16 Financial instruments	Group Total 2021 £'000	Group Total 2020 £'000	Academy Total 2021 £'000	Academy Total 2020 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	5,889	3,533	6,366	4,190
Carrying amount of financial liabilities				
Measured at amortised cost	2,952	1,932	2,947	1,932
Fair value through income and expenditure	18,825	12,761	18,825	12,761

The Trustees have considered the Academy Trust's exposure to credit, cash flow and liquidity risks as part of its annual risk assessment procedures. Risks are assessed within the Academy Trust's risk register and monitored throughout the year. The Trustees do not consider the Academy Trust to be materially exposed to credit, cash flow or liquidity risk, owing to sufficient bank balances and limited debtor exposures.

17 Debtors	Group 2021 £'000	Group 2020 £'000	Academy 2021 £'000	Academy 2020 £'000
Trade debtors	148	292	138	295
VAT recoverable	61	58	65	67
Amounts due from group undertakings	-	-	380	193
Prepayments and accrued income	850	1,073	850	1,073
	1,059	1,423	1,433	1,628

Prepayments and accrued income include accrued income of £560k, relating to Local Authority grant income, ESFA grant income, capital grant income and holiday club income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

18 Creditors: amounts falling due within one year	Group	Group	Academy	Academy
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	281	375	281	375
Other taxation and social security	979	916	979	916
Accruals and deferred income (see below)	3,432	1,994	3,353	1,994
Other creditors	56	20	56	17
	<u>4,748</u>	<u>3,305</u>	<u>4,669</u>	<u>3,302</u>
Deferred income	Group	Group	Academy	Academy
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Deferred income at 1 September	892	370	892	370
Income deferred in the year	1,216	892	1,142	892
Amounts released from previous years	(892)	(370)	(892)	(370)
Deferred income at 31 August included in accruals and deferred income above	<u>1,216</u>	<u>892</u>	<u>1,142</u>	<u>892</u>

At the balance sheet date the Academy Trust was holding funds received in advance for catering and academy clubs, academy trips and grants not yet receivable. The income is to be recognised in the financial year 2021.

19 Creditors: amounts falling due greater than one year	Group	Group	Academy	Academy
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
ESFA GAG advances	415	455	415	455
	<u>415</u>	<u>455</u>	<u>415</u>	<u>455</u>

ESFA GAG advances totalling £455k were provided to the Trust on the following terms:

A total of £255k was provided for the academies transferred into STEP Academy Trust from Chapel Street Community Schools Trust. This advance will be repayable over five years from September 2022.

A total of £200k was provided for the academies in Hailsham. This reflected the historically low pupil numbers in the town and the level of investment required of STEP to address the shortfall. This advance will be repayable over five years from September 2021.

The first repayment is due September 2021. Repayments due in the year ending 31 August 2022 are reflected in creditors due within one year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

20 Funds – Group

Current year	Balance at 31 August 2020 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
General Annual Grant (GAG)	419	25,026	(24,289)	(154)	1,002
UIFSM	-	713	(713)	-	-
Pupil Premium	-	2,641	(2,641)	-	-
Teachers Pay and Pension Grant	-	1,208	(1,208)	-	-
PE and Sports Grant	-	377	(377)	-	-
Catch Up Premium	-	415	(415)	-	-
Other DfE/ESFA COVID funding	-	-	-	-	-
Teaching school restricted funds	-	46	(470)	424	-
Start-up grants	-	137	(137)	-	-
Other DfE/ESFA grants	-	255	(255)	-	-
Coronavirus Job Retention Scheme Grant	-	-	-	-	-
Other non-DfE/ESFA COVID funding	-	-	-	-	-
Other government grants	-	2,465	(2,465)	-	-
Other educational operations	-	31	(31)	-	-
Inherited on conversion	-	167	(167)	-	-
Activities generating funds	-	216	(216)	-	-
Pension reserve (note 34)	(12,761)	(1,655)	(2,427)	(1,982)	(18,825)
Total restricted general funds	(12,342)	32,042	(35,811)	(1,712)	(17,823)
Restricted fixed asset funds					
Acquired on conversion	99,024	4,848	(1,312)	-	102,560
DfE/ESFA capital grants	3,321	1,478	(61)	(178)	4,560
Capital expenditure from GAG or other funds	845	-	(11)	-	834
ESFA donations	8,980	10,550	(247)	-	19,283
Other capital	384	-	(5)	-	379
Total restricted fixed asset funds	112,554	16,876	(1,636)	(178)	127,616
Total restricted funds	100,212	48,918	(37,447)	(1,890)	109,793
Unrestricted fund					
Unrestricted fund	97	763	(873)	93	80
Teaching School unrestricted funds	-	185	-	(185)	-
Total unrestricted funds	97	948	(873)	(92)	80
Total funds	100,309	49,866	(38,320)	(1,982)	109,873

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

20 Funds – Group (continued)

Comparative year	Balance at 31 August 2019 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	319	21,281	(21,183)	2	419
Start-up grants	-	21	(21)	-	-
Other DfE/ESFA grants	-	4,253	(4,253)	-	-
Other government grants	-	1,311	(1,311)	-	-
Other educational operations	-	14	(14)	-	-
Activities generating funds	-	180	(180)	-	-
Pension reserve (note 34)	(9,773)	(1,839)	(1,299)	150	(12,761)
Total restricted general funds	(9,454)	25,221	(28,261)	152	(12,342)
Restricted fixed asset funds					
Acquired on conversion	77,699	22,799	(1,472)	(2)	99,024
DfE/ESFA capital grants	2,526	844	(49)	-	3,321
Capital expenditure from GAG or other funds	858	-	(13)	-	845
ESFA donations	9,114	-	(134)	-	8,980
Other capital	390	-	(6)	-	384
Total restricted fixed asset funds	90,587	23,643	(1,674)	(2)	112,554
Total restricted funds	81,133	48,864	(29,935)	150	100,212
Unrestricted fund					
Unrestricted fund	118	594	(615)	-	97
Total funds	81,251	49,458	(30,550)	150	100,309

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

General Annual Grant (GAG)

The General Annual Grant must be used for the normal running costs of the Academy Trust including salary costs, overheads, premises costs and curriculum costs. Under the Funding Agreement with the Secretary of State, STEP Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

Other DfE/ESFA and government grants

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

20 Funds – Group (continued)

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

Pension reserve

The pension reserve is the element of the local government pension fund liability attributable to STEP Academy Trust (see note 34).

21 Total funds and total costs analysis by academy – Group and Academy Trust

Fund balances at 31 August 2021 were allocated as follows:

	2021 £'000	2020 £'000
Applegarth Academy	32	18
Beddington Park Academy	30	-
Benedict Academy	2	(11)
Burfield Academy	5	(8)
Breakwater Academy	64	62
David Livingstone Academy	(117)	(124)
Gonville Academy	51	25
Hawkes Farm Academy	1	(120)
Heathfield Academy	80	77
High Cliff Academy	60	45
La Fontaine Academy	6	(31)
Angel Oak Academy	122	102
Park Academy	3	(20)
Phoenix Academy	44	12
Turnham Academy	5	5
Westbridge Academy	42	33
White House Academy	1	(58)
Tudor Academy	2	(95)
Central STEP	649	604
Total funds before fixed assets and pension reserve funds	1,082	516
Restricted fixed asset reserve	127,616	112,554
Pension reserve	(18,825)	(12,761)
Total funds	109,873	100,309

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

21 Total funds and total costs analysis by academy – Group and Academy Trust (continued)

1 academy is currently in a deficit general fund position; David Livingstone Academy. The deficit is currently supported by the Central STEP Academy Trust funds, and are to be repaid by the academy over 5 years, and have been incorporated in setting the budgets for the 2021/22 period. David Livingstone Academy commenced repayment in 2020/21. Deficits have occurred primarily as a result of low pupil numbers, which have been gradually increasing following an Outstanding Ofsted result. The repayment has been approved over an appropriate period to allow the academy to reduce the deficit without impacting on the teaching and learning of the academy.

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other costs (excluding depreciation) £'000	Total 2021 £'000	Total 2020 £'000
Applegarth Academy	1,843	197	115	533	2,688	2,689
Beddington Park Academy	951	421	96	431	1,899	-
Burfield Academy	582	54	63	163	862	733
Breakwater Academy	664	168	58	211	1,101	1,055
Benedict Academy	1,317	106	80	209	1,712	621
David Livingstone Academy	690	196	23	278	1,187	1,106
Gonville Academy	1,529	260	44	1,198	3,031	2,419
Hawkes Farm Academy	1,181	116	51	244	1,592	1,500
Heathfield Academy	1,022	162	32	507	1,723	1,343
High Cliff Academy	640	58	57	305	1,060	875
La Fontaine Academy	1,346	173	30	344	1,893	1,834
Angel Oak Academy	1,691	473	84	482	2,730	2,657
Park Academy	792	131	72	108	1,103	339
Phoenix Academy	492	127	41	254	914	828
Turnham Academy	1,769	267	68	215	2,319	2,472
Westbridge Academy	864	212	100	215	1,391	350
White House Academy	516	83	60	167	826	653
Tudor Academy	2,099	224	99	548	2,970	3,153
Teaching School	316	9	115	39	479	-
Central STEP	1,006	3,776	324	98	5,204	4,479
Total costs	21,310	7,213	1,612	6,549	36,684	29,106

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

22 Funds – Academy Trust

Current year	Balance at 31 August 2020 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
General Annual Grant (GAG)	419	25,026	(24,289)	(154)	1,002
UIFSM	-	713	(713)	-	-
Pupil Premium	-	2,641	(2,641)	-	-
Teachers Pay and Pension Grant	-	1,208	(1,208)	-	-
PE and Spots Grant	-	377	(377)	-	-
Catch Up Premium	-	415	(415)	-	-
Other DfE/ESFA COVID funding	-	-	-	-	-
Start-up grants	-	137	(137)	-	-
Other DfE/ESFA grants	-	255	(255)	-	-
Coronavirus Job Retention Scheme Grant	-	-	-	-	-
Other non-DfE/ESFA COVID funding	-	-	-	-	-
Other government grants	-	2,465	(2,465)	-	-
Other educational operations	-	31	(31)	-	-
Inherited on conversion	-	167	(167)	-	-
Activities generating funds	-	216	(216)	-	-
Pension reserve (note 34)	(12,761)	(1,655)	(2,427)	(1,982)	(18,825)
Total restricted general funds	(12,342)	31,996	(35,341)	(2,136)	(17,823)
Restricted fixed asset funds					
Acquired on conversion	99,024	4,848	(1,312)	-	102,560
DfE/ESFA capital grants	3,321	1,478	(61)	(178)	4,560
Capital expenditure from GAG or other funds	845	-	(11)	-	834
ESFA donations	8,980	10,550	(247)	-	19,283
Other capital	384	-	(5)	-	379
Total restricted fixed asset funds	112,554	16,876	(1,636)	(178)	127,616
Total restricted funds	100,212	48,872	(36,977)	(2,314)	109,793
Unrestricted fund					
Unrestricted fund	97	340	(689)	332	80
Total funds	100,309	49,212	(37,666)	(1,982)	109,873

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

22 Funds – Academy Trust (continued)

Comparative year	Balance at 31 August 2019 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	319	21,281	(21,183)	2	419
Start-up grants	-	21	(21)	-	-
Other DfE/ESFA grants	-	4,253	(4,253)	-	-
Other government grants	-	1,311	(1,311)	-	-
Other educational operations	-	14	(14)	-	-
Inherited on conversion	-	-	-	-	-
Activities generating funds	-	180	(180)	-	-
Pension reserve (note 34)	(9,773)	(1,839)	(1,299)	150	(12,761)
Total restricted general funds	(9,454)	25,221	(28,261)	152	(12,342)
Restricted fixed asset funds					
Acquired on conversion	77,699	22,799	(1,472)	(2)	99,024
DfE/ESFA capital grants	2,526	844	(49)	-	3,321
Capital expenditure from GAG or other funds	858	-	(13)	-	845
ESFA donations	9,114	-	(134)	-	8,980
Other capital	390	-	(6)	-	384
Total restricted fixed asset funds	90,587	23,643	(1,674)	(2)	112,554
Total restricted funds	81,133	48,864	(29,935)	150	100,212
Unrestricted fund					
Unrestricted fund	118	478	(499)	-	97
Total funds	81,251	49,342	(30,434)	150	100,309

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

General Annual Grant (GAG)

The General Annual Grant must be used for the normal running costs of STEP Academy Trust including salary costs, overheads, premises costs and curriculum costs. 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 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

22 Funds – Academy Trust (continued)

Other DfE/ESFA and government grants

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

Pension reserve

The pension reserve is the element of the local government pension fund liability attributable to STEP Academy Trust (see note 34).

23 Analysis of net assets between funds – Group

Fund balances at 31 August 2021 are represented by the following assets and liabilities:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2021 £'000
Tangible fixed assets	-	-	127,040	127,040
Current assets	103	5,406	1,312	6,821
Current liabilities	(23)	(3,989)	(736)	(4,748)
Pension scheme liability	-	(18,825)	-	(18,825)
Non-current liabilities	-	(415)	-	(415)
Total net assets	80	(17,823)	127,616	109,873

Fund balances at 31 August 2020 are represented by the following assets and liabilities:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2020 £'000
Tangible fixed assets	-	-	112,166	112,166
Current assets	182	3,966	516	4,664
Current liabilities	(85)	(3,092)	(128)	(3,305)
Pension scheme liability	-	(12,761)	-	(12,761)
Non-current liabilities	-	(455)	-	(455)
Total net assets	97	(12,342)	112,554	100,309

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

24 Analysis of net assets between funds – Academy Trust

Fund balances at 31 August 2021 are represented by the following assets and liabilities:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2021 £'000
Tangible fixed assets	-	-	127,040	127,040
Current assets	103	5,327	1,312	6,742
Current liabilities	(23)	(3,910)	(736)	(4,669)
Pension scheme liability	-	(18,825)	-	(18,825)
Non-current liabilities	-	(415)	-	(415)
Total net assets	80	(17,823)	127,616	109,873

Fund balances at 31 August 2020 are represented by the following assets and liabilities:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2020 £'000
Tangible fixed assets	-	-	112,166	112,166
Current assets	182	3,963	516	4,661
Current liabilities	(85)	(3,089)	(128)	(3,302)
Pension scheme liability	-	(12,761)	-	(12,761)
Non-current liabilities	-	(455)	-	(455)
Total net assets	97	(12,342)	112,554	100,309

25 Capital commitments

At 31 August 2021 the Academy Trust had capital commitments contracted for, but not provided in the financial statements of:

	2021 £'000	2020 £'000
Contracted for, but not provided in the financial statements	918	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

26 Commitments under operating leases

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

	2021 £'000	2020 £'000
Due within one year	47	79
Due in one to five years	90	61
	<u> </u>	<u> </u>

27 Reconciliation of net income to net cash outflow from operating activities

	2021 £'000	2020 £'000
Net income for the year	11,546	18,908
Investment income	-	(1)
Depreciation (note 13)	1,636	1,444
Capital grants from DfE and other capital income	(12,028)	(844)
Net assets values transferred on conversion of schools (note 36)	(3,360)	(20,960)
Defined benefit pension scheme cost less contributions payable (note 34)	2,201	1,143
Defined benefit pension scheme finance cost (note 34)	226	156
Decrease in debtors	364	69
Increase in stock	(21)	-
Increase in creditors	1,403	1,199
	<u> </u>	<u> </u>
Net cash from operating activities	1,967	1,114
	<u> </u>	<u> </u>

28 Cash flows from financing activities

	2021 £'000	2020 £'000
Bank interest received	-	1
Cash inflows from GAG advances	-	455
	<u> </u>	<u> </u>
Net cash from financing activities	-	456
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

29 Cash flows from investing activities

	2021 £'000	2020 £'000
Capital grants from DfE / ESFA	12,028	844
Payments to acquire tangible fixed assets (note 13)	(1,112)	(409)
ESFA building donation (note 13)	(10,550)	-
Net cash from investing activities	366	435

30 Analysis of cash and cash equivalents

	2021 £'000	2020 £000
Cash in hand and at bank - consolidated	5,741	3,241

31 Analysis of changes in net debt

	At 1 September 2020 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 August 2021 £'000
Cash	3,241	2,500	-	5,741
Cash equivalents	-	-	-	-
	3,241	2,500	-	5,741
Advances falling due within one year	-	-	(40)	(40)
Advances falling due in more than one year	(455)	-	40	(415)
Total	2,786	2,500	-	5,286

32 Contingent liabilities

There were no contingent liabilities at 31 August 2021 (2020: £Nil).

33 Members' liability

Each Member of the Trust undertakes to contribute to the assets of the Trust 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 (2020: £10) for the debts and liabilities contracted before he/she ceases to be a Member.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

34 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which are managed by London Borough of Croydon, London Borough of Bromley, London Borough of Southwark, London Borough of Sutton, London Borough of Merton, Wandsworth Council, East Sussex County Council and the Local pension Partnership. All schemes are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS was 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2020: £Nil).

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £281,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

34 Pension and similar obligations (continued)

The employer's pension costs paid to TPS in the period amounted to £2,760k (2020: £2,257k).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

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 2021 was £1,844k (2020: £1,031k), of which employer's contributions totalled £1,389k (2020: £775k) and employees' contributions totalled £455k (2020: £256k). The agreed contribution rates for future years are 13.2% to 22.02% (2020: 23.7%) for employers and between 5.5% and 12.5% (2020: 7.4% and 11.7%) for employees.

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

Principal Actuarial Assumptions:	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	3.95%	2.2% - 3.8%
Rate of increase for pensions	2.95%	2.2% - 2.3%
Discount rate for scheme liabilities	1.75%	1.6% - 1.8%
Inflation assumption (CPI)	2.95%	1.7% - 2.3%

Sensitivity analysis was conducted for all valuations provided. Below, summarised from these valuations, are the impacts of a small change in the discount rates on the defined benefit obligations along with a 1 year age rating adjustment to the mortality assumption.

Assumption:	Movement	Impact	
		2021 £'000	2020 £'000
Mortality Age Rating Assumption	+ 1 year	1,300	985
Salary Increase Rate	+ 0.1%	1,044	77
Real Discount Rate	+ 0.1%	1,111	660

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

34 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	At 31 August 2021 (years)	At 31 August 2020 (years)
Retiring today		
Males	21.6	21.5 – 24.7
Females	23.9	24.7 – 27.2
Retiring in 20 years		
Males	22.6	20.8 – 23.9
Females	25.4	23.6 – 25.9

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

	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000
Equity instruments	15,519	9,947
Debt instruments	3,718	3,252
Cash	583	335
Property	2,459	1,731
Other	3,067	2,607
Total market value of assets	25,346	17,872

Actual return on scheme assets was £4,577k (2020: £623k)

Amounts recognised in the statement of financial activities

	2021 £'000	2020 £'000
Current service cost (net of employee contributions)	3,437	2,009
Past service cost	-	(91)
Net interest cost	226	156
Administrative costs	60	-
Total operating charge	3,723	2,074

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

34 Pension and similar obligations (continued)

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

	2021 £'000	2020 £'000
At 1 September	(30,633)	(24,278)
Obligations acquired on conversion	(3,061)	(3,849)
Current service cost	(3,530)	(2,009)
Interest cost	(557)	(479)
Employee contributions	(455)	(256)
Actuarial (loss) / gain	(6,228)	(84)
Changes in assumptions underlying present values	-	(22)
Benefits paid	293	253
Past service cost	-	91
	<hr/>	<hr/>
At 31 August	<u>(44,171)</u>	<u>(30,633)</u>

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

	2021 £'000	2020 £'000
At 1 September	17,872	14,505
Assets acquired on conversion	1,406	2,010
Expected return on assets	331	323
Actuarial gains / (loss)	4,246	256
Employer contributions	1,389	775
Employee contributions	455	256
Benefits paid	(293)	(253)
Administration costs	(60)	-
	<hr/>	<hr/>
At 31 August	<u>25,346</u>	<u>17,872</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

35 Related party transactions

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

No related party transactions took place in the year ended 31 August 2021.

36 School transferring into the Academy Trust

In the year 1 academy school transferred from another trust and joined STEP Academy Trust. Beddington Park Academy transferred into the Trust on 1 November 2020.

Funds inherited on conversion relate to the inherited Local Government Pension Scheme deficits, Fixed Assets transferred and any cash or liabilities transferred. Pension scheme deficits have been valued by independent actuaries. Land and buildings have been valued in line with the Trust's accounting policies set out in note 1 to these accounts. Cash balances transferred to the Trust has been recognised in accordance with the amounts agreed to be transferred by the Council or the calculated balances due to be transferred, applying the calculation methods agreed with the Councils at the time of conversion. Other assets have been valued and estimated based on the valuation of similar assets held within other STEP academies.

	Transfer in recognised £'000
Tangible fixed assets	
Land and buildings	4,843
Furniture and equipment	5
Computer equipment	-
Pensions	
Pension scheme assets	1,447
Pension scheme liabilities	(3,102)
Cash balances	167
Net assets transferred	<u>3,360</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

37 Teaching School Trading Account

	2021 £'000	2020 £'000
Income:		
Direct Income		
Grant Income	46	-
Other Income	282	52
Other Income		
Fundraising and other trading activities	185	10
Total income	<u>513</u>	<u>62</u>
Expenditure:		
Direct Costs		
Direct Staff Costs	316	84
Staff Development	9	4
Other direct costs	106	2
Total Direct Costs	<u>431</u>	<u>90</u>
Other Costs		
Support Staff Costs	32	9
Technology costs	1	2
Other Support costs	4	1
Share of governance costs	2	-
Total Other Costs	<u>39</u>	<u>12</u>
Total Expenditure	<u>470</u>	<u>102</u>
Transfers between funds excluding depreciation	37	(40)
Surplus from all sources	<u>80</u>	<u>-</u>
Teaching School Balances at 1 September 2020	(80)	-
Total School Balances at 31 August 2021	<u>-</u>	<u>(80)</u>

38 Subsequent events

There were no subsequent events from the year end to the date of signing the financial statements.