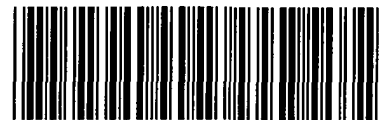


**REGISTERED COMPANY NUMBER: 10131046 (England and Wales)**

Report of the Trustees and  
Financial Statements for the Year Ended 31st August 2019  
for  
Star Academy Trust Ltd

UHY Hacker Young  
St John's Chambers  
Love Street  
Chester  
Cheshire  
CH1 1QN

TUESDAY



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COMPANIES HOUSE

Contents of the Financial Statements  
for the Year Ended 31st August 2019

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Star Academy Trust Ltd

Reference and Administrative Details  
for the Year Ended 31st August 2019

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**MEMBERS**

Mrs S E Knight (resigned 11.3.19)  
Mr I McGregor  
Mr J B W Mann  
Mr C S Hartley

**TRUSTEES**

Mr S Dyson (Principal & Accounting Officer)  
Mr C S Hartley  
Mrs S E Knight (resigned 11.3.19)  
Mr J B W Mann (Chair)  
Mr T J A Manson (appointed 3.5.19)

**SENIOR MANAGEMENT TEAM**

Mr A Strefford (Vice Principal)  
Mrs N Newport (SLT Member)  
Mr S Dyson (Principal & Accounting Office)  
Mrs K Richards (Senior Teacher)  
Mrs S Middleton (Manager of Finance & Administration)

**REGISTERED OFFICE**

Highfields Academy  
10 Cumberland Avenue  
Nantwich  
Cheshire  
CW5 6HA

**REGISTERED COMPANY NUMBER**

10131046 (England and Wales)

**INDEPENDENT AUDITORS**

UHY Hacker Young  
St John's Chambers  
Love Street  
Chester  
Cheshire  
CH1 1QN

**SOLICITORS**

Poole Alcock  
22 Barker St  
Nantwich  
CW5 5TE

**BANKERS**

Lloyds Bank  
1/3 Churchyardside  
Nantwich  
CW5 5AG

Report of the Trustees  
for the Year Ended 31st August 2019

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The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the period to 31st August 2019. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates one primary academy in Nantwich. The academy has a combined pupil capacity of 268 and had a roll of 263 in the school census on 16th May 2019.

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

The Academy Trust's objects are specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing the Academy, by offering a broad and balanced curriculum.

**Objectives and Activities**

The objectives, strategies and activities that the Academy has primarily focused on during the period September 2018 - August 2019 are detailed in the Academy's Strategic School development Plan. In summary the main objectives were:

- To further enhance provision of mathematics through focused CPD of staff in order to raise progress measures from KS1 to KS2 and ensure that attainment is above national and in line with other core subjects.
- To achieve the Wellbeing Award for Schools (WAS)
- To pursue expansion of the MAT by seeking partner schools or merging with other MATs.

Additional development activities focused on:

- To strengthen internal financial procedures in line with audit recommendations.
- To improve outdoor environment and security of site tool.
- To improve ICT facilities in classrooms and develop a new ICT suite.
- To review provision of Forest School.

Report of the Trustees  
for the Year Ended 31st August 2019

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## **OBJECTIVES AND ACTIVITIES**

### **Public benefit**

The charitable company's aims, activities and achievements as set out in this report are and have been undertaken in the furtherance of charitable objectives for public benefit. The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charities Commission and have observed the guidance in deciding what activities the charitable company should undertake.

Highfields Academy is an Academy converter catering for children aged 2 to 11 and strives to promote and support the advancement of education within the Nantwich area. The school provides an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport. For example:

- The Academy works closely and in partnership with Malbank School, Brine Leas School and all primary schools and academies within the Nantwich footprint to meet local needs and address local priorities.
- The Academy plays a leading role in several local initiatives, for example: the provision of SEN(D) consultancy and support, Business Enterprise and Initial Teacher Training.
- The school fully embraces local partnerships and projects to deliver and promote high quality provision in all curriculum areas. Examples of such partnerships are: The Crewe and Nantwich Sports Partnership, SEN cluster group, Bursar Cluster group, Headteacher cluster group, Early Years cluster group.
- The Academy regularly works with local organisations and businesses for example: The Rotary Club, local churches, Sainsburys, other providers of Higher Education.

Wherever possible the school also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities. For example:

- Art classes after school.
- Sports clubs and art clubs during holiday periods available to all children in the local area.
- Opening facilities for other community groups such as Nantwich Brass Band.
- Holiday wraparound care available to all children aged 2-11 in the local area.

In setting our objectives and planning our activities the Trustees and Governors have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

## **STRATEGIC REPORT**

### **Achievement and performance**

#### *Charitable activities*

Attainment for the school in the academic year 2018-19:

- Attainment in the Early Years Foundation Stage Profile was above national, with 79% of pupils achieving a Good Level of Development.
- Attainment in the Year 1 Phonics Screening test was in line with national, with 83% of pupils achieving the expected standard.
- Attainment in Key Stage 1 was high, with the percentage of pupils achieving the expected standard above national in all areas (Reading, Writing and Mathematics).
- Attainment at the end of Key Stage 2 was higher than national in writing and EGPS, and in line with national in reading and mathematics. The percentage of pupils achieving the expected standard in reading, writing and maths combined was in line with national, at 63%.
- Progress measures from Key Stage 1 to Key Stage 2 were average in all three subjects.
- The school has achieved the Sportsmark Gold Award for the 4th consecutive year.

The school has achieved the Bronze award for Self Care and is currently pursuing several other kitemarks, including the Emotionally Healthy Schools award.

Report of the Trustees  
for the Year Ended 31st August 2019

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**STRATEGIC REPORT**

**Achievement and performance**

*Key financial performance indicators*

The Trustees consider that the following are key performance indicators for the Academy Trust:

**Pupils numbers (leading directly to the Education and Skills Funding Agency ("ESFA") funding level);**

The school is currently oversubscribed, with 212 pupils in mainstream. Every class has at least 30 pupils on role.

**General financial stability - aim for income to match expenditure each year;**

Expenditure for the 2018/19 reporting period exceeded the income that was received for the same period. This was a planned overspend in order to meet identified priorities, and because the trust's reserves were able to sustain the deficit.

**Percentage of income received from ESFA spent on total staff costs;**

The percentage of ESFA income spent on staffing costs are broadly in line with similar schools, as stated in the SRMA report, June 2019.

**Income per pupil**

Total income per pupil (including self-generated funds) is £5,506.

**Staff costs as a percentage of grant income;**

Total staff costs as a percentage of grant income is 85%. As a percentage of total income this is 74%.

**Staff costs as a percentage of total costs;**

73%

**Ofsted inspection results;**

The school was inspected during this reporting period and was judged as 'continues to be good' under section 8 of the inspection framework.

**Capital expenditure per pupil;**

£1561. Significantly higher than usual due to CIF expenditure.

The Directors are pleased that expectations for all key performance indicators listed have been successfully met during the period, with the exception of the planned in-year deficit.

**Financial review**

*Financial position*

Most of the Academy's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2019, total expenditure of £1,361,000 was covered by recurrent grant funding from the ESFA together with other incoming resources and reserves brought forward. Excluding the restricted fixed asset fund, the excess of expenditure over income for the year was £94,000, however this included £27,000 of pension costs.

At 31 August 2019, the net book value of fixed assets was 2,413,000 and movements in tangible fixed assets are shown in note to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Total reserves (excluding pension and fixed asset funds) amounted to £90,000. The fixed asset funds totalled £2,410,000 and pension reserve of (£571,000) to give overall reserves of £1,929,000.

*Investment policy and objectives*

The Trust commenced on the 1st September 2016 and as such has not yet gained any significant investment reserve, nor it is likely to do for the foreseeable future.

Report of the Trustees  
for the Year Ended 31st August 2019

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## **STRATEGIC REPORT**

### **Financial review**

#### *Reserves policy*

The trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The trustees have determined that the appropriate level of free reserves should be equivalent to two month's cost, approximately £180,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The trustees will monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the trust will strive to rebuild free reserves up to the level needed.

The balance on the restricted general fund (excluding pensions reserve) plus the balance on the unrestricted fund at 31st August 2019 amounted to £90,000.

#### *Going concern*

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

### **Fundraising**

The school is supported by a very active PTA (the Friends of Highfields), who organise many events throughout the year to raise additional funds for the school. In addition to this the school run its own before/after school wraparound service and also provide wraparound care during holiday periods which is available to pupils from other schools.

### **Principal risks and uncertainties**

The main risks that the Academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

**Operational and reputational** - this covers risks to the running of the Academy (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.

- Staff resigning
- Members of Senior leadership team resigning / long term sickness

**Financial** - covering risks to the Academy Trust's financial position, including revenue streams, cost control and cash management.

The Academy has created additional revenue streams through the addition of a pre-school, traded service and before / after school club. It is projected that these will benefit the overall financial position of the Trust, finances related to these activities will be reviewed in all Directors meetings to ensure that the projected revenues are realised.

Any further diminution in the funding from the ESFA, particularly grants that are issued to support pay and pension increases will inevitably lead to reduction in staff that will in turn potentially impact upon standards.

Report of the Trustees  
for the Year Ended 31st August 2019

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**STRATEGIC REPORT**

**Future plans**

Plans for future periods are described in detail in the Strategic School Development Plan. An overview of these priorities are:

**ACADEMIC PERFORMANCE**

- To raise the percentage of pupils achieving the greater depth standards in reading, writing and maths - at both key stages.
- To raise Key Stage 2 progress measures so that scores are positive in all three subjects.
- To raise attainment in reading at Key Stage 2.
- To ensure that the percentage of pupils achieving the expected standard and higher standard in RWM combined is above national.
- To achieve the Well-Being award for Schools.

**LEADERSHIP AND MANAGEMENT**

- To continue to pursue joining a MAT, or merging with an existing MAT.

**OPERATIONS**

- To significantly enhance the outdoor environment, particularly the Key Stage One area.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Charity constitution**

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 trustees of Star Academy Trust are also the directors of the charitable company for the purpose of company law. The charitable company is known as Star Academy Trust.

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

**Members' liability**

Each member of the academy trust 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 cease to be a member.

**Trustees' Indemnities**

The Academy Trust maintains Directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. The Academy Trust has also granted indemnities to each of its Directors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Directors or other officers may incur to third parties in the course of acting as Directors or officers of the Academy Trust.

Details of the insurance cover are provided in the notes to the financial statements.



Report of the Trustees  
for the Year Ended 31st August 2019

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## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Recruitment and appointment of new trustees**

Under the terms of its Articles;

- the members may appoint by ordinary resolution up to 10 trustees.
- The total number of Trustees including the Chief Executive Officer if they so choose to act as Trustee who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.
- The Trustees have appointed a Local Advisory Board, which includes a minimum of two parents.
- The Trustees may appoint Co-opted Trustees. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees.
- The Trust has engaged the services of Academy Ambassadors in order to recruit Trustees.

### **Organisational structure**

The organisational structure consists of three levels: the Trustees, the Local Advisory Board and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting the scheme of delegation on an annual basis. This document makes clear how responsibilities are delegated to various levels. The document is available to all members of the Board of Trustees, LAB and staff and is published on the Trust website. The Trustees are also responsible for ensuring that the strategic vision for the trust is embedded in practice. They are responsible for developing and approving an annual improvement plan, setting the budget, monitoring the use of public money in line with the agreed budget ensuring that best value principles are adhered to, and for making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Local Advisory Board are delegated responsibilities by the Board of Directors as stated in the scheme of delegation. These responsibilities include monitoring how budgets and premiums are spent and the impact they have on educational outcomes, ensuring that a broad and balanced curriculum is implemented, implementing general policies including behaviour, acting as the Admissions panel, setting term times and length of the school day, ensuring that statutory requirements around safeguarding of pupils, provision for pupils with SEN(D) and the school website are in place. It is also a key role of the Local Governing Board to hold the Board of Directors to account for the decisions that are made.

The Senior Leadership Team comprises the Principal, Vice-Principal, SENDCO and School Business Manager. These leaders control the Academy at an executive level, implementing the policies laid down by the Directors and Local Governors and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for posts in the Senior Leadership Team always contain a Governor.

### **Induction and training of new trustees**

The training and induction provided for new Trustees depends on their previous experience. All new Trustees are given a tour of the school by the Principal and the Chair of Trustees, and the chance to meet with staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustee. New Trustees attend an Induction and have access to a full programme of courses which they will choose to attend, based on their role and experience. All new Trustee appointments are subject to DBS checks and Section 128 checks.

Report of the Trustees  
for the Year Ended 31st August 2019

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Key management remuneration**

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on the reference and administrative page.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Principal and following guidance from the relevant professional pay review bodies. The Principal is not involved in setting his own remuneration package.

Only staff trustees, including the Principal, are remunerated, and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in notes to the financial statement.

The day to day running of the remuneration policy is delegated to the Principal and monitored by the finance committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking and market trends. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. Such salaries are linked to performance. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board of trustees always bear in mind the charitable status of the academy trust and recognise the fact that the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensures the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in the notes to the financial statement.

**Related parties**

Within Star Academy Trust a subsidiary company has been formed, Star Academy Trading Ltd. The financial statements for Star Academy Trading Ltd are consolidated within these financial reports. This company is used to facilitate traded services such as SEND consultancy, private sessions for preschool children and holiday clubs. There are no other third party relations, with the exception of the Friends of Highfields, who are registered as a charity and raise funds for the academy through community events.

**Risk management**

The Governors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Report of the Trustees  
for the Year Ended 31st August 2019

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Relevant union officials**

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

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	NIL
1%-50%	NIL
50%-99%	NIL
100%	NIL

Percentage of pay bill spent on facility time	
Total cost of facility time	NIL
Total pay bill	NIL
Percentage of total pay bill spent on facility time	NIL

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

**FUNDS HELD AS CUSTODIAN FOR OTHERS**

No funds are held of this nature.

**AUDITORS**

The auditors, UHY Hacker Young, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 11th December 2019 and signed on the board's behalf by:

Mr J B W Mann - Chair



Governance Statement  
for the Year Ended 31st August 2019

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**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Star Academy Trust Ltd 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 of loss.

The board of the trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Star Academy Trust Ltd and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Dyson	7	7
Mrs S E Knight	4	4
Mr J B W Mann	6	7
Mr C S Hartley	6	7
Mr T J A Manson	2	2

The Chair of the Trust Board resigned from her post mid year. The position of Chair was filled by a current director. With the support of Academy Ambassadors the Trust appointed a new director to fill the vacancy.

During the reporting period the Board of Directors voluntarily requested a visit from an SRMA (Schools Resource Management Advisor), to consider the effectiveness of our financial management and help identify any potential efficiency savings.

The Board has also employed an independent auditor to conduct a midyear review of processes, in addition to the auditors who carry out the formal end of year audit.

The Board has also reviewed its Financial Management and Governance Self Assessment (FMGS).

The Finance and Audit Committee is a sub-committee of the Local Governing Board and is chaired by the Finance Director.

Its purpose is to plan and monitor the financial and other resources of the school effectively, and to ensure the school provides a safe educational environment. One of the Committee's responsibilities is routine budget setting and monitoring.

Attendance at Finance and Audit Committee meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
John Mann	2	2
Simon Dyson	2	2
Sue Knight	1	1
<b>Local Governor</b>		
Jackie Holland	2	2
Peter Kent	2	2
Adam Strefford	2	2
Ian McGregor	1	2

Governance Statement  
for the Year Ended 31st August 2019

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**Review of Value for Money**

As accounting officer the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Reviewing contracts, for example payroll and broadband supplies.
- Benchmarking school's expenditure against that of similar schools locally and nationally.

**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 Star Academy Trust for the period and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided:

- To appoint Mr John Akinyeme (Cofie Ltd) as internal auditor.

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

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

**Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditor;

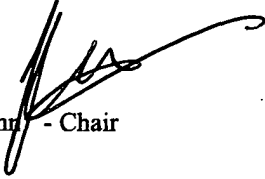
Governance Statement  
for the Year Ended 31st August 2019

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**Review of Effectiveness**

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address identified areas of concern, and to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11th December 2019 and signed on its behalf by:



Mr J B W Mann - Chair

Mr Simon Dyson - Accounting Officer



Statement on Regularity, Propriety and Compliance  
for the Year Ended 31st August 2019

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As accounting officer of Star Academy Trust Ltd I have considered my responsibility to notify the charitable company 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 charitable company, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of all funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2018.

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



Mr Simon Dyson - Accounting Officer

11th December 2019

Statement of Trustees Responsibilities  
for the Year Ended 31st August 2019

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The trustees (who act as governors of Star Academy Trust Ltd and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

In so far as the trustees are aware:

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

Approved by order of the members of the board of trustees on 11th December 2019 and signed on its behalf by:

  
Mr J B W Mann - Chair



### **Opinion**

We have audited the financial statements of Star Academy Trust Ltd (the 'charitable company') for the year ended 31st August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 Report of the Trustees.

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

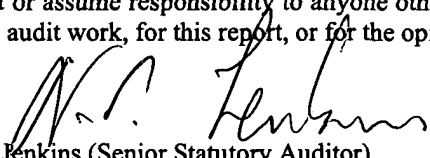
### **Our responsibilities for the audit of the financial statements**

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 a Report of the Independent Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **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 charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.



Mr Nicolaus Jenkins (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young  
St John's Chambers  
Love Street  
Chester  
Cheshire  
CH1 1QN

11th December 2019

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Star Academy Trust Ltd during the period 1st September 2018 to 31st August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Star Academy Trust Ltd's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Star Academy Trust Ltd's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1st September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1st September 2018 to 31st August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

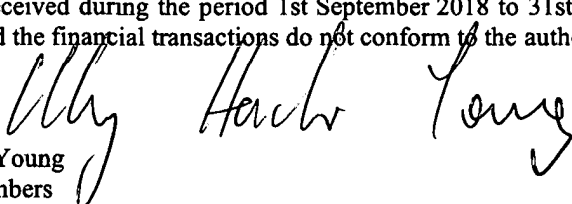
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

**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 1st September 2018 to 31st August 2019 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  
St John's Chambers  
Love Street  
Chester  
Cheshire  
CH1 1QN

11th December 2019

Star Academy Trust Ltd

Consolidated Statement of Financial Activities  
for the Year Ended 31st August 2019

		Unrestricted fund £'000	Restricted funds £'000	Restricted Fixed Asset £'000	31.8.19 Total funds £'000	31.8.18 Total funds £'000
	Notes					
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and capital grants	2	3	-	18	21	781
<b>Charitable activities</b>						
Funding for the academy's educational operations	3	109	895	-	1,004	988
Other trading activities	4	197	-	-	197	177
<b>Total</b>		309	895	18	1,222	1,946
<b>EXPENDITURE ON</b>						
<b>Charitable activities</b>						
Academy's educational operations		66	1,061	63	1,190	1,093
Other		171	-	-	171	186
<b>Total</b>	5	237	1,061	63	1,361	1,279
<b>NET INCOME/(EXPENDITURE)</b>						
		72	(166)	(45)	(139)	667
Transfers between funds	19	(50)	-	50	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains/losses on defined benefit schemes		-	(157)	-	(157)	52
<b>Net movement in funds</b>		22	(323)	5	(296)	719
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>		68	(248)	2,405	2,225	1,506
<b>TOTAL FUNDS CARRIED FORWARD</b>		90	(571)	2,410	1,929	2,225

The notes form part of these financial statements

Star Academy Trust Ltd

Consolidated Balance Sheet

At 31st August 2019

	Not es	31.8.19 £'000	31.8.18 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	2,413	2,177
<b>CURRENT ASSETS</b>			
Debtors	12	19	157
Cash at bank		<u>174</u>	<u>444</u>
		193	601
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(98)</u>	<u>(157)</u>
<b>NET CURRENT ASSETS</b>		<u>95</u>	<u>444</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,508	2,621
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(8)	(9)
<b>PENSION LIABILITY</b>	20	<u>(571)</u>	<u>(387)</u>
<b>NET ASSETS</b>		<u>1,929</u>	<u>2,225</u>
<b>FUNDS</b>	19		
Unrestricted funds		90	68
Restricted funds		<u>1,839</u>	<u>2,157</u>
<b>TOTAL FUNDS</b>		<u>1,929</u>	<u>2,225</u>

The financial statements were approved by the Board of Trustees on 11th December 2019 and were signed on its behalf by:

Mr J B W Mann - Chair

Mr S Dyson -Principal & Accounting Officer

The notes form part of these financial statements


Star Academy Trust Ltd

Company Balance Sheet  
At 31st August 2019

	31.8.19	31.8.18
	£'000	£'000
<b>FIXED ASSETS</b>		
Tangible assets	2,413	2,177
<b>CURRENT ASSETS</b>		
Debtors	17	156
Cash at bank	<u>63</u>	<u>350</u>
	80	506
<b>CREDITORS</b>		
Amounts falling due within one year	<u>(74)</u>	<u>(52)</u>
<b>NET CURRENT ASSETS</b>	<u>6</u>	<u>454</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	2,419	2,631
<b>CREDITORS</b>		
Amounts falling due after more than one year	(8)	(9)
<b>PENSION LIABILITY</b>	<u>(571)</u>	<u>(387)</u>
<b>NET ASSETS</b>	<u><u>1,840</u></u>	<u><u>2,235</u></u>
<b>FUNDS</b>		
Unrestricted funds	1	78
Restricted funds	<u>1,839</u>	<u>2,157</u>
<b>TOTAL FUNDS</b>	<u><u>1,840</u></u>	<u><u>2,235</u></u>

The financial statements were approved by the Board of Trustees on 11th December 2019 and were signed on its behalf by:

  
Mr J B W Mann - Chair

  
Mr S Dyson -Principal & Accounting Officer

The notes form part of these financial statements

Star Academy Trust Ltd

Consolidated Cash Flow Statement  
for the Year Ended 31st August 2019

	Notes	31.8.19 £'000	31.8.18 £'000
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	<u>13</u>	<u>(115)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>13</u>	<u>(115)</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(297)	(703)
Capital grants from DfE/ESFA		<u>16</u>	<u>776</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(281)</u>	<u>73</u>
<b>Cash flows from financing activities:</b>			
Loan repayments in year		<u>(2)</u>	<u>-</u>
<b>Net cash provided by (used in) financing activities</b>		<u>(2)</u>	<u>-</u>
		<u>          </u>	<u>          </u>
<b>Change in cash and cash equivalents in the reporting period</b>		(270)	(42)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>444</u>	<u>486</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>174</u></u>	<u><u>444</u></u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31st August 2019

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**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	31.8.19 £'000	31.8.18 £'000
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	(139)	667
<b>Adjustments for:</b>		
Depreciation	61	55
Capital grants from DfE/ESFA	(16)	(776)
Decrease/(increase) in debtors	138	(124)
(Decrease)/increase in creditors	(59)	19
Difference between pension charge and cash contributions	<u>28</u>	<u>44</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>13</u></u>	<u><u>(115)</u></u>



Notes to the Consolidated Financial Statements  
for the Year Ended 31st August 2019

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**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

**Going concern**

The trustees assess whether the use of going concern is appropriate [i.e. Whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern]. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

The trustees have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and that there are no uncertainties about the academy trusts ability to continue as a going concern. They thus continue to adopt the going concern basis of accounting in preparing these financial statements.

**Preparation of consolidated financial statements**

The group accounts consolidate the financial statements of Star Academy Trust Ltd (the parent company) and Star Academy Trading Ltd (the member company) up to 31st August each year. No individual Statement of Financial Activities is present for Star Academy Trust Ltd as permitted by section 408 of the Companies Act.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

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**1. ACCOUNTING POLICIES - continued**

**Critical accounting judgements and key sources of estimation uncertainty**

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.

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

For 2018-19 there have been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

**(1) The "McCloud/Sargeant judgement".** This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by a percentage of annualised pensionable pay over the accounting period ending 31 August 2019. This is reflected as a past service cost, within staff costs, and detailed in the notes.

There will also be an increase in the cost of benefits from 1 September 2019.

**(2) Guaranteed Minimum Pension (GMP).** GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

**(3) 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.

**(4) Mortality assumptions.** Details of the changes in mortality assumptions are shown in the notes. 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.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

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**1. ACCOUNTING POLICIES - continued**

**Income**

All income is recognised in the Statement of Financial Activities once the Academy has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

**Grants**

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

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

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

**Donations**

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

**Other income**

Other income including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy has provided the goods or services.

**Expenditure**

Expenditure is recognised as soon as there is a legal or constructive obligation committing the Academy to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**Charitable activities**

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

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

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**1. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- Straight line over 125 years
Improvements to property	- 4% on cost
Fixtures and fittings	- 15% on cost

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

**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 assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes. 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 - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes. 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 have already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owed subsidiary are held at face value less any impairment.

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

The company limited by guarantee, in which the academy is a member, is subject to any relevant corporation tax at the official rate.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

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**1. ACCOUNTING POLICIES - continued**

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

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/Department for Education.

**Hire purchase and leasing commitments**

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

**Pension costs and other post-retirement 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.

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 the notes, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

**1. 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.

**Investments & Connected Company**

The academy is the sole member in a company limited by guarantee. There is no readily available market value and the costs of valuation exceed the benefit derived.

**Preparation of consolidated financial statements**

The group accounts consolidate the financial statements of Star Academy Trust Ltd (the parent company) and Star Academy Trading Ltd (the member company) up to 31st August each year. No individual Statement of Financial Activities is present for Star Academy Trust Ltd as permitted by section 408 of the Companies Act.

**2. DONATIONS AND CAPITAL GRANTS**

	31.8.19	31.8.18
	£'000	£'000
Donations	5	5
Grants	<u>16</u>	<u>776</u>
	<u><u>21</u></u>	<u><u>781</u></u>

Grants received, included in the above, are as follows:

	31.8.19	31.8.18
	£'000	£'000
Devolved formula capital grant	16	6
Capital improvement fund grant	<u>-</u>	<u>770</u>
	<u><u>16</u></u>	<u><u>776</u></u>

**3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £'000	Restricted funds £'000	31.8.19 Total funds £'000	31.8.18 Total funds £'000
Other income from the academy trust's educational operations	109	-	109	100
Grants	<u>-</u>	<u>895</u>	<u>895</u>	<u>888</u>
	<u><u>109</u></u>	<u><u>895</u></u>	<u><u>1,004</u></u>	<u><u>988</u></u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31st August 2019**

**3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS - continued**

An analysis of grants received is given below:

	Unrestricted funds £'000	Restricted funds £'000	31.8.19 Total funds £'000	31.8.18 Total funds £'000
<b>DfE/ESFA revenue grant</b>				
General Annual Grant(GAG)	-	794	794	791
Other grants	-	84	84	74
	-	878	878	865
<b>Other government grant</b>				
Local Authority Grants	-	17	17	23
	-	895	895	888

**4. OTHER TRADING ACTIVITIES**

	31.8.19 £'000	31.8.18 £'000
Trading Company Income	197	177

**5. EXPENDITURE**

	Staff costs £'000	Non-pay expenditure Premises £'000	Other costs £'000	31.8.19 Total £'000	31.8.18 Total £'000
<b>Charitable activities</b>					
<b>Academies educational operations</b>					
Direct costs	601	12	113	726	726
Allocated support costs	227	78	159	464	367
	828	90	272	1,190	1,093
Other	130	-	41	171	186
	958	90	313	1,361	1,279

Net income/(expenditure) is stated after charging/(crediting):

	31.8.19 £'000	31.8.18 £'000
Auditors' remuneration	8	7
Auditors' remuneration for non audit work	3	4
Depreciation - owned assets	61	55
Other operating leases	28	50

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31st August 2019**

**6. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £'000	Restricted funds £'000	31.8.19 Total funds £'000	31.8.18 Total funds £'000
<b>Direct costs</b>	23	703	726	726
<b>Support costs</b>	<u>43</u>	<u>421</u>	<u>464</u>	<u>367</u>
	<u>66</u>	<u>1,124</u>	<u>1,190</u>	<u>1,093</u>

	31.8.19 Total £'000	31.8.18 Total £'000
<b>Analysis of support costs</b>		
Support staff costs	227	194
Technology costs	9	9
Premises costs	78	31
Other support costs	139	125
Governance costs	<u>11</u>	<u>8</u>
<b>Total support costs</b>	<u>464</u>	<u>367</u>

**7. TRUSTEES' REMUNERATION AND BENEFITS**

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of the trustees' remuneration and other benefits was as follows:

S Dyson (Principal and trustee)

- Remuneration £55,000 - £60,000 (2018: £55,000 - £60,000)

- Employer's pension contributions paid £5,000 - £10,000 (2018: £5,000 - £10,000)

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31st August 2019 nor for the year ended 31st August 2018.



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

**8. STAFF COSTS**

	31.8.19	31.8.18
	£'000	£'000
Wages and salaries	738	673
Social security costs	48	54
Operating costs of defined benefit pension schemes	<u>159</u>	<u>155</u>
	945	882
Supply teacher costs	<u>13</u>	<u>14</u>
	<u><u>958</u></u>	<u><u>896</u></u>

**Key Management Personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as shown on the reference and administrative page. The total amount of employee benefits (including employers pension contributions and employers national insurance contributions) received by key management personnel for their services to the academy trust was £219,000.

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

	31.8.19	31.8.18
Teachers	10	14
Administration and support	22	23
Management	<u>4</u>	<u>1</u>
	<u><u>36</u></u>	<u><u>38</u></u>

No employees received emoluments in excess of £60,000.

**9. TRUSTEES' AND OFFICERS' INSURANCE**

The charitable company has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

**10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £'000	Restricted funds £'000	Restricted Fixed Asset £'000	Total funds £'000
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and capital grants	4	1	776	781
<b>Charitable activities</b>				
Funding for the academy's educational operations	100	888	-	988
Other trading activities	<u>177</u>	<u>-</u>	<u>-</u>	<u>177</u>
<b>Total</b>	281	889	776	1,946

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £'000	Restricted funds £'000	Restricted Fixed Asset £'000	Total funds £'000
<b>EXPENDITURE ON</b>				
<b>Charitable activities</b>				
Academy's educational operations	-	1,038	55	1,093
Other	<u>179</u>	<u>7</u>	<u>-</u>	<u>186</u>
<b>Total</b>	<u>179</u>	<u>1,045</u>	<u>55</u>	<u>1,279</u>
<b>NET INCOME/(EXPENDITURE)</b>	102	(156)	721	667
<b>Transfers between funds</b>	<u>(62)</u>	<u>161</u>	<u>(99)</u>	<u>-</u>
<b>Other recognised gains/(losses)</b>				
Actuarial gains/losses on defined benefit schemes	<u>-</u>	<u>52</u>	<u>-</u>	<u>52</u>
<b>Net movement in funds</b>	40	57	622	719
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	<u>28</u>	<u>(305)</u>	<u>1,783</u>	<u>1,506</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>68</u></u>	<u><u>(248)</u></u>	<u><u>2,405</u></u>	<u><u>2,225</u></u>

11. TANGIBLE FIXED ASSETS

	Long leasehold £'000	Improvements to property £'000	Fixtures and fittings £'000	Totals £'000
<b>COST</b>				
At 1st September 2018	1,476	703	72	2,251
Additions	<u>-</u>	<u>297</u>	<u>-</u>	<u>297</u>
At 31st August 2019	<u>1,476</u>	<u>1,000</u>	<u>72</u>	<u>2,548</u>
<b>DEPRECIATION</b>				
At 1st September 2018	24	28	22	74
Charge for year	<u>11</u>	<u>40</u>	<u>10</u>	<u>61</u>
At 31st August 2019	<u>35</u>	<u>68</u>	<u>32</u>	<u>135</u>
<b>NET BOOK VALUE</b>				
At 31st August 2019	<u>1,441</u>	<u>932</u>	<u>40</u>	<u>2,413</u>
At 31st August 2018	<u>1,452</u>	<u>675</u>	<u>50</u>	<u>2,177</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.19	31.8.18
	£'000	£'000
Trade debtors	9	2
Other debtors	-	123
VAT	1	27
Prepayments and accrued income	<u>9</u>	<u>5</u>
	<u>19</u>	<u>157</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.19	31.8.18
	£'000	£'000
Other loans (see note 15)	1	1
Trade creditors	7	59
Social security and other taxes	13	22
Other creditors	13	14
Accruals and deferred income	22	18
Deferred government grants	<u>42</u>	<u>43</u>
	<u>98</u>	<u>157</u>

**Deferred Income**

	2019	2018
	£000	£000
Deferred income at 1 September 2018	43	6
Released from previous years	(43)	(6)
Resources deferred in the year	<u>42</u>	<u>43</u>
Deferred income at 31 August 2019	<u>42</u>	<u>43</u>

The above deferred income relate to grants received in advance for Universal Infant Free School Meals, Rates Relief & Nursery Funding.

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.8.19	31.8.18
	£'000	£'000
Other loans (see note 15)	<u>8</u>	<u>9</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

**15. LOANS**

An analysis of the maturity of loans is given below:

	31.8.19 £'000	31.8.18 £'000
Amounts falling due within one year on demand:		
Salix Loan	<u>1</u>	<u>1</u>
Amounts falling due between two and five years:		
Salix Loan	<u>5</u>	<u>5</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Salix Loan	<u>3</u>	<u>4</u>

The loan related to an initial loan of £10,000 from Salix, which is provided interest free and repayable over 8 years from 2019.

**16. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.19 £'000	31.8.18 £'000
Within one year	37	30
Between one and five years	<u>18</u>	<u>33</u>
	<u>55</u>	<u>63</u>

**17. MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up whilst he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceased to be a member.

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted fund £'000	Restricted funds £'000	Restricted Fixed Asset £'000	31.8.19 Total funds £'000
Fixed assets	-	-	2,413	2,413
Current assets	114	72	7	193
Current liabilities	(24)	(72)	(2)	(98)
Long term liabilities	-	-	(8)	(8)
Pension liability	<u>-</u>	<u>(571)</u>	<u>-</u>	<u>(571)</u>
	<u>90</u>	<u>(571)</u>	<u>2,410</u>	<u>1,929</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS - continued**

Comparative information in respect of the preceeding period is as follows:

	Unrestricted fund	Restricted funds	Restricted Fixed Asset £'000	31.8.18 Total funds £'000
Fixed assets	-	-	2,177	2,177
Current assets	95	268	238	601
Current liabilities	(27)	(129)	(1)	(157)
Long term liabilities	-	-	(9)	(9)
Pension liability	-	(387)	-	(387)
	<u>68</u>	<u>(248)</u>	<u>2,405</u>	<u>2,225</u>

**19. MOVEMENT IN FUNDS**

	At 1.9.18 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.19 £'000
<b>Unrestricted funds</b>				
General fund	68	72	(50)	90
<b>Restricted funds</b>				
General Annual Grant	139	(139)	-	-
Pension Fund	(387)	(184)	-	(571)
Fixed Asset Fund - Transfer on conversion	1,502	(22)	-	1,480
Fixed Asset Fund - DfE/ESFA capital grants	<u>903</u>	<u>(23)</u>	<u>50</u>	<u>930</u>
	<u>2,157</u>	<u>(368)</u>	<u>50</u>	<u>1,839</u>
<b>TOTAL FUNDS</b>	<u>2,225</u>	<u>(296)</u>	<u>-</u>	<u>1,929</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
<b>Unrestricted funds</b>				
General fund	309	(237)	-	72
<b>Restricted funds</b>				
General Annual Grant	793	(932)	-	(139)
Other grants	102	(102)	-	-
Fixed Asset Fund - Transfer on conversion	1	(23)	-	(22)
Fixed Asset Fund - DfE/ESFA capital grants	17	(40)	-	(23)
Pension Fund	-	(27)	(157)	(184)
	<u>913</u>	<u>(1,124)</u>	<u>(157)</u>	<u>(368)</u>
<b>TOTAL FUNDS</b>	<u>1,222</u>	<u>(1,361)</u>	<u>(157)</u>	<u>(296)</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31st August 2019**

**19. MOVEMENT IN FUNDS - continued**

**Comparatives for movement in funds**

	At 1.9.17 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.18 £'000
<b>Unrestricted Funds</b>				
General fund	28	102	(62)	68
<b>Restricted Funds</b>				
Restricted Fund	1	-	(1)	-
Pupil Premium	5	-	(5)	-
General Annual Grant	94	(122)	167	139
Pension Fund	(405)	18	-	(387)
Fixed Asset Fund - Transfer on conversion	1,529	(27)	-	1,502
Fixed Asset Fund - DfE/ESFA capital grants	<u>254</u>	<u>748</u>	<u>(99)</u>	<u>903</u>
	1,478	617	62	2,157
<b>TOTAL FUNDS</b>	<u>1,506</u>	<u>719</u>	<u>-</u>	<u>2,225</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
<b>Unrestricted funds</b>				
General fund	281	(179)	-	102
<b>Restricted funds</b>				
General Annual Grant	791	(913)	-	(122)
Other grants	98	(98)	-	-
Pension Fund	-	(34)	52	18
Fixed Asset Fund - Transfer on conversion	-	(27)	-	(27)
Fixed Asset Fund - DfE/ESFA capital grants	<u>776</u>	<u>(28)</u>	<u>-</u>	<u>748</u>
	1,665	(1,100)	52	617
<b>TOTAL FUNDS</b>	<u>1,946</u>	<u>(1,279)</u>	<u>52</u>	<u>719</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

**19. MOVEMENT IN FUNDS - continued**

Total funds analysis by academy

Fund balances at 31st August 2019 were allocated as follows:

	Total 2019 £000	Total 2018 £000
Highfield's Academy	90	217
Star Academy Trading Ltd (Member Company Consolidated)	NIL	(10)
Total before fixed assets and pension reserve	90	207
Restricted fixed asset fund	2,410	2,405
Pension reserve	(571)	(387)
Total	1,929	2,225

**20. 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 is managed by The Cheshire Pension Scheme. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £13,000 were payable to the schemes at 31 August 2019 (2018: £14,000) and are included within creditors.

**Teachers' pension scheme**

*Introduction*

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

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

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

**20. PENSION AND SIMILAR OBLIGATIONS**  
**- continued**

*Valuation of the Teachers' Pension Scheme*

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with the directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increase contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the period amounted to £67,000 (2018: £66,000).

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

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

**Local government pension scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £74,000 (2018: £73,000), of which employer's contributions totalled £62,000 (2018: £61,000) and employees' contributions totalled £12,000 (2018: £12,000). The agreed contribution rates for future years are 31.1% for 2019/2020 for employers and between 5.5 - 12.5% per cent for employees.

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

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£'000	£'000
Present value of funded obligations	(966)	(682)
Fair value of plan assets	395	295
	<u>(571)</u>	<u>(387)</u>
Deficit	<u>(571)</u>	<u>(387)</u>
Liability	<u>(571)</u>	<u>(387)</u>



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

**20. PENSION AND SIMILAR OBLIGATIONS**  
**- continued**

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

	Defined benefit pension plans	
	31.8.19	31.8.18
	£'000	£'000
Current service cost	75	84
Net interest from net defined benefit asset/liability	11	17
Past service cost	<u>3</u>	<u>-</u>
	<u>89</u>	<u>101</u>
 Actual return on plan assets	 <u>26</u>	 <u>12</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£'000	£'000
Defined benefit obligation	682	615
Current service cost	75	84
Past service cost	3	-
Contributions by scheme participants	12	12
Interest cost	20	17
Actuarial (gains)/losses from changes in financial assumptions	<u>174</u>	<u>(46)</u>
	<u>966</u>	<u>682</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£'000	£'000
Fair value of scheme assets	295	210
Interest income on plan assets	9	6
Contributions by employer	62	61
Contributions by scheme participants	12	12
Return on plan assets (excluding interest income)	<u>17</u>	<u>6</u>
	<u>395</u>	<u>295</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

**20. PENSION AND SIMILAR OBLIGATIONS**  
**- continued**

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£'000	£'000
Actuarial (gains)/losses from changes in financial assumptions	(174)	46
Return on plan assets (excluding interest income)	<u>17</u>	<u>6</u>
	<u>(157)</u>	<u>52</u>

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

	Defined benefit pension plans	
	31.8.19	31.8.18
Equities	55%	59%
Bonds	35%	31%
Property	9%	9%
Cash	1%	1%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.8.19	31.8.18
Discount rate	1.8%	2.8%
Future salary increases	2.6%	2.7%
Future pension increases	2.3%	2.4%

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

	At 31 August 2019	At 31 August 2018
	years	years
Retiring today		
Males	22.3	22.3
Females	24.5	24.5
Retiring in 20 years		
Males	23.9	23.9
Females	26.5	26.5

**Sensitivity analysis**

	At 31 August 2019	At 31 August 2018
	£000	£000
0.1% decrease in Real Discount Rate	23	16
0.1% increase in the Salary Increase Rate	3	2
0.1% increase in the Pension Increase rates	20	13

**21. ULTIMATE PARENT COMPANY**

The Company is controlled by its members.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31st August 2019

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**22. CAPITAL COMMITMENTS**

	31.8.19	31.8.18
	£'000	£'000
Contracted but not provided for in the financial statements	<u>-</u>	<u>347</u>

**23. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 31st August 2019.