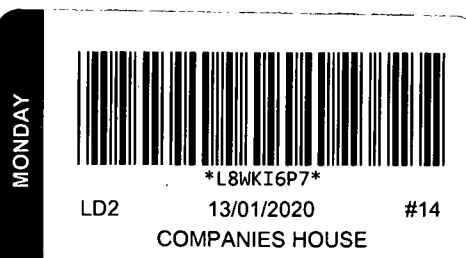




**STEP ACADEMY TRUST**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2019**



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**Reference and Administrative Details**

**Members**

I Dennigan (resigned 29 September 2019, appointed 5 November 2019)

J Hilary

N King (appointed 5 November 2019)

A Morley

D Sullivan

R Venchard (appointed 30 September 2019)

**Trustees (Governors)**

A Armstrong + (resigned 26 June 2019)

I Dennigan (resigned 29 September 2019)

A Farrell # (appointed 4 July 2019)

P McAleenan (resigned 14 November 2018)

R Venchard (Chair) (appointed 30 September 2019)

K Chhatwal +

M Ducker OBE (CEO and Accounting Officer)

R Gardner # (Vice Chair)

N Sanghara +

+ Members of the Education Committee

# Members of the Finance and Operations Committee

**Company Secretary**

K Martin

**Executive Leadership Team**

Chief Executive Officer (CEO)

Deputy CEO

Chief Finance & Operations Officer

M Ducker OBE

P Glover

B March

Director of Effectiveness & Performance

Director of Leadership Development

Director of Operational Services

Director of Teaching & Learning

J Alozie

J Halliwell

J Hooper

T Mills

## Reference and Administrative Details

Academies Operated	Location	Date joined	Ofsted Rating
Angel Oak Academy	South London	February 2015	Outstanding (2017)
Applegarth Academy	South London	April 2013	Good (2019)
Breakwater Academy	East Sussex	September 2016	Good (2019)
Burfield Academy	East Sussex	January 2017	RI (2018)
David Livingstone Academy	South London	August 2011	Outstanding (2019)
Gonville Academy	South London	April 2011	Good (2017)
Hawkes Farm Academy	East Sussex	September 2016	Good (2019)
Heathfield Academy	South London	September 2015	Outstanding (2018)
High Cliff Academy	East Sussex	January 2017	Outstanding (2018)
La Fontaine Academy	South London	September 2014	Good (2017)
Phoenix Academy	East Sussex	January 2017	Good (2019)
Tudor Academy*	South London	September 2018*	Good (2019)
Turnham Academy	South London	August 2018	Due (2021)
White House Academy	East Sussex	January 2017	Good (2019)

\* Wolsey Junior Academy and Wolsey Infants and Nursery School combined to form Tudor Academy 1 September 2018, before this the two academies were separate academies within the Trust. (Wolsey Junior Academy and Wolsey Infant and Nursery School joined in November 2013 and September 2017 respectively).

<b>Company Name</b>	STEP Academy Trust
<b>Principal and Registered Office</b>	Gonville Road Thornton Heath Surrey CR7 6DL
<b>Company Registration Number</b>	07612865 (England and Wales)
<b>Independent Auditor</b>	UHY Hacker Young LLP Quadrant House 4 Thomas Moore Square London E1W 1YW
<b>Bankers</b>	Lloyds Bank PLC 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Winckworth Sherwood LLP Minerva House 5 Montague Close London Bridge SE1 9BB

The Trustees present their annual report together with the financial statements and independent auditors' reports of the charitable company for the year 1 September 2018 to 31 August 2019. This annual report serves the purposes of a Trustees' Report, a Directors' Report and a Strategic Report under company law.

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

### **Current Status and History**

STEP Academy Trust ("Academy Trust", "Trust" or "STEP") was incorporated on 21 April 2011 and is governed by the rules and regulations set down in its company Memorandum and Articles of Association dated 21 April 2011, and updated April 2018. The Academy Trust has entered into a Funding Agreement with the Department for Education which provides the framework within which the Academy Trust must operate. STEP Academy Trust has been set up as an Academy Trust under the standard multi-academy trust ("MAT") model.

The Academy Trust comprises of 14 academies in the South East of England. There were 5 Ofsted inspections in the year, and 2 further inspections in the first term of the new academic year. The inspections resulted in 1 Outstanding rating and 6 Good ratings; Ofsted ratings for each academy are available in the References and Administrative Details of this report.

A timeline of the Academy Trust's development is available on the 'Our Journey' section of the Trust website ([www.stepacademytrust.org](http://www.stepacademytrust.org)).

### **Academy Trust Structure**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Academy Trust also has a wholly owned subsidiary, STEP Up Services Limited, details of which can be found in note 14 of the consolidated financial statements.

The Trustees of STEP Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year, and up to and including the date these accounts are approved are included in the Reference and Administrative Details.

### **Objectives and Activities**

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

The Trust focus for the year was providing integration into the Trust for the academies that joined in the year and further improving and embedding the STEP Mission, Vision, Values and Compass throughout the Trust. As well as achieving strong Ofsted results in the year, the Trust produced above national KS2 results.

### ***Principal Activities***

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

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

These are delivered by following our STEP Mission, Vision, Values and 'Compass':

#### **STEP Mission**

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

#### **STEP Vision**

To establish a family of outstanding academies where world class leaders place the children at the heart of everything.

#### **STEP Values – PUPAC**

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

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

## STEP Compass



The STEP Compass serves to guide the STEP Academy communities, both individually and collectively. By ensuring clarity of direction across the Trust, all stakeholders understand how they contribute to furthering the Mission and Vision of STEP Academy Trust.

At the heart of STEP are the Mission, Vision and Values - everything derives from them. The Compass is, in effect, the Trust's strategic development plan.

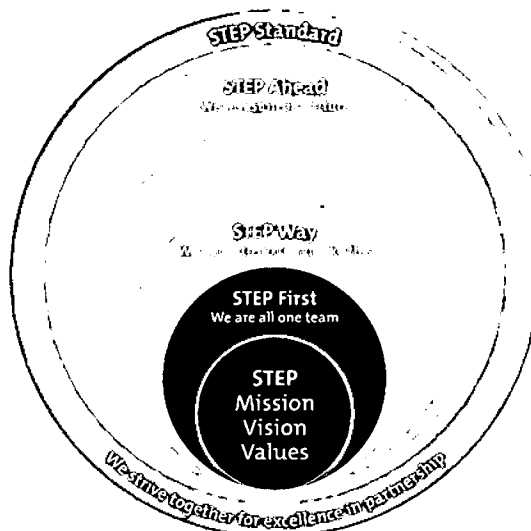
The points of the STEP Compass address the challenges we believe face the Education sector, and MATs in particular. By clearly expressing the purpose of each Compass point, we ensure that all within STEP are aware of the challenges and also know the part they play in achieving our Vision.



The bands within the STEP logo represent individual academies rising together, with the guidance of the Compass, to collectively reach heights they could not reach alone.

## STEP First

#Unity

*We are all one team*

The Mission, Vision and Values are shared by all stakeholders. As a result, there is an acceptance that we are all one team, one family. All stakeholders must believe in STEP First.

Through effective internal and external communications, the Trust ensures STEP's Mission, Vision and Values are clearly understood by all stakeholders, and that the STEP Compass is consistently applied across the Trust.

STEP First is founded on the principle that we are all one team. This principle starts with strong internal communications and relationships across academies, teams, parents, governors and trustees and extends through to close working partnerships with our suppliers, regulators and other stakeholders.

All academies contribute towards the STEP First Fund. This fund enables STEP to develop and create capacity to support academies within the Trust. Details of the contributions basis and amounts made by each academy to central services are available in note 9 of the accounts.

Trustees delegate day to day responsibility to the CEO, as Accounting Officer, and the Executive Team. Responsibility and approvals are set and communicated through the Trust's Financial Handbook, Scheme of Delegation and other policies and approvals which are reviewed and approved annually by the Board.

The Trustees meet regularly with members of the Executive Team (ET), who have strong oversight and communication with the Academy Leadership Teams (ALTs). This ensures that Trustees are well informed and involved at both a Trust and, as necessary, academy level. This allows Trustees to effectively guide strategy and promote strong standards across the Trust.

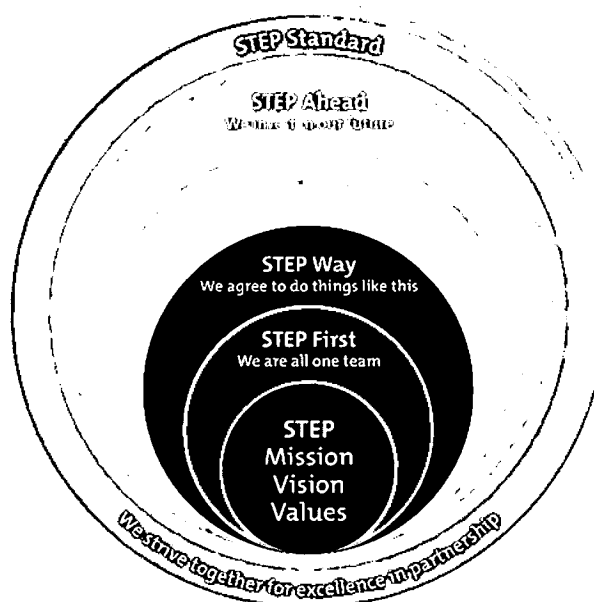
The ALT work with the ET and Academy Committees (ACs) and are able to ensure that these strategies and standards are implemented at each academy.

This close working relationship across teams ensures that communication is clear and regular and allows for the strategy and policies of the Trust to be effectively implemented. It also ensures that support can be provided swiftly and effectively to allow the academies to deliver on their Improvement Plans.



## STEP Way

#Consistency

*We agree to do things like this*

As a united team, it is right that we agree to do certain things in a consistent way, the STEP Way. The approaches which constitute the STEP Way are determined by a process of co-creation and review. Once in the STEP Way, there is no opt-out.

STEP Way is focused on outcomes and consistency of expectation, and not standardisation. Within STEP we appreciate and respect the different contexts, and therefore approaches, of academies. STEP Way is delivered through collaboration and co-creation, a process which enables staff to truly contribute to the success of STEP.

STEP Way is not a standardised rollout of practice as this approach would fail to take into consideration the unique identities and challenges of the different academies within STEP. Instead, ALTs are encouraged to develop a STEP Way which is appropriate for the context of the academy they are leading.

As our values (PUPAC) are held at the centre of the Trust's methodology and approach, the Trust is always looking forward, building on the past. This ensures that STEP Way evolves each year as Leaders and academies benefit from knowledge gained by the rest of the Trust.

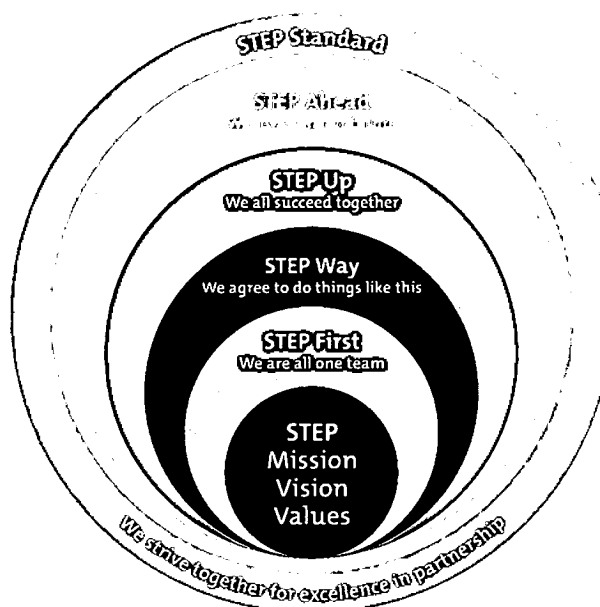
The Trust's aims for STEP Way are to clearly articulate the pedagogy that underpins STEP's approach to teaching and learning and to strengthen assessment and quality assurance systems to improve consistency and raise standards.

To safeguard and increase the time that is focused on ensuring that a child's time is spent productively, STEP Way includes comprehensive support from a central services team.

This approach enables Leaders across STEP to focus on their areas of expertise, and in so doing ensures that as much resource as possible is focused directly on teaching, learning and assessment.

## STEP Up

#Support

*We all succeed together*

STEP is a community, all of our members: Academies, teams and individuals, strive to be successful.

STEP Up is the process by which we all succeed together, enabling additional support to be targeted according to identified need.

One of the major benefits of a MAT should be that together more is achieved than would be possible alone, essentially a MAT Factor that  $1+1>2$ . To achieve this, STEP Up focuses on the provision of support to academies and leaders.

The provision of support to academies is made possible by the adherence to standard procedures and policies. This approach ensures consistency of expectations and also enables the Trust to meet regulatory compliance requirements as well as maintain a structure which supports our next, not current stage of growth, in line with our founding principles.

Utilising the principles of the Trust, support is targeted according to identified need. The central Trust reserves are contributed to by each academy and are held for the investment in projects and initiatives that are in harmony with the Trust objectives.

The Trust considers investment in the growth and progress of its academies the best use of these central funds. This includes supporting those academies which require investment of time and central support, as well as those that are operating on deficit funds while they require additional investment. Academies all commit to reducing their deficit; however, these plans are implemented over several years, to allow the academies to reach a surplus position without inhibiting their ability to provide the highest standards of teaching and school life to the pupils. The Trust reserves policy is discussed further on page 15.

Each year, the Executive Team and Trustees review the size and scope of the central team and the outcomes of STEP. This year – as well as in previous years – demonstrates that this approach has been successful. Per pupil operational costs have decreased by 46% since 2015.

## STEP Ahead

#Development



### *We invest in our future*

Individually and collectively, we must ensure one eye remains firmly fixed on the future, anticipating and preparing for our next stage of development. This commitment requires a strong focus on CPD and strategic planning.

To ensure that STEP is able to provide the best support to its academies as they develop and the STEP community grows, it is important that the Trust continuously invests in its future – developing the central services and support systems and processes, so that they are able to provide the best quality support to its current and future academies.

The Trust focuses on developing its processes, procedures and structures each year. This includes assessing centralisation and infrastructure annually to ensure that it operates as efficiently as possible, and will continue to doing so as the Trust grows and develops. The Trust regularly reviews its key governing documents and academy development plans to ensure that they work effectively and harmoniously together to drive rapid and maintained improvement.

- STEP will also continue to provide services and assistance to external academies, offering assistance from finance and central services to guidance on educational development and leadership; helping each other to also produce and maintain outstanding academies where world class leaders place the children at the heart of everything.

## STEP Standard

#Expectation



*We strive together for excellence in partnership*


**Excellence is defined through the STEP Standard, so that there is clarity about what must be achieved.**

The STEP Standard is the method by which the Trust ensures that the STEP Mission, Vision, Values and Compass are implemented effectively across the organisation.


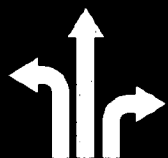

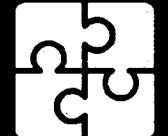




Each year STEP sets objectives and performance measures across the Trust; from education and operations, to finance and governance for each of the areas of the STEP Compass. This is monitored throughout the year through key performance indicators for each of the STEP Compass areas; STEP First, STEP Way, STEP Up and STEP Ahead.

When setting the STEP Standard, the Trustees and Executive Team utilise the STEP Compass and their experience and knowledge to identify key activities each year which address the challenges they believe multi-academy trusts face; in particular, how these challenges relate to STEP and any specific challenges related to STEP.

The Trustees and Executive Team prioritise ensuring STEP remains united, has consistent standards in place, provides support where needed and plans effectively for the future. Targets are set annually relating to each point of the Compass.



**Successes  
in 2018/19**

	<p><b>Five Inspections</b> 3 Good, 1 Outstanding, 1 progressing towards Outstanding</p>		<p><b>Leadership Changes</b> Exclusively managed in-house through succession planning</p>
	<p><b>KS 1 and KS2 Progress</b> continues to be above National</p> <p><b>KS2 Attainment</b> Maths 87%   Reading 79% Writing 83%   Combined 73%</p>		<p><b>Complete overhaul of Governance</b></p> <p><b>Succession planning of Trustees</b></p>
	<p><b>Strengthening the links between Education and Business Strategies</b></p> <p><b>Increase capacity for Academy Leaders by refining STEP Way for Premises and Catering</b></p>		<p><b>Saving over £250,000 via in-house works and initiatives</b></p>
	<p><b>Reading and personal development at the heart of learning through increased teaching and learning consistency</b></p>		<p><b>Staff Development</b> Over 1 in 8 teachers undertaking a Masters or Doctorate</p>

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### **Academy Performance and Key Performance Indicators**

As a Trust, in the previous year we attained our best ever Key Stage 2 (KS2) results, achieving a 73% Combined result for the Trust and a 78% Combined result for academies within the Trust for over 3 years.

This year the Trust managed to maintain this impressive result, again achieving a Combined result for the Trust of 73%, and 78% for academies within the Trust over 3 years. (Note: 2018/19 results are provisional at the time of writing this report. In the previous year, the Trust results improved by 1% on confirmation of results).

For a Multi Academy Trust ("MAT"), these outcomes are significantly above MATs nationally; against 2017/18 National Averages, where the MAT average for academies within the Trust for more than 3 years was between 45-54% for KS2 Combined. These results demonstrate the Trust's ability to sustain and build a high quality of education for a wide range of pupils, as reflected in our outcomes, year on year.

Achievement is focused on the depth of understanding of the areas taught. Further, there is also a focus on the ability to apply this understanding in a variety of contexts rather than moving on to something new. Therefore, more able pupils are encouraged to now spend time ensuring that they have fully grasped the learning in their own year group and are able to explore this in a variety of ways. This is referred to as 'Greater Depth'.

The Combined KS2 results are the assessment of pupils against end of year expectations, meaning that pupils are attaining or understanding at the level expected of the year group. There is, in addition, an assessment of the greater depth of pupils' understanding. Greater Depth results for the Trust this year increased again, with 5 academies attaining significantly above National Average, and all academies within the Trust over 3 years showing improved Greater Depth results. This reflects the strength of the curriculum and the quality of teaching and learning across the Trust, developed over time. This is significant as it reflects the Trust's ability to sustain strong outcomes and ensure pupils have a deep learning experience.

**TRUSTEES' REPORT**

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**Financial Review**

In the year, the Trust received £25,821k in incoming funds (2018: £38,788k), of this £53k (2018: £16,016k) related to funds inherited on conversion, therefore £25,768k related to recurring income (2018: £22,772k). The overall decrease in incoming resources is due to the Trust not growing in year, but having taken on 2 new academies in the previous year.

Recurring income principally consists of grant income received from the Education and Skills Funding Agency ("ESFA"), Department for Education ("DfE") and Local Authorities. Grant income in the year totaled £23,792k (2018: £21,025k). The increase is due to the additional academies taken in over the previous period. The academies also generate recurring income from other trading activities; in the year this income totaled £1,140k (2018: £1,026k).

The total expenditure in the year totalled £28,106k which increased from £24,913k in 2018. This increase is a result of the impact of having the academies that transferred during 2018 being within the Trust for the first full year. Of the total expenditure for the year, excluding depreciation, 79% related to staff costs, which is consistent with the previous year (79%). Direct staff costs also remained consistent, accounting for 74% (2018: 74%) of total costs excluding depreciation this year. A key principle within STEP is that as much resource as possible to go towards teaching and learning. Whilst an aim across the Education sector it is a challenge, that STEP have been able to maintain a high allocation of direct costs is a demonstration of the effectiveness of the Trust's strategy for rapid improvements.

There has been increased centralisation of operational services which is in keeping with "STEP Way"; ensuring consistency and achieving greater economies of scale across the academies. This can be shown, despite the increase of operational services conducted at a central level, by the central recharges per pupil having reduced by 56% since centralisation commenced in 2015. Overall direct costs, excluding staff costs, remained at 31% of all non-staff expenditure in the year (2018: 31%). Key drivers of this have been the centralisation of suppliers and capitalisation on the economies of scale available to the Trust.

At the year end, the Trust had net current assets of £622k, a decrease from 2018 (£783k). This is primarily due to the increase in creditors at the year end. This represents the general funds held by the Trust as well as the capital funds unspent (£185k) at the year end, earmarked for capital works at the academies in the coming year. There has been an increase in the debtors and creditors in the year, in line with the expansion of the Trust. Fixed Assets have decreased from £91,224k to £90,402k. The pension liability has increased in the year to £9,773k (2018: £5,505), due to significant actuarial losses in the year and changes in assumptions used in the pension valuations across the sector.

STEP Academy Trust has free reserves of £437k as at 31 August 2019 (2018: £466k). The Academy Trust is mindful of the tightening economic conditions in the sector and has an active programme of contract review and efficiencies. The savings resulting, and anticipated, mean that the Trustees have confidence in the robust financial position of STEP Academy Trust now and for the future.

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### ***Reserves Policy***

As at the balance sheet date, the Academy Trust had general reserves of £437k. This consists £118k of unrestricted general reserves and £319k of restricted general reserves.

The total pension reserves at 31 August 2019 were £9,773k and the total restricted fixed assets reserves were £90,587k.

Reserves are generated to provide funds to continue to enhance the educational facilities and services at the academies. Trustees monitor the level of reserves as part of the budget monitoring process with reserves being used to fund future projects and initiatives that Trustees feel are in harmony with the objects of the Academy Trust. The Academy Trust aims to keep overall reserves at a level which is appropriate for the Academy Trust as a whole whilst at the same time recognising that academies will have different requirements in terms of drawing on reserves. It is expected that over the coming three years, reserves will be replenished and maintained to an overall level of at least 5% of GAG income.

At the year end the general reserves were £437k, below the 5% benchmark (£985k). Contributing to this were 6 academies at the year end in a deficit position; Burfield Academy £16k, David Livingstone Academy £143k, Hawkes Farm Academy £283k, Phoenix Academy £3k, White House Academy £176k, Tudor Academy £82k. During the year, Breakwater Academy successfully repaid its deficit position.

During the year, Trustees approved the reduction of general funds balances to allow for the necessary restructures and investment at these academies. These investments were required to ensure that the appropriate infrastructure could be implemented to allow for the continued improvement of academies' results, which are sustainable into the future.

The merger of two academies (Wolsey Infants and Juniors), to form Tudor Academy, resulted in a significant deficit due to the investment required to integrate the two academies and their leadership teams and staff. During the year the deficit was reduced from £176k to £82k. Burfield, Hawkes Farm, Phoenix and White House Academies are located in Hailsham, East Sussex; owing to the substantial overprovision of primary school places to population in the area, as reported to the Regional Schools Commissioner ("RSC"), these academies have required significant restructuring and investment to ensure that the academies are able to provide the best opportunities to their pupils whilst remaining financially sustainable into the future. The Trustees have therefore agreed that the deficit balances will be repaid over a minimum 5-year period. David Livingstone Academy faced significant challenges in the year, for which the Trustees approved a strategy of investment for rapid improvement. A program of repayment will commence in 2020/2021.

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

### ***Going Concern***

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



### ***Investment Policy***

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

### ***Funds held as custodian by the Trust on behalf of others***

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

### ***Financial Instruments***

#### **Credit risk**

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

#### **Cash flow and liquidity**

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

### ***Overview of Risk***

The Trust operates a detailed risk register with key risk areas identified and broken down into separate identified specific risks. These risks are then assessed, risk mitigating actions identified and carried out, and key personnel identified for the ongoing monitoring of the outstanding actions and risks. The overview of key risks are identified below. Local Government Pension Schemes have not been identified by the Trustees as a separate key risk, the deficit on these pensions schemes and the increased contributions required are considered to be included in the risk that 'financial challenges and changes mean that the Academy Trust becomes insolvent' and is appropriately mitigated by the actions identified for this risk.

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

#### **Key action(s):**

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

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

#### **Key action(s):**

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

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

**Key action(s):**

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

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

**Key action(s):**

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

***Financial and Risk Management Objectives and Policies***

The education sector is one in which there is constant change and therefore there is continual need to identify and address risks and uncertainty. The responsibility to identify and react to risk rests with the Leadership Team of each academy, with support provided by the Academy Trust as needed.

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

**Governance Management**

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

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

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

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

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

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

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

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

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

***Employee Information Policy***

STEP Academy Trust Board of Trustees includes one Staff Trustee (STEP CEO) who may attend Academy Committee meetings. This ensures that:

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

The Academy Trust also undertakes discussions with employees when making decisions that affect employee interests to ensure that employee views are reflected in decisions made and their interests are protected.

***Equal Opportunities and Disabled persons policies (Equalities Policy)***

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

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

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

## TRUSTEES' REPORT

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

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

### *Gender Pay Gap as at 5 April 2019*

STEP Academy Trust is required by law to publish an annual gender pay gap report. This is its report for the snapshot date of 5 April 2019.

- The mean gender pay gap for STEP Academy Trust is 25.48% (2018: 20.19%).
- The median gender pay gap for STEP Academy Trust is 25.05% (2018: 26.43%).
- The mean gender bonus gap for STEP Academy Trust is 0% (2018: 0%).
- The median gender bonus gap for STEP Academy Trust is 0% (2018: 0%).

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

### Pay by Quartiles

Band	Males	Females	Description
A	11%	89%	Includes all employees whose standard hourly rate places them at or below the lower quartile
B	9%	91%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
C	24%	76%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
D	23%	77%	Includes all employees whose standard hourly rate places them above the upper quartile

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

### *Arrangements for Setting Pay and Remuneration of Key Management Personnel*

The pay of key management personnel is set in line with STEP's Pay Policy, which is reviewed annually, and takes into consideration the overall size of the Academy Trust, market conditions, and benchmarking with other Multi Academy Trusts of a similar size. Pay is approved by the Board of Trustees.

## TRUSTEES' REPORT

**Connected Organisations, including Related Party Relationships**

STEP Academy Trust aims to work in partnership with a range of bodies, including the Croydon, Bromley, Lewisham, Southwark and East Sussex Local Authorities. The Academy Trust has a history of providing School Improvement support to third parties and has been appointed as an Efficiency Advisor for the ESFA. The Academy Trust also has a wholly owned subsidiary, STEP Up Services Limited.

**Members' Liability**

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

**Trustees' indemnity**

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

**Trade Union Facility Time****Relevant union officials**

Number of employees who were relevant union officials during the relevant period

1

Full-time equivalent employee number

542

**Percentage of time spent on facility time**

Percentage of time

0%

1%-50%

51%-99%

100%

Number of employees

1

-

-

-

**Percentage of pay bill spent on facility time**

The total cost of facility time

£ 5k

The total pay bill

£20,071k

The percentage of the total pay bill spent on facility time (calculated as: total cost of facility time/total pay bill x 100)

0%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time (hours calculated as total hours spent on paid trade union activities by relevant union officials during the relevant period/total paid facility time hours x 100)

0%

### ***Fundraising***

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

### ***Representations on Other Bodies***

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

### ***Public Benefit***

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

### ***Benefit and Beneficiaries***

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

### ***Directors' Assessment of Public Benefit***

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

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

### ***Auditor***

In so far as all of the Trustees are aware:

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

A resolution proposing that UHY Hacker Young be reappointed as external auditor of the charitable company will be put to the members.

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

A handwritten signature in black ink, appearing to read "R Venchard", written in a cursive style.

**Mr R Venchard**  
Chair of Trustees

A handwritten signature in black ink, appearing to read "M Ducker", written in a cursive style.

**Mr M Ducker OBE**  
Accounting Officer

## GOVERNANCE STATEMENT

**Scope of Responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between STEP Academy Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdown in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
A Armstrong	2	3
K Chhatwal	4	4
I Dennigan (Chair)	4	4
M Ducker OBE (Accounting Officer)	4	4
A Farrell	1	1
R Gardner	2	4
P McAleenan	1	1
N Sanghara	4	4
R Venchard	-	-

**STEP Governance**

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

**STEP Governors / Trustees**

"STEP First" is the notion that, first and foremost, everyone is committed to being part of STEP Academy Trust. All governors must be fully aligned to the Academy Trust's Mission and Vision. Although serving one or more particular academies, governors are members of the wider STEP team. We are all one team, in one organisation, working towards the same goal: to be outstanding in all we do – STEP First!

During the year, Patrick McAleenan and Alan Armstrong resigned as Trustees. Post year end, Isabelle Dennigan resigned her position as Trustee, and Chair of Trustees, and accepted a position as a Member of the Trust. In the year Angela Farrell was appointed to the Board and to the Finance Committee, post year end Rama Venchard was appointed to the Board of Trustees, and accepted the nomination to Chair of Trustees.

### STEP Governance Structure

The Chief Executive Officer (CEO), as Accounting Officer, together with Trustees are primarily responsible for the strategic direction of the Trust, promoting the Trust and developing the Trust's infrastructure. Academy Committees have a role to play in ensuring that academies use their finances in a way which benefits the pupils of the academy. Fundamentally this is achieved by Academy Committees challenging and supporting the alignment of the Academy Improvement Plan with the agreed budget. Trustee Committees have been established whose role is to examine in more detail the financial position of the academy through the review of management accounts, and financial forecasts. Committees operate within the terms of reference agreed by the Trustees.

The Trust Board receives sufficient information (e.g. Reports and minutes from Academy Committees, financial and management accounts and risk reports) to be able to effectively carry out its role. The structure of the Board is effective and enables each Academy Committee ("AC") to review specific detail and then share appropriate information at the Trust Board meetings. Information received by the Academy Committees is reviewed and assessed on a regular basis. The information is obtained from underlying data, and reviewed by members of the Senior Leadership Team. Feedback is provided to those preparing the information to ensure that there is continued improvement and understanding of the information provided. The Trustees have undertaken a skills audit in the year and continues to self-assess its performance, reviewing its effectiveness and making changes where necessary.

The challenge for the Board and the Academy Trust in the year, has been the integration and control of the new academies that transferred into the Trust during the previous year and the full adoption by the new academies of the STEP Values and processes, as well as the embedding of these values and principles across the rest of the Trust. The Trust has reviewed its Scheme of Delegation and governance structure in the year, from September 2019 a new Scheme of Delegation has been implemented. In the coming year the Trust will focus on implementation of the new governance structure.

### Composition of the Academy Committees (AC)

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

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

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

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

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

During the year the Trust also held a Board Development Day and a Trust Development Day, where all Trustees were invited. Additionally, the CEO and Chair of Trustees are in regular communication, as well as the Chairs of Committees in regular discussion with Executives. In this way the Trustees are regularly updated with the day to day running of the Trust and key decisions and strategy.



## GOVERNANCE STATEMENT

Finance and Operations Committee

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

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

In addition, the Committee will operate a Pay Review function to receive, review and make decisions on the remuneration of staff working across STEP Academy Trust, with the exception of the CEO. The remuneration of the CEO will be considered by the Committee, with a recommendation as appropriate made to the Board of Trustees.

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

Trustee	Meetings attended	Out of a possible
I Dennigan	3	3
P McAleenan	-	-
R Gardner	3	3

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

**Review of Value for Money**

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. In the past this has resulted in significant back-office savings in photocopying, educational supplies and other administrative functions.

The reviews of each of the areas above have resulted in either direct or indirect savings, both in terms of financial and efficiency. The Academy Trust has delivered improved value for money during the year by:

- Reviewing Trust assessment practices and identifying a single supplier for key assessments in the year at a Trust rate;
- Negotiating with existing suppliers to gain additional goods and services within existing contract rates; and,
- Reducing the use of outside contractors for maintenance through the employment of central premises staff, thereby reducing the costs of maintenance and building works for the Academy Trust.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in STEP Academy Trust during the entire period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

### **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

### ***The risk and control framework***

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a System of Delegation and Accountability. In particular, it includes:

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

The Board of Trustees has considered the need for a specific internal audit function. The Board has appointed Croydon Council 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:

- review of website compliance;
- testing of recruitment and HR systems; and
- testing of income and Fixed Assets.

On a termly basis, the internal auditor reports to the Board of Trustees, through the Finance and Operations Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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

**Review of Effectiveness**

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

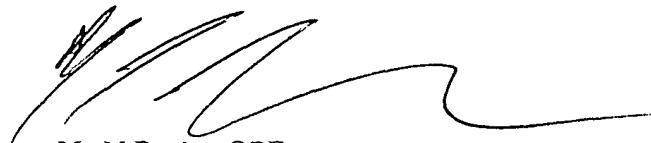
- the work of the internal auditor;
- the work of the external auditor; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 16 December 2019 and signed on its behalf by:

A handwritten signature in dark ink, appearing to read "R Venchard", written over a horizontal line.

**Mr R Venchard**  
Chair of Trustees

A handwritten signature in dark ink, appearing to read "M Ducker", written over a horizontal line.

**Mr M Ducker OBE**  
Accounting Officer

As Accounting Officer of STEP Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the Academy Trust, under the Funding Agreement in place between STEP Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

Approved on 16 December 2019 and signed by:

A handwritten signature in black ink, appearing to be "M. Ducker", followed by a long horizontal line extending to the right.

**Mr M Ducker OBE**  
Accounting Officer

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

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

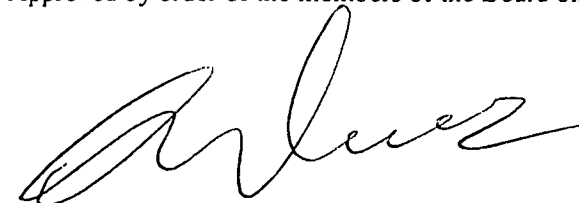
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 16 December 2019 and signed on its behalf by:



**Mr R Venchard**  
Chair of Trustees

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF STEP ACADEMY TRUST**

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**Opinion**

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

In our opinion, the STEP Academy Trust consolidated financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable group's and the company's affairs as at 31 August 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF STEP ACADEMY TRUST (continued)**

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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 Trustees' Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report, including the incorporated strategic report, have 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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

**Responsibilities of Trustees**

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

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

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF STEP ACADEMY TRUST (continued)**

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**Auditors' responsibilities for the audit of the financial statements**

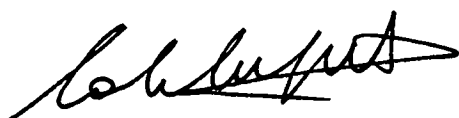
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditors' report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Colin Wright (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young LLP, Statutory Auditor**

Chartered Accountants  
Statutory Auditor

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

**19** December 2019

UHY Hacker Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOARD OF TRUSTEES OF STEP ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 12 June 2015 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 STEP Academy Trust during the year to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of STEP Academy Trust's Accounting Officer and the Reporting Accountant**

The Accounting Officer is responsible, under the requirements of STEP Academy Trust's Funding Agreement with the Secretary of State for Education dated 28 April 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOARD OF TRUSTEES OF STEP ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

The work undertaken to draw our conclusion includes:

- Evaluation of the general control environment;
- General discussions with those charged with governance and the finance team;
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education;
- Review of the declaration of interests to ensure completeness;
- Review of Trustee meetings' minutes for evidence of declarations of interest and other matters;
- Review of all internal auditor reports to determine the extent of their work and recommendations made and whether the Trust was in the process of auctioning the recommendations;
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the Academy Trust's delegated authorities;
- A sample of journal entries in the accounting records were reviewed to assess their appropriateness and to understand the reasons for their non-routine requirements;
- A sample of payroll transactions and records were reviewed;
- A sample of cash payments were reviewed for unusual transactions;
- A sample of expenditure items were reviewed against specific terms of grant funding within the Funding Agreement; and
- Formal representations have been obtained from Trustee Board and the Accounting Officer acknowledging their responsibilities for matters relating to regularity and propriety.

**Conclusion**

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

*UHY Hacker Young*

**UHY Hacker Young**  
**Reporting Accountant**

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

19 December 2019

**STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2019  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL  
RECOGNISED GAINS & LOSSES)**

		Restricted funds				
	Notes	Unrestricted fund £'000	General funds £'000	Fixed asset fund £'000	2019 Total £'000	2018 Total £'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	2	-	833	835	720
Inherited on conversion	34	-	53	-	53	16,016
<i>Charitable activities:</i>						
Funding for educational operations	3	-	23,792	-	23,792	21,025
Other trading activities	4	844	296	-	1,140	1,026
Investment income	5	1	-	-	1	1
<b>Total income and endowments</b>		<b>847</b>	<b>24,141</b>	<b>833</b>	<b>25,821</b>	<b>38,788</b>
<b>Expenditure on:</b>						
Raising funds and other trading activities	6	554	1,581	21	2,156	1,856
<i>Charitable activities:</i>						
Educational operations	6, 7	-	24,524	1,426	25,950	23,057
<b>Total resources expended</b>		<b>554</b>	<b>26,105</b>	<b>1,447</b>	<b>28,106</b>	<b>24,913</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>293</b>	<b>(1,964)</b>	<b>(614)</b>	<b>(2,285)</b>	<b>13,875</b>
<b>Gross transfers between funds</b>		<b>(315)</b>	<b>655</b>	<b>(340)</b>	<b>-</b>	<b>-</b>
<b>Net (expenditure)/income for the year</b>		<b>(22)</b>	<b>(1,309)</b>	<b>(954)</b>	<b>(2,285)</b>	<b>13,875</b>
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	32	-	(2,966)	-	(2,966)	1,739
<b>Net movement in funds</b>		<b>(22)</b>	<b>(4,275)</b>	<b>(954)</b>	<b>(5,251)</b>	<b>15,614</b>
<b>Total funds brought forward at 31 August 2018</b>	19	<b>140</b>	<b>(5,179)</b>	<b>91,541</b>	<b>86,502</b>	<b>70,888</b>
<b>Total funds carried forward at 31 August 2019</b>	19	<b>118</b>	<b>(9,454)</b>	<b>90,587</b>	<b>81,251</b>	<b>86,502</b>

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

**STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2019  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL  
RECOGNISED GAINS & LOSSES)**

Comparative year information		Restricted funds			2018	2017
	Notes	Unrestricted fund £'000	General funds £'000	Fixed asset fund £'000	Total £'000	Total £'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	86	-	634	720	9,621
Inherited on conversion	34	-	(1,537)	17,553	16,016	39,123
<i>Charitable activities:</i>						
Funding for educational operations	3	-	21,025	-	21,025	17,652
Other trading activities	4	758	268	-	1,026	1,094
Investment income	5	1	-	-	1	1
<b>Total income and endowments</b>		<b>845</b>	<b>19,756</b>	<b>18,187</b>	<b>38,788</b>	<b>67,491</b>
<b>Expenditure on:</b>						
Raising funds and other trading activities	6	588	1,246	22	1,856	1,728
<i>Charitable activities:</i>						
Educational operations	6, 7	-	21,901	1,156	23,057	19,818
<b>Total resources expended</b>		<b>588</b>	<b>23,147</b>	<b>1,178</b>	<b>24,913</b>	<b>21,546</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>257</b>	<b>(3,391)</b>	<b>17,009</b>	<b>13,875</b>	<b>45,945</b>
<b>Gross transfers between funds</b>		<b>(199)</b>	<b>259</b>	<b>(60)</b>	<b>-</b>	<b>-</b>
<b>Net income/(expenditure) for the year</b>		<b>58</b>	<b>(3,132)</b>	<b>16,949</b>	<b>13,875</b>	<b>45,945</b>
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	32	-	1,739	-	1,739	1,900
<b>Net movement in funds</b>		<b>58</b>	<b>(1,393)</b>	<b>16,949</b>	<b>15,614</b>	<b>47,845</b>
<b>Total funds brought forward at 31 August 2017</b>	19	<b>82</b>	<b>(3,786)</b>	<b>74,592</b>	<b>70,888</b>	<b>23,043</b>
<b>Total funds carried forward at 31 August 2018</b>	19	<b>140</b>	<b>(5,179)</b>	<b>91,541</b>	<b>86,502</b>	<b>70,888</b>

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

# STEP ACADEMY TRUST

## CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2019



	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	13	90,402	91,224
<b>Current assets</b>			
Stock	15	-	20
Debtors	17	1,492	1,302
Cash at bank and in hand	29	1,236	1,217
		2,728	2,539
<b>Liabilities</b>			
Creditors: amounts falling due within one year	18	(2,106)	(1,756)
<b>Net current assets</b>		622	783
<b>Net assets excluding pension liability</b>		91,024	92,007
Defined benefit pension scheme liability	32	(9,773)	(5,505)
<b>Net assets including pension liability</b>		81,251	86,502
<b>Funds of the Trust:</b>			
<b>Restricted funds</b>			
Fixed asset funds	19	90,587	91,541
Restricted income funds	19	319	326
Pension reserve	19	(9,773)	(5,505)
<b>Total restricted funds</b>		81,133	86,362
<b>Unrestricted income funds</b>	19	118	140
<b>Total funds</b>		81,251	86,502

The financial statements on pages 34 to 69 were approved by the Board of Trustees, and authorised for issue on 16 December 2019 and are signed on their behalf by:

  
Mr R Venchard  
Chair of Trustees

Company registration no: 07612865

# STEP ACADEMY TRUST

## ACADEMY BALANCE SHEET AS AT 31 AUGUST 2019



	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	13	90,402	91,224
Investments	14	-	-
		<u>90,402</u>	<u>91,224</u>
<b>Current assets</b>			
Stock	15	-	20
Debtors	17	1,603	1,401
Cash at bank and in hand		1,125	1,118
		<u>2,728</u>	<u>2,539</u>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	18	(2,106)	(1,756)
		<u>622</u>	<u>783</u>
<b>Net current assets</b>			
		<u>91,024</u>	<u>92,007</u>
<b>Net assets excluding pension liability</b>			
Defined benefit pension scheme liability	32	(9,773)	(5,505)
		<u>81,251</u>	<u>86,502</u>
<b>Net assets including pension liability</b>			
<b>Funds of the Academy:</b>			
<b>Restricted income funds</b>			
Fixed asset funds	21	90,587	91,541
Restricted income funds	21	319	326
Pension reserve	21	(9,773)	(5,505)
		<u>81,113</u>	<u>86,362</u>
<b>Total restricted funds</b>			
Unrestricted income funds	21	118	140
		<u>81,251</u>	<u>86,502</u>
<b>Total funds</b>			

The financial statements on pages 34 to 69 were approved by the Board of Trustees, and authorised for issue on 16 December 2019 and are signed on their behalf by:

  
Mr R Venchard

Chair of Trustees

Company registration no: 07612865

**CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	26	(496)	(378)
Cash funds transferred on conversion of academies	34	53	306
		<u>(443)</u>	<u>(72)</u>
<b>Cash flows from financing activities</b>	27	1	1
<b>Cash flows from investing activities</b>	28	461	377
<b>Increase/(decrease) in cash and cash equivalents for the year</b>		<u>19</u>	<u>306</u>
Cash and cash equivalents at 1 September 2018	29	1,217	911
<b>Cash and cash equivalents at 31 August 2019</b>	29	<u><u>1,236</u></u>	<u><u>1,217</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1 Statement of accounting policies**

**Company information**

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

**Basis of preparation**

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

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

The financial statements have been prepared in sterling, which is the functional and presentational currency of the Trust. Monetary amounts in the financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historic cost convention. A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

**Basis of consolidation**

These financial statements consolidate on a line-by-line basis the results of the Academy Trust and its wholly owned subsidiary, STEP Up Services Limited. A separate statement of financial activities for the Company itself is not presented because the Company has taken advantage of the exemptions afforded by section 230 of the Companies Act 2006 and paragraph 397 of SORP 2015. The Academy Trust's (unconsolidated) net movement in funds for the year was £5,251k (net outgoings), which is the same as the consolidated net movement in funds.

**Going concern**

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

**Income**

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

**Grants receivable**

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

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**


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**1 Statement of accounting policies (continued)**

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

***Donations***

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

***Other income***

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

***Donated goods, services and gifts in kind***

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

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

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

***Transfer on conversion***

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

***Transfer of existing academies into the Academy Trust***

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

***Transfer of land, buildings and property***

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

## 1 Statement of accounting policies (continued)

### **Expenditure**

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

### ***Expenditure on raising funds***

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

### ***Charitable activities***

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

All resources expended are inclusive of irrecoverable VAT.

### **Tangible fixed assets**

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

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

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

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

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

### **Impairment of fixed assets**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1 Statement of accounting policies (continued)**

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

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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

**Cash and cash equivalents**

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

**Financial instruments**

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

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

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

***Financial assets***

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

***Cash at bank***

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

***Financial liabilities***

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

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

## 1 Statement of accounting policies (continued)

### Provisions

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

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

### Leased assets

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

### Investment in subsidiary company

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

### Stock

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

### Taxation

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

### Employee benefits

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

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

### Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 32, 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 are recognised in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**
**1 Statement of accounting policies (continued)**

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

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

**Fund accounting**

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

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

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

**Critical accounting estimates and areas of judgement**

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

***Critical accounting estimates and assumptions***

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

**Pension liability**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 32, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Statement of accounting policies (continued)

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 included within the past service cost and projected service cost, detailed in note 32 and amounts to £285k.

#### *(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 note 32. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

#### Depreciation

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

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

#### *Critical areas of judgement*

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

<b>2</b>	<b>Donations and capital grants</b>	<b>Unrestricted fund £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
	Capital grants	-	833	833	634
	Other donations	2	-	2	86
		<u>2</u>	<u>833</u>	<u>835</u>	<u>720</u>
<b>3</b>	<b>Funding for the Academy Trust's educational operations</b>				
		<b>Unrestricted fund £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
	<b>DfE / ESFA grants</b>				
	- General Annual Grant (GAG)	-	19,696	19,696	17,139
	- Start up grants	-	24	24	39
	- Other DfE / ESFA grants	-	3,072	3,072	2,520
		<u>-</u>	<u>22,792</u>	<u>22,792</u>	<u>19,698</u>
	<b>Other Government grants</b>				
	- Local Authority Grants	-	993	993	1,311
		<u>-</u>	<u>993</u>	<u>993</u>	<u>1,311</u>
	<b>Other income from the Academy Trust's educational operations</b>	<u>-</u>	<u>7</u>	<u>7</u>	<u>16</u>
		<u>-</u>	<u>23,792</u>	<u>23,792</u>	<u>21,025</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**
**4. Other trading activities income**

	Unrestricted fund £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	105	-	105	58
Catering income	3	226	229	229
Trip income	57	66	123	101
Sale of goods and services	495	-	495	416
Sale of uniforms	-	4	4	3
Consultancy	77	-	77	161
Other income	107	-	107	58
	<u>844</u>	<u>296</u>	<u>1,140</u>	<u>1,026</u>

**5 Investment income**

	Unrestricted fund £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits (cash at bank) income	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

**6 Expenditure**

	Staff costs £'000 (note 8)	Non-pay expenditure		Total 2019 £'000	Total 2018 £'000
		Premises £'000	Other costs £'000		
<b>Academy's educational operations (note 7)</b>					
- Direct costs	15,620	708	1,089	17,417	15,374
- Allocated support costs	4,277	1,063	3,193	8,533	7,683
	<u>19,897</u>	<u>1,771</u>	<u>4,282</u>	<u>25,950</u>	<u>23,057</u>
<b>Expenditure on raising funds and other trading activities</b>	<u>1,302</u>	<u>99</u>	<u>755</u>	<u>2,156</u>	<u>1,856</u>
	<u>21,199</u>	<u>1,870</u>	<u>5,037</u>	<u>28,106</u>	<u>24,913</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**
**6 Expenditure (continued)**

<b>Net income / (expenditure) for the year includes:</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Operating lease rentals	54	70
Fees paid to external auditor for:		
- audit services	40	40
- other services	13	18
Depreciation of tangible fixed assets (note 13)	1,194	1,178
	<u>          </u>	<u>          </u>

**7 Charitable activities**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Direct costs – educational operations	17,417	15,374
Support costs – educational operations	8,533	7,683
	<u>          </u>	<u>          </u>
	25,950	23,057
	<u>          </u>	<u>          </u>

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Analysis of support costs</b>		
Support staff costs	4,277	3,809
Depreciation (fixed asset restricted fund)	465	461
Technology costs	294	451
Cleaning	166	153
Energy costs	451	302
Rent and rates	206	146
Other premises costs	598	621
Insurance	164	134
Security and transport	178	155
Interest and finance costs	5	6
Other support costs	1,295	834
Governance costs	234	611
	<u>          </u>	<u>          </u>
<b>Total support costs</b>	8,533	7,683
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**
**8 Staff costs**

Staff costs during the year were:	2019 £'000	2018 £'000
Wages and salaries	16,129	13,977
Social security costs	1,577	1,344
Operating costs of defined benefit pension scheme	62	2,164
	<u>20,133</u>	<u>17,485</u>
Supply staff costs	675	780
Staff development and other staff costs	355	240
Staff restructuring	37	156
	<u>21,199</u>	<u>18,661</u>
Staff restructuring costs comprise:		
Redundancy payments	37	156
	<u>37</u>	<u>156</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £37,097 (2018: £155,766). Individually, the payments were: £2,917, £5,888, £346, £1,064, £2,074, and £24,808. (2018: 31,744, £28,000, £12,323, £8,684, £8,041, £7,296, £6,300, £4,700, £2,000, £1,847, £967 and £43,864).

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

	2019 Number	2018 Number
Teachers	457	447
Administration and support	190	200
Management	29	26
	<u>676</u>	<u>673</u>

**8 Staff costs (continued)**

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

	2019 Number	2018 Number
£ 60,001 - £ 70,000	10	9
£ 70,001 - £ 80,000	5	6
£ 80,001 - £ 90,000	2	2
£ 90,001 - £100,000	-	3
£100,001 - £110,000	3	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£130,001 - £140,000	-	-
£140,001 - £145,000	1	1
	=====	=====

21 of the above employees participated in the Teachers' Pension Scheme (2018: 19). During the year ended 31 August 2019, pension contributions for these staff amounted to £237k (2018: £245k).

**9. Central services**

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

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

These services are provided for within the STEP First Fund that all academies contribute to. The fund enables STEP to develop and create capacity to support academies within the Trust.

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

- flat 8% of income of the school budget share from Schools Block, Minimum Funding Guarantee and Education Support Grant Funding.

Academies also contribute to services purchased centrally, utilising economies of scale for the Trust, based on the size of the individual academies.

Academies that hold surpluses in excess of 7% of annual GAG funding contribute these additional surpluses to the Central Academy Trust as a contingency for use at the Trust's discretion.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**
**9. Central services (continued)**

The actual amounts charged during the year were as follows:

	2019 £'000	2018 £'000
Applegarth Academy	143	128
Burfield Academy	36	16
Breakwater Academy	57	70
David Livingstone Academy	65	73
Gonville Academy	115	132
Hawkes Farm Academy	98	96
Heathfield Academy	59	47
High Cliff Academy	40	51
La Fontaine Academy	102	93
Angel Oak Academy	137	132
Phoenix Academy	51	50
Turnham Academy	145	13
White House Academy	52	55
Tudor Academy	188	322
	<u>1,288</u>	<u>1,188</u>

**10. Key management personnel**

The key management personnel of the Academy Trust comprise the Trustees and the Executive Team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £906,708 (2018: £896,191).

**11. Trustees' remuneration and expenses**

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

M Ducker OBE (CEO)

Remuneration £145,000 - £150,000 (2018: 140,000 - £145,000)

Employer pension contributions £20,000 - £25,000 (2018: £20,000-£25,000)

During the year ended 31 August 2019, travel and subsistence expenses totalling £48 were reimbursed to Trustees (2018: £430).

**12 Trustees' and officers' insurance**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 (2018: £5,000,000) on any one claim and the cost for the year ended 31 August 2019 and 2018 was not separately identifiable and has been included within the cost of commercial insurance.

**13 Tangible fixed assets – Group and Trust**

	<b>Land and Buildings £'000</b>	<b>Computer Equipment £'000</b>	<b>Furniture &amp; Fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 September 2018	94,103	660	1,442	96,205
Additions	256	105	11	372
Inherited on conversion (note 34)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2019	94,359	765	1,453	96,577
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 September 2018	3,804	598	579	4,981
Charge for year	964	71	159	1,194
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2019	4,768	669	738	6,175
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book values</b>				
At 31 August 2019	89,591	96	715	90,402
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	90,299	62	863	91,224
	<hr/>	<hr/>	<hr/>	<hr/>

**14 Investments - Academy**

	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Shares in subsidiary company – STEP Up Services Limited	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The cost of the investment in Step Up Services Limited at the year end was £1 (2018: £1).

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

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

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

The results of the subsidiary for the year ended 31 August 2019 were as follows:

	<b>£'000</b>
Turnover	10
Operating expenses	(10)
Gift aid payment made to the Academy Trust	-
	<u>-</u>
Net profit before taxation	-
Taxation charge	-
	<u>-</u>
Retained profit for the year	<u>-</u>

At 31 August 2019 the aggregate amount of net assets and reserves of the subsidiary company was:

	<b>£'000</b>
Current assets	111
Current liabilities	(111)
	<u>-</u>
	<u>-</u>
Represented by:	
Share capital	-
Reserves	-
	<u>-</u>
	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

<b>15 Stock</b>	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>Academy 2019 £'000</b>	<b>Academy 2018 £'000</b>
Stationery	-	20	-	20

<b>16 Financial instruments</b>	<b>Group Total 2019 £'000</b>	<b>Group Total 2018 £'000</b>	<b>Academy Total 2019 £'000</b>	<b>Academy Total 2018 £'000</b>
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	1,442	2,155	1,442	2,152
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	606	684	606	684
Fair value through income and expenditure	9,773	5,505	9,773	5,505

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

<b>17 Debtors</b>	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>Academy 2019 £'000</b>	<b>Academy 2018 £'000</b>
Trade debtors	175	134	174	127
VAT recoverable	169	76	170	79
Other debtors	31	33	142	136
Prepayments and accrued income	1,117	1,059	1,117	1,059
	1,492	1,302	1,603	1,401

Prepayments and accrued income include accrued income of £771k, relating to Local Authority grant income, capital grant income, funds inherited on transfer of academies and holiday club income.

<b>18 Creditors: amounts falling due within one year</b>	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>Academy 2019 £'000</b>	<b>Academy 2018 £'000</b>
Trade creditors	338	216	338	216
Other taxation and social security	673	636	673	636
Accruals and deferred income (see below)	1,055	878	1,055	878
Other creditors	40	26	40	26
	2,106	1,756	2,106	1,756

**18 Creditors: amounts falling due within one year (continued)**

Deferred income	Group 2019 £'000	Group 2018 £'000	Academy 2019 £'000	Academy 2018 £'000
Deferred income at 1 September	436	697	436	697
Income deferred in the year	370	436	370	436
Amounts released from previous years	(436)	(697)	(436)	(697)
Deferred income at 31 August included in accruals and deferred income above	370	436	370	436

At the balance sheet date the Academy Trust was holding funds received in advance for catering and academy clubs, academy trips and grants not yet receivable. The income is to be recognised in the financial year 2019.

**19 Funds – Group**

Current year	Balance at 31 August 2018 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	326	19,696	(20,358)	655	319
Start-up grants	-	24	(24)	-	-
Other DfE/ESFA grants	-	3,072	(3,072)	-	-
Other government grants	-	993	(993)	-	-
Other educational operations	-	7	(7)	-	-
Inherited on conversion	-	296	(296)	-	-
Activities generating funds	-	53	(53)	-	-
Pension reserve (note 32)	(5,505)	-	(1,302)	(2,966)	(9,773)
<b>Total restricted general funds</b>	<b>(5,179)</b>	<b>24,141</b>	<b>(26,105)</b>	<b>(2,311)</b>	<b>(9,454)</b>
<b>Restricted fixed asset funds</b>					
Acquired on conversion	79,281	-	(1,242)	(340)	77,699
DfE/ESFA capital grants	1,733	833	(40)	-	2,526
Capital expenditure from GAG or other funds	872	-	(14)	-	858
ESFA donations	9,259	-	(145)	-	9,114
Other capital	396	-	(6)	-	390
<b>Total restricted fixed asset funds</b>	<b>91,541</b>	<b>833</b>	<b>(1,447)</b>	<b>(340)</b>	<b>90,587</b>
<b>Total restricted funds</b>	<b>86,362</b>	<b>24,974</b>	<b>(27,552)</b>	<b>(2,651)</b>	<b>81,133</b>
<b>Unrestricted fund</b>					
Unrestricted fund	140	847	(554)	(315)	118
<b>Total funds</b>	<b>86,502</b>	<b>25,821</b>	<b>(28,106)</b>	<b>(2,966)</b>	<b>81,251</b>



**19 Funds – Group (continued)**

Comparative year	Balance at 31 August 2017 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	535	17,139	(17,607)	259	326
Start-up grants	-	39	(39)	-	-
Other DfE/ESFA grants	-	2,520	(2,520)	-	-
Other government grants	-	1,311	(1,311)	-	-
Other educational operations	-	16	(16)	-	-
Inherited on conversion	-	306	(306)	-	-
Activities generating funds	-	268	(268)	-	-
Pension reserve (note 32)	(4,321)	(1,843)	(1,080)	1,739	(5,505)
<b>Total restricted general funds</b>	<b>(3,786)</b>	<b>19,756</b>	<b>(23,147)</b>	<b>1,998</b>	<b>(5,179)</b>
<b>Restricted fixed asset funds</b>					
Acquired on conversion	62,809	17,553	(1,021)	(60)	79,281
DfE/ESFA capital grants	1,121	634	(22)	-	1,733
Capital expenditure from GAG or other funds	883	-	(11)	-	872
ESFA donations	9,378	-	(119)	-	9,259
Other capital	401	-	(5)	-	396
<b>Total restricted fixed asset funds</b>	<b>74,592</b>	<b>18,187</b>	<b>(1,178)</b>	<b>(60)</b>	<b>91,541</b>
<b>Total restricted funds</b>	<b>70,806</b>	<b>37,943</b>	<b>(24,325)</b>	<b>1,938</b>	<b>86,362</b>
<b>Unrestricted fund</b>					
Unrestricted fund	82	845	(588)	(199)	140
<b>Total funds</b>	<b>70,888</b>	<b>38,788</b>	<b>(24,913)</b>	<b>1,739</b>	<b>86,502</b>

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

**General Annual Grant (GAG)**

The General Annual Grant must be used for the normal running costs of the Academy Trust including salary costs, overheads, premises costs and curriculum costs. Under the Funding Agreement with the Secretary of State, STEP Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

**Other DfE/ESFA and government grants**

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

**Fixed asset fund**

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

**Pension reserve**

The pension reserve is the element of the local government pension fund liability attributable to STEP Academy Trust (see note 32).

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

Fund balances at 31 August 2019 were allocated as follows:

	2019 £'000	2018 £'000
Applegarth Academy	24	-
Burfield Academy	(16)	(31)
Breakwater Academy	55	(19)
David Livingstone Academy	(143)	44
Gonville Academy	102	94
Hawkes Farm Academy	(283)	(324)
Heathfield Academy	66	106
High Cliff Academy	53	32
La Fontaine Academy	50	12
Angel Oak Academy	91	67
Phoenix Academy	(3)	(47)
Turnham Academy	131	356
White House Academy	(176)	(219)
Tudor Academy	(82)	(176)
Central STEP	568	571
	<hr/>	<hr/>
Total funds before fixed assets and pension reserve funds	437	466
Restricted fixed asset reserve	90,587	91,541
Pension reserve	(9,773)	(5,505)
	<hr/>	<hr/>
Total funds	<u>81,251</u>	<u>86,502</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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

6 academies are currently in a deficit general fund position; Burfield Academy, David Livingstone Academy, Hawkes Farm Academy, Phoenix Academy, White House Academy and Tudor Academy. The deficits are currently supported by the Central STEP Academy Trust funds, and are to be repaid by each of the academies over 5 years, and have been incorporated in setting the budgets for the 2019/20 period. David Livingstone Academy commences repayment in 2020/2021. Deficits in the year have occurred primarily as a result of restructures and mergers within the academies, and for strategic investment for rapid improvement. The repayment has been approved over an appropriate period to allow the academies to reduce the deficit without impacting on the teaching and learning of the academies.

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other costs (excluding depreciation) £'000	Total 2019 £'000	Total 2018 £'000
Applegarth Academy	1,730	421	86	443	2,680	2,667
Burfield Academy	414	128	30	70	642	691
Breakwater Academy	540	182	38	179	939	1,067
David Livingstone Academy	766	419	49	89	1,323	1,385
Gonville Academy	1,426	540	54	457	2,477	2,645
Hawkes Farm Academy	1,053	184	68	213	1,518	1,882
Heathfield Academy	492	269	55	266	1,082	960
High Cliff Academy	457	120	63	88	728	632
La Fontaine Academy	930	407	69	195	1,601	1,609
Angel Oak Academy	1,761	505	114	246	2,626	2,715
Phoenix Academy	495	153	27	135	810	1,018
Turnham Academy	2,030	477	79	157	2,743	181
White House Academy	471	156	22	121	770	1,093
Tudor Academy	1,991	783	151	258	3,183	3,704
Central STEP	1,064	835	184	1,707	3,790	1,486
<b>Total costs</b>	<b>15,620</b>	<b>5,579</b>	<b>1,089</b>	<b>4,626</b>	<b>26,912</b>	<b>23,735</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**
**21 Funds – Academy Trust**

<b>Current year</b>	<b>Balance at 31 August 2018 £'000</b>	<b>Incoming resources £'000</b>	<b>Resources expended £'000</b>	<b>Gains, losses &amp; transfers £'000</b>	<b>Balance at 31 August 2019 £'000</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	326	19,696	(20,358)	655	319
Start-up grants	-	24	(24)	-	-
Other DfE/ESFA grants	-	3,072	(3,072)	-	-
Other government grants	-	993	(993)	-	-
Other educational operations	-	7	(7)	-	-
Inherited on conversion	-	296	(296)	-	-
Activities generating funds	-	53	(53)	-	-
Pension reserve (note 32)	(5,505)	-	(1,302)	(2,966)	(9,773)
<b>Total restricted general funds</b>	<b>(5,179)</b>	<b>24,141</b>	<b>(26,105)</b>	<b>(2,311)</b>	<b>(9,454)</b>
<b>Restricted fixed asset funds</b>					
Acquired on conversion	79,281	-	(1,242)	(340)	77,699
DfE/ESFA capital grants	1,733	833	(40)	-	2,526
Capital expenditure from GAG or other funds	872	-	(14)	-	858
ESFA donations	9,259	-	(145)	-	9,114
Other capital	396	-	(6)	-	390
<b>Total restricted fixed asset funds</b>	<b>91,541</b>	<b>833</b>	<b>(1,447)</b>	<b>(340)</b>	<b>90,587</b>
<b>Total restricted funds</b>	<b>86,362</b>	<b>24,974</b>	<b>(27,552)</b>	<b>(2,651)</b>	<b>81,113</b>
<b>Unrestricted fund</b>					
Unrestricted fund	140	837	(544)	(315)	118
<b>Total funds</b>	<b>86,502</b>	<b>25,811</b>	<b>(28,096)</b>	<b>(2,966)</b>	<b>81,251</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**
**21 Funds – Academy Trust (continued)**

Comparative year	Balance at 31 August 2017 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	535	17,139	(17,607)	259	326
Start-up grants	-	39	(39)	-	-
Other DfE/ESFA grants	-	2,520	(2,520)	-	-
Other government grants	-	1,311	(1,311)	-	-
Other educational operations	-	16	(16)	-	-
Inherited on conversion	-	306	(306)	-	-
Activities generating funds	-	268	(268)	-	-
Pension reserve (note 32)	(4,321)	(1,843)	(1,080)	1,739	(5,505)
<b>Total restricted general funds</b>	<b>(3,786)</b>	<b>19,756</b>	<b>(23,147)</b>	<b>1,998</b>	<b>(5,179)</b>
<b>Restricted fixed asset funds</b>					
Acquired on conversion	62,809	17,553	(1,021)	(60)	79,281
DfE/ESFA capital grants	1,121	634	(22)	-	1,733
Capital expenditure from GAG or other funds	883	-	(11)	-	872
ESFA donations	9,378	-	(119)	-	9,259
Other capital	401	-	(5)	-	396
<b>Total restricted fixed asset funds</b>	<b>74,592</b>	<b>18,187</b>	<b>(1,178)</b>	<b>(60)</b>	<b>91,541</b>
<b>Total restricted funds</b>	<b>70,806</b>	<b>37,943</b>	<b>(24,325)</b>	<b>1,938</b>	<b>86,362</b>
<b>Unrestricted fund</b>					
Unrestricted fund	82	731	(474)	(199)	140
<b>Total funds</b>	<b>70,888</b>	<b>38,674</b>	<b>(24,799)</b>	<b>1,739</b>	<b>86,502</b>

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

**General Annual Grant (GAG)**

The General Annual Grant must be used for the normal running costs of STEP Academy Trust including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

**Other DfE/ESFA and government grants**

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

**Fixed asset fund**

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

**Pension reserve**

The pension reserve is the element of the local government pension fund liability attributable to STEP Academy Trust (see note 32).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**
**22 Analysis of net assets between funds – Group**

Fund balances at 31 August 2019 are represented by the following assets and liabilities:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2019 £'000
Tangible fixed assets	-	-	90,402	90,402
Current assets	129	2,414	185	2,728
Current liabilities	(11)	(2,095)	-	(2,106)
Pension scheme liability	-	(9,773)	-	(9,773)
<b>Total net assets</b>	<b>118</b>	<b>(9,454)</b>	<b>90,587</b>	<b>81,251</b>

Fund balances at 31 August 2018 are represented by the following assets and liabilities:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2018 £'000
Tangible fixed assets	-	-	91,224	91,224
Current assets	164	2,058	317	2,539
Current liabilities	(24)	(1,732)	-	(1,756)
Pension scheme liability	-	(5,505)	-	(5,505)
<b>Total net assets</b>	<b>140</b>	<b>(5,179)</b>	<b>91,541</b>	<b>86,502</b>

**23 Analysis of net assets between funds – Academy Trust**

Fund balances at 31 August 2019 are represented by the following assets and liabilities:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2019 £'000
Tangible fixed assets	-	-	90,402	90,402
Current assets	129	2,414	185	2,728
Current liabilities	(11)	(2,095)	-	(2,106)
Pension scheme liability	-	(9,773)	-	(9,773)
<b>Total net assets</b>	<b>118</b>	<b>(9,454)</b>	<b>90,587</b>	<b>81,251</b>

**23 Analysis of net assets between funds – Academy Trust (continued)**

Fund balances at 31 August 2018 are represented by the following assets and liabilities:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2018 £'000
Tangible fixed assets	-	-	91,224	91,224
Current assets	164	2,058	317	2,539
Current liabilities	(24)	(1,732)	-	(1,756)
Pension scheme liability	-	(5,505)	-	(5,505)
<b>Total net assets</b>	<b>140</b>	<b>(5,179)</b>	<b>91,541</b>	<b>86,502</b>

**24 Capital commitments**

At 31 August 2019 the Academy Trust had capital commitments contracted for, but not provided in the financial statements of £Nil (2018: £Nil).

**25 Commitments under operating leases**

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Due within one year	82	144
Due in one to five years	140	140

<b>26 Reconciliation of net income to net cash outflow from operating activities</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Net (deficit)/income for the year	(2,285)	13,875
Investment income	(1)	(1)
Depreciation (notes 13)	1,194	1,178
Capital grants from DfE and other capital income	(833)	(634)
Net assets values transferred on conversion of schools (note 34)	(53)	(16,016)
Defined benefit pension scheme cost less contributions payable (note 32)	1,136	943
Defined benefit pension scheme finance cost (note 32)	166	137
Increase in debtors	(190)	(214)
Decrease / (increase) in stock	20	(7)
Increase in creditors	350	361
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(496)</b>	<b>(378)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>27 Cash flows from financing activities</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest received	1	1
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<b>1</b>	<b>1</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>28 Cash flows from investing activities</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Capital grants from DfE / ESFA	833	634
Payments to acquire tangible fixed assets (note 13)	(372)	(257)
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	<b>461</b>	<b>377</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>29 Analysis of cash and cash equivalents</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Cash in hand and at bank - consolidated	1,236	1,217
	<hr/> <hr/>	<hr/> <hr/>



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**30 Contingent liabilities**

There were no contingent liabilities at 31 August 2019 (2018: £Nil).

**31 Members' liability**

Each Member of the Trust undertakes to contribute to the assets of the Trust in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 (2018: £10) for the debts and liabilities contracted before he/she ceases to be a Member.

**32 Pension and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS was 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2018: £Nil).

**Teachers' Pension Scheme**

**Introduction**

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

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

**32 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 next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,465k (2018: £1,260k).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,242k (2018: £1,186k), of which employer's contributions totalled £946K (2018: £909k) and employees' contributions totalled £296k (2018: £277k). The agreed contribution rates for future years are 22.2% (2018: 22.2%) for employers and between 5.5% and 12.5% (2018: 5.5% and 12.5%) 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.

**32 Pension and similar obligations (continued)**

<b>Principal Actuarial Assumptions:</b>	<b>At 31 August 2019</b>	<b>At 31 August 2018</b>
Rate of increase in salaries	2.7% - 3.8%	2.0% - 3.8%
Rate of increase for pensions	2.1% - 2.3%	2.3% - 3.7%
Discount rate for scheme liabilities	1.8% - 1.9%	2.7% - 2.9%
Inflation assumption (CPI)	2.0% - 2.3%	2.0% - 2.4%
Retail price index assumption (RPI)	3.1% - 3.5%	2.9% - 3.4%

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

Assumption:	Movement	Impact	
		2019	2018
		£'000	£'000
Mortality Age Rating Assumption	+ 1 year	888	793
Salary Increase Rate	+ 0.1%	88	175
Real Discount Rate	+ 0.1%	599	554

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

	<b>At 31 August 2019 (years)</b>	<b>At 31 August 2018 (years)</b>
<b>Retiring today</b>		
Males	20.0 – 23.5	20.9 – 22.5
Females	23.0 – 26.3	23.8 – 26.2
<b>Retiring in 20 years</b>		
Males	21.8 – 26.3	23.3 – 24.4
Females	24.8 – 28.5	26.2 – 28.0

**32 Pension and similar obligations (continued)****Local Government Pension Scheme (continued)**

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

	<b>Fair value at 31 August 2019 £'000</b>	<b>Fair value at 31 August 2018 £'000</b>
Equity instruments	8,889	8,342
Debt instruments	3,287	2,117
Cash	345	293
Property	1,759	1,375
Other	225	173
	<hr/>	<hr/>
<b>Total market value of assets</b>	<b>14,505</b>	<b>12,300</b>
	<hr/> <hr/>	<hr/> <hr/>

Actual return on scheme assets was £1,068k (2018: £624k)

**Amounts recognised in the statement of financial activities**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Current service cost (net of employee contributions)	1,860	1,816
Past service cost	222	36
Net interest cost	166	137
	<hr/>	<hr/>
<b>Total operating charge</b>	<b>2,248</b>	<b>1,989</b>
	<hr/> <hr/>	<hr/> <hr/>

**32 Pension and similar obligations (continued)****Changes in the present value of defined benefit obligations were as follows:**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
At 1 September	(17,805)	(11,868)
Obligations acquired on conversion	-	(4,829)
Current service cost	(1,860)	(1,816)
Interest cost	(516)	(346)
Employee contributions	(296)	(277)
Actuarial (loss) / gain	(3,030)	197
Changes in assumptions underlying present values	(687)	1,057
Benefits paid	138	113
Past service cost	(222)	(36)
	<u>(24,278)</u>	<u>(17,805)</u>

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

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
At 1 September	12,300	7,547
Assets acquired on conversion	-	2,986
Expected return on assets	350	209
Actuarial gains / (loss)	751	485
Employer contributions	946	909
Employee contributions	296	277
Benefits paid	(138)	(113)
	<u>14,505</u>	<u>12,300</u>

**33 Related party transactions**

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

No related party transactions took place in the year ended 31 August 2019.

**34 Subsequent events**

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