

Registered company number: 07612865 (England and Wales)

STEP ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016



STEP ACADEMY TRUST

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

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STEP ACADEMY TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

Reference and Administrative Details

Members

Mr D Sullivan
Ms N King (Appointed 1 September 2015)
Mr A Morley (Appointed 1 September 2015)
Ms J Booth (Resigned 31 July 2016)
Ms S Lawson-Ritchie (Appointed 1 September 2015)

Trustees (Governors)

Mr D Sullivan (Chair)	Ms S Lawson-Ritchie +
Mr M Ducker (CEO and Accounting Officer)	Dr K Chhatwal (appointed 12 October 2015) +
Mr P Glover (Deputy CEO)	Mrs I Dennigan
Mr P McAleenan #	Mr R Gardner #
Miss C Slade (Resigned 31 August 2016) +	

+ Members of the Standards Committee

Members of the Audit Committee

Company Secretary

Mrs Cheryl Gilbert

Executive Leadership Team

CEO	STEP Academy Trust	Mark Ducker
Deputy CEO	STEP Academy Trust	Paul Glover
Chief Finance & Operations Officer	STEP Academy Trust	Ben March
Head of Standards	STEP Academy Trust	Jennese Alozie
Head of Teaching and Learning (Acting)	STEP Academy Trust	Tim Mills

Senior Leadership Team

Head Teacher	Angel Oak Academy	Tim Mills
Head Teacher	Applegarth Academy	John Halliwell
Head Teacher	David Livingstone Academy	Nadine Bernard
Head Teacher	La Fontaine Academy	Sebastien Chapleau
Head Teacher	Gonville Academy	Sarah Mitchell
Joint Head Teacher	Heathfield Academy	Rachael Atkinson
Joint Head Teacher	Heathfield Academy	Lana-Lea O'Keefe
Head Teacher	Wolsey Junior Academy	Ryan Ardé
Head Teacher	Trust	Jeremy Meek

Academies Operated

Applegarth Academy
Angel Oak Academy
Breakwater Academy
David Livingstone Academy
Gonville Academy
Hawkes Farm Academy
Heathfield Academy
La Fontaine Academy
Wolsey Junior Academy

Headteacher

Mr J Halliwell
Mr T Mills
Mr I Rogers
Mrs N Bernard
Miss S Mitchell
Mr J Meek
Ms L O'Keefe & Ms R Atkinson
Dr S Chapleau
Mr R Arde

Location

Surrey
London
East Sussex
Surrey
Surrey
East Sussex
Surrey
Kent
Surrey

STEP ACADEMY TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

Reference and Administrative Details

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

STEP ACADEMY TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and independent auditors' reports of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Current Status and History

STEP Academy Trust 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. The Academy Trust has entered into a funding agreement with the Department for Education which provides the framework within which the Academy must operate.

STEP Academy Trust has been set up as an Academy Trust under the standard multi-academy model. It initially took over the running of a primary school for boys and girls located in Thornton Heath, Croydon which was known as Gonville Primary School. Gonville Primary School was originally a Local Authority school founded in April 1931 and it converted to academy status on 1 May 2011 to become Gonville Academy.

Subsequently, STEP Academy Trust took over the running of a primary school for boys and girls located in Thornton Heath, Croydon, known as David Livingstone Primary School. David Livingstone Primary School was originally a Local Authority school founded in June 1952 and it converted to academy status on 1 August 2011 to become David Livingstone Academy.

On 1 April 2013, Applegarth Academy joined the Academy Trust, following an amalgamation of Applegarth Infants and Juniors. Subsequently an Enhanced Learning Provision amalgamated into the academy to care for the needs of specific individual pupils from across the borough of Croydon.

On 1 November 2013, Wolsey Junior Academy joined the Academy Trust following a short period of school improvement engagement working under a Memorandum of Understanding.

During the summer term 2013/14, the Academy Trust was approached to take on the sponsorship of a new free school, initially called Bromley Bi-lingual School. Following a period of due diligence, Trustees voted on 13 May to take on the sponsorship of the new academy, and for it to be called La Fontaine Academy. Subsequently La Fontaine Academy prepared for opening in the later part of 2013/14 and opened to pupils on 11 September 2014.

On 2 February 2015, Angel Oak Academy joined the Academy Trust as a converted academy. Previously Gloucester Primary School in Southwark, the Academy Trust had initially provided support under a Memorandum of Understanding.

On 1 September 2015, Heathfield Academy opened in Croydon as part of the Local Authority's need to address a shortage of places. Currently, Heathfield operates from a temporary site with children in Reception and Year 1 and will be moving to its permanent site in 2017/2018.

On 1 September 2016 Hawkes Farm Academy and Breakwater Academy, formerly Hawkes Farm School and Meeching Valley School, joined STEP Academy Trust. These two academies are based in East Sussex and form the start of an East Sussex hub for the Trust.

Structure, Governance and Management

Constitution

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

The Academy Trust also has a wholly owned subsidiary, STEP Up Services Limited, details of which can be found in note 15.

STEP ACADEMY TRUST

TRUSTEES' REPORT

The Trustees of STEP Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as STEP Academy Trust. Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on pages 2 – 3.

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 Local Governing Body and/or Advisory Body (in so far as necessary) shall be indemnified out of the assets of the Company against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

Principal Activities

The Academy'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.

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 Trust Board will be constituted of up to the following:

- 8 Non Executive Trustees;
- 3 Executive Trustees (including the CEO, Deputy CEO plus one Headteacher).

The total number of Trustees including the Chief Executive Officer who are employees of the Company shall not exceed one third of the total number of Trustees.

Trustees are nominated and appointed by the Board of Trustees. Recommendations are made by the CEO or Chair of Trustees for interested professionals who will subscribe to the mission and vision of STEP, ie 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 consider the candidate suitable, the appointment is ratified by the Board. The Company Secretary will advise Companies House and the EFA of the appointment.

STEP ACADEMY TRUST

TRUSTEES' REPORT

Policies and Procedures Adopted for the Induction and Training of Trustees

In 2015/2016, the following is an outline of the process:

1. Meeting with CEO and Chair of Trustees to discuss STEP's vision and mission;
2. Attendance at a Board meeting to see how the Board operates before deciding whether to stand for appointment;
3. Company Secretary to confirm when appointment has been notified to Companies House and EFA;
4. Welcome documentation from Clerk as well as details of training, signposting availability of STEP policies and procedures, meeting dates, request DBS check;
5. Copies of Articles of Association and Scheme of Delegation.

In 2015/2016 the STEP Governance Team developed a Trustee Induction Pack which outlines responsibilities, duties and includes reference points for policies and procedures.

Organisational Structure

The Board of Trustees of STEP Academy Trust is constituted under the Memorandum and Articles of Association. The Board of Trustees is responsible for ensuring high standards of corporate governance are maintained.

The Trustees have responsibility for setting and monitoring the overall strategic direction of STEP Academy Trust, and approving decisions reserved to Trustees. Key responsibilities include:

- Setting the values, aims and objectives of the Academy Trust;
- Agreeing a policy framework for achieving the agreed aims and objectives;
- Appointing the Headteachers of the STEP academies; and
- Defining and delegating responsibilities to the Strategic Governing Bodies.

The Trustees meet as a Board three or four times each year. All decisions reserved to the Trustees are taken by the Board as a whole. Strategic Governing Bodies (SGBs) meet at least four times each year to consider detailed matters about the individual STEP academies and, where appropriate, to make recommendations to STEP Academy Trust Board of Trustees.

During 2015/16, there were four SGBs in operation, namely:

- SGB of Angel Oak Academy;
- SGB of Applegarth Academy & Wolsey Junior Academy;
- SGB of David Livingstone Academy & Gonville Academy; and
- SGB of La Fontaine Academy & Heathfield Academy.

Detailed terms of reference for the Strategic Governing Bodies have been agreed by the STEP Academy Trust Board of Trustees. Their key responsibilities are as follows:

Setting the strategic direction of the academies by:

- Ensuring the values, aims and objectives for the academies are aligned to those of STEP Academy Trust;
- Implementing the policy framework for achieving the agreed aims and objectives;
- Setting statutory targets; and
- Agreeing the Academies improvement strategies which include approving the budgets and agreeing the staffing structures.

STEP ACADEMY TRUST

TRUSTEES' REPORT

Challenges and supports the academies by monitoring, reviewing and evaluating:

- The implementation and effectiveness of the policy frameworks;
- Progress towards targets;
- The implementation and effectiveness of the Academies improvement strategies; and
- The budgets and the staffing structures.

Ensures accountability by:

- Monitoring each Academy's self-evaluation documentation;
- Responding to Ofsted reports when necessary;
- Holding the Headteachers to account for the performance of the Academies;
- Ensuring parents and pupils are involved, consulted and informed as appropriate; and
- Making available information to the communities.

The CEO, Mr M. Ducker, is the Accounting Officer for STEP Academy Trust. He works closely with the other Trustees of the Academy Trust and the Senior Leadership Teams of the STEP Academies.

The day-to-day management of each Academy rests with the Headteacher who is appointed by the Trustees. Headteachers work with the Strategic Governing Body to establish Senior Leadership Teams which have both the skills and capacity to drive each Academy's improvement agenda.

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 Trust, market conditions, and benchmarking with other Multi Academy Trusts of a similar size.

Connected Organisations, including Related Party Relationships

STEP Academy Trust aims to work in partnership with a range of bodies, including the Croydon, Bromley and Southwark Local Authorities. The Trust has a history of providing School Improvement support to third parties in keeping with its mission.

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.

Objectives and Activities

Objects and Aims

The charitable objectives for which STEP Academy Trust was established are set down in the governing document as follows:

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 ("the Academies") offering a broad and balanced curriculum.

The principal activity of STEP Academy Trust is currently to run seven primary schools for boys and girls known as Angel Oak Academy, Applegarth Academy, David Livingstone Academy, La Fontaine Academy, Gonville Academy, Heathfield Academy and Wolsey Junior Academy.

STEP ACADEMY TRUST

TRUSTEES' REPORT

Objectives, Strategies and Activities

STEP Academy Trust defines its mission, vision and values as follows:

STEP Mission Statement

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

STEP Vision Statement

The vision of STEP Academy Trust is to establish a family of outstanding Academies where world class leaders place children at the heart of everything.

STEP Values

PUPAC - **P**assion, **U**rgency, **P**ositivity, **A**spiration, **C**ommitment

Equal Opportunities and Disabled persons policies (Equalities Policy)

The Trust's policy on equal opportunities outlines the commitment of the staff and Trustees of STEP Academy Trust to ensure that equality of opportunity is available to all members of the Trust community.

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 Trust employee becomes disabled while in our employment, the Trust will do its best to retain them, including consulting them about their requirements, making reasonable and appropriate adjustments, and providing alternative suitable provisions.

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 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.

STEP ACADEMY TRUST

TRUSTEES' REPORT

STRATEGIC REPORT

Angel Oak Academy

Angel Oak is a two form entry academy which serves a highly deprived area of Peckham – the deprivation indicator is twice the national average as is the percentage of children who qualify for free school meals. The academy serves a number of pupils whose families have no recourse to public funds. 95.8% of pupils come from minority ethnic groups mainly from West African origins but the academy serves a growing number of children whose families originate from South America.

2015 / 16 Priorities and Assessment of Performances

Priority 1	Improve the quality of teaching and learning to ensure that 100% of children make expected or accelerated progress and are on target to meet or exceed national expectations by the time they finish KS2.
Priority 2	Introduce and embed new assessment programme in line with new national assessment requirements.
Priority 3	Develop a CPD strategy that improves teaching and learning, enhances retention of staff and develops teaching and leadership (particularly middle leadership) capacity across the Academy Trust.
Priority 4	Further improve the physical environment to ensure that grounds, buildings and resources enhance the learning and development of all children.
Priority 5	Improve the quality of behaviour for learning to promote independent learning, industry, perseverance and children's ability to manage distractions
Priority 6	Put the United Nations Convention on the Rights of the Child (CRC) at the heart of a school's planning, policies, practice and ethos
Current Ofsted Grading	Good (2012)
Pre-Academy Independent Grading	Requires Improvements (2015)

The current SEF is written by the SLT in consultation with the SGB, the Deputy CEO and the Local Authority link inspector. The judgements are as follows:

- Overall Effectiveness – GOOD.
- Effectiveness of leadership and management – GOOD.
- Quality of teaching, learning and assessment – GOOD.
- Personal development, behaviour and welfare – GOOD.
- Outcomes for pupils – GOOD.

The academy's first OFSTED is due in February 2018 by which time an 'Outstanding' judgement is expected.

STEP ACADEMY TRUST

TRUSTEES' REPORT

Applegarth Academy

Applegarth Academy was inspected for the first time as a primary Academy in March 2015 and was graded Good in all areas. Due to significant underachievement over the years, the Academy has built a curriculum that enables children to close their gaps in learning and knowledge so that further rapid improvement can take place. In September 2015 a new leadership team was appointed for Applegarth's next phase of development, which involved the re-development of all areas of the curriculum and fresh ethos and culture in teaching and learning, developing children's resilience, independence and depth of knowledge and skills.

Standards and progress at the end of summer 2015 were significantly below the national average and expectation. By the end of the summer 2016, standards were significantly above the national average at the end of KS2 and above the national average at the end of KS1. Standards at the end of reception were at national averages. This significant improvement has led the academy to consolidate its strengths and successes through creating a sustainable model of academy leadership. The Executive Headteacher now leads both Applegarth and Wolsey Junior Academies.

Numbers of pupils on role significantly improved during the last academic year from 401 in September 2015 to 442 in July 2016.

2015 / 16 Priorities and Assessment of Performances

Priority 1	Improve the quality of teaching and learning to ensure that 100% of children make expected or accelerated progress and are on target to meet or exceed national expectations by the time they finish KS2.
Priority 2	Introduce and embed new assessment programme in line with new national assessment requirements.
Priority 3	Develop a CPD strategy that improves teaching and learning, enhances retention of staff and develops teaching and leadership (particularly middle leadership) capacity across the Academy Trust.
Priority 4	Further improve the physical environment to ensure that grounds, buildings and resources enhance the learning and development of all children.
Priority 5	Improve the quality of behaviour for learning to promote independent learning, industry, perseverance and children's ability to manage distractions
Priority 6	Put the United Nations Convention on the Rights of the Child (CRC) at the heart of a school's planning, policies, practice and ethos

Current Ofsted Grading	Good (2012)
Pre-Academy Independent Grading	Requires Improvements (2015)

David Livingstone Academy

David Livingstone is a vibrant school with a strong creative curriculum. It is a 1 form entry school with one bulge class in year 3. The school has a very strong family ethos with a very effective PTA. Children are extremely happy at this school and aspirations are high.

David Livingstone have had little movement of children over this academic year. There were 238 children on roll in the January census and there are now have 232. Children who have left have been a result of moving out of the borough. David Livingstone is oversubscribed for September.

STEP ACADEMY TRUST

TRUSTEES' REPORT

2015 / 16

Priorities and Assessment of Performances

- Priority 1 Achievements and Outcomes:
- To ensure attainment of almost all groups of pupils is above or at least in line with national averages.
 - To ensure pupils generally, and specifically for PP and SEN, progress is above average across all core areas
 - To further close attainment gaps for all groups of pupils
 - To develop all pupils ability to articulate their knowledge and understanding clearly to each other and adults
- Priority 2 Learning, Teaching and Assessment
- To further equip teachers with the ability to provide pupils with timely and incisive feedback to improve their knowledge, understanding and skills
 - To ensure planning of lessons are very effective, making maximum use of learning time through the use of resources, identification of pupil's common misconceptions and highly effective questioning
 - To ensure teachers demonstrate deep knowledge and understanding of the subjects they teach
- Priority 3 Personal Development, Behaviour and Welfare
- To embed excellent attitudes to learning
 - To develop effective strategies to promote high standards of behaviour where pupils are self-disciplined and low level disruption are extremely rare
 - To reduce high rates of absence and ensure no groups of pupils are disadvantage by low attendance
- Priority 4 Leadership and Management
- To retain excellent quality staff and governors at all levels across the Academy, ensuring succession planning
 - To develop outstanding leadership and management across the academy, including governance
 - To further enhance communication with all stakeholders and the wider community
- Priority 5 Premises
- To create fully productive spaces to enhance provision for stakeholders

Current Ofsted Grading

Good (2012)

Performance is assessed via daily, half-termly and termly moderating. Systems are in place to ensure performance is accurately measured i.e. Pupil Progress Meetings, Performance Management, Formal Observations. David Livingstone's last Ofsted was in 2012.

Overall Effectiveness

Good with Outstanding Features

Effectiveness of Leadership and Management

Good with Outstanding Features

Quality of Teaching and Learning

Good with Outstanding Features

Personal Development, Behaviour and Welfare

Good with Outstanding Features

Outcomes for Pupils

Good with Outstanding Features

STEP ACADEMY TRUST

TRUSTEES' REPORT

La Fontaine Academy

La Fontaine Academy is an inclusive, non-denominational, state-funded primary school teaching children aged 4 to 11 in English and, for a few hours a week, in French. The academy opened in Bromley in September 2014 with Reception, Year 1, and Year 2 classes, and will be adding a new year group every year until full capacity is reached. For the academic year 2015-2016, La Fontaine had two Reception classes, two Year 1 classes, two Year 2 classes, and one Year 3 class.

The academy offers a unique service to parents and communities in Bromley which are underpinned by beliefs in inclusiveness and academic excellence and the real value to children's academic potential and life chances that arise from the learning of another language. All children are welcome at La Fontaine and the academy strives for a diverse intake, reflecting our local community.

2015 / 16 Priorities and Assessment of Performances

- | | |
|------------|--|
| Priority 1 | Effectiveness of Leadership and Management: <ul style="list-style-type: none">• To ensure that all behaviour, assessment, and intervention systems are embedded. Good or better progress. Attainment gaps closed.• To ensure that the Curriculum reflects our focus on Mastery, Character, Critical Pedagogy, Oracy, and Creativity.• To ensure that all teachers and support staff are developed in terms of their current practice and leadership potential. |
| Priority 2 | Quality of Teaching, Learning and Assessment <ul style="list-style-type: none">• To ensure that children's books evidence a depth of understanding in writing and mathematics, particularly in terms of sustained writing and problem solving. |
| Priority 3 | Personal Development, Behaviour and Welfare <ul style="list-style-type: none">• To ensure that children's leadership skills are further developed by establishing clear roles and responsibilities for them across all classes and the school. |
| Priority 4 | Quality of Teaching, Learning and Assessment and Personal Development, Behaviour and Welfare: <ul style="list-style-type: none">• To ensure that children's ability to express themselves clearly is further developed, particularly in terms of justifying their choices and opinions. Gap between Reading and Writing to be closed in Year 3. |
| Priority 5 | Quality of Teaching, Learning and Assessment <ul style="list-style-type: none">• To further embed Assessment for Learning systems to ensure that our children's work is continuously assessed in order to set up immediate actions in terms of support and challenge. |

Assessment of performance:

Overall Effectiveness	Outstanding
Effectiveness of leadership and management	Outstanding
Quality of Teaching and Learning	Outstanding
Personal development, behaviour and welfare	Outstanding
Outcomes for pupils	Outstanding

STEP ACADEMY TRUST

TRUSTEES' REPORT

Gonville Academy

Gonville Academy is a two form entry academy, with bulge classes in Reception, and Years 1, 5 and 6. There are 579 students on roll, (including the Nursery provision).

Traditionally, the Academy is a high performing school with a particular strength in mathematics. Outcomes for students in maths in Year Six in 2014 and 2015 were outstanding. Gonville holds a number of awards, including: Centre of Excellence for Inclusion; Investors in People Award; Rights Respecting School Level 2; International Schools' Award and the Gold School Games Mark for participation in competitive sport.

2015 / 16 Priorities and Assessment of Performances

- | | |
|------------|--|
| Priority 1 | Learning, Teaching & Assessment: <ul style="list-style-type: none">• To improve the quality of learning and teaching across the Academy, particularly in mathematics and reading, so that 100% is good and outstanding. |
| Priority 2 | Achievement & Outcomes: <ul style="list-style-type: none">• To ensure that end of key stage performance is at least in line with national averages in EYFS and KS1, and above national averages at the end of KS2 in reading, writing and mathematics. To ensure that in-year progress in all year groups is good and outstanding for all groups of students. |
| Priority 3 | Personal Development, Behaviour and Welfare: <ul style="list-style-type: none">• To develop outstanding behaviour for learning inside and outside the classroom.• To facilitate meaningful opportunities for student voice across the Academy. |
| Priority 4 | Leadership and Management: <ul style="list-style-type: none">• To review the Academy vision, ensuring that it clearly represents the aspirations Gonville Academy has for its students.• To clarify and modify leadership roles and ensure identified priorities are effectively lead.• To ensure the Strategic Governing Body effectively supports and challenges the Core Leadership Team. |
| Priority 5 | Curriculum <ul style="list-style-type: none">• To improve the quality of writing across the curriculum, so that accelerated progress is seen in all year groups.• To embed the use of ICT across the curriculum. |
| Priority 6 | Premises <ul style="list-style-type: none">• To fully utilise the outdoor spaces in order to support and develop outdoor learning in all year groups. |

Performance is assessed using the following measures:

- Annual T&L review by an external provider
- Feedback from Local Authority School Improvement Partner
- Outcomes from EYFS, KS1 and KS2 standardised tests / in-year data
- Internal observation and learning walks
- Student Voice
- Feedback from parents and carers
- Moderation from Local Authority & STEP Academy Trust

STEP ACADEMY TRUST

TRUSTEES' REPORT

The most recent Ofsted inspection was in June 2012. Gonville was judged as 'Good' with 'Outstanding' for behaviour. Current self-evaluation contains the following judgements:

Overall Effectiveness	Good
Effectiveness of Leadership and Management	Good
Quality of Teaching and Learning	Good
Personal Development, Behaviour and Welfare	Outstanding
Outcomes for Pupils	Good

Key Performance Indicators:

In 2014 – 2015, EYFS and Y2 results were lower than in previous years. This was partly due to mobility within the year groups, with the majority of new students entering the academy below age related levels. In 2015 – 2016, EYFS and Y2 were a focus for the leadership team, resulting in improved standards at the end of both key stages. In 2014 – 2015, Year 6 combined results were above national averages (consistent with the previous 2 years), with mathematics and SPAG being well above.

In 2015 – 2016 the results were lower than previously in reading and mathematics. SPAG and writing remained above national averages. This was due to a combination of factors: more difficult tests, high proportion of EAL students, changes in staffing during the academic year and a number of students new to the country in KS2, who had missed their EYFS and KS1 education in the UK. In 2016 – 2017, Gonville is working with the STEP Head of Teaching and Learning with a focus on reading and mathematics. A new Deputy Head and Assistant Head have also been recruited, with a focus on Teaching and Learning in Years 5 & 6.

Heathfield Academy

Due to the large number of additional primary places required in Croydon and limited expansion capacity in the existing schools, a new Primary School, Heathfield Academy opened in September 2015 as part of the Basic Targeted Need programme.

Heathfield Academy is a mixed, non-selective Primary community school and serves a diverse population having a wide range of cultural and ethnicity groups in our Academy. As the academy grows, there will be two classes each year from Reception to Year 6. Each class will have a maximum of thirty children. In the first year of opening, Heathfield opened with one Reception class however as pupil numbers have increased, the academy now have two reception classes. At full capacity, anticipated in 2021/22, 420 children will attend the Academy.

The following are our long term aims for 2015-2018. Each year, the priorities will remain however the actions to achieve the priorities will change. The ADP has been written under the OFSTED criteria.

2015 / 16

Priorities and Assessment of Performances

Priority 1

Outcomes for children and learners:

- At the end of EYFS, at least 75% of children have achieved a Good level of Development and at least 70% of children have achieved the Early Learning Goals.
- 100% of children make at least expected progress from KS1 to KS2 in English and mathematics.
- Children eligible for FSM are in line with their peers.
- At the end of Year 1, at least 85% of children pass their Phonic Screening Test

Priority 2

Quality of teaching, learning and assessment:

- Ensure teaching and learning is good and outstanding across the academy.
- Establish an integrated and skills- based curriculum which nurtures passionate children who love learning.
- Develop the use of new technologies to improve efficiency and enhance learning.

STEP ACADEMY TRUST

TRUSTEES' REPORT

- Priority 3 Personal Development, Behaviour and Welfare:
- Ensure that behaviour and behaviour for learning is outstanding across the academy.
- Priority 4 Effectiveness of leadership and management:
- Establish our values and ethos within our academy and wider community so that all stakeholders understand and promote our vision.
 - Recruit and retain outstanding staff and governors and develop their roles and skills.
 - Establish and develop an ambitious leadership model which meets the needs of our growing academy.
 - Establish academy improvement systems including assessment and tracking, self-evaluation and strategic planning.
 - Develop the academy's reputation so that we are the school of choice in the local area.
 - Ensure our temporary and permanent sites are safe and stimulating learning environments reflecting our mission, aims and values so that our children and stakeholders are proud to be part of a brand new academy.
 - Establish and promote children's social, moral, spiritual and cultural development so that they have a fascination in learning about themselves, others and the world around them.

Overall Effectiveness	Good
Effectiveness of Leadership and Management	Good
Quality of Teaching and Learning	Outstanding
Personal Development, Behaviour and Welfare	Good
Outcomes for Pupils	Good

Wolsey Junior Academy

At the January 2016 census (21 January 2016) there were 370 children on roll.

2015 / 16 Priorities and Assessment of Performances

- Priority 1 Quality of Teaching and Learning:
- To continue to improve the quality of teaching and learning throughout the Academy, so that it is consistently good or better across all year groups.
- Priority 2 Progress and Attainment:
- To ensure that all children achieve age-related expectation by the end of KS2 in English and Maths
- Priority 3 Leadership and Management:
- To continue to strengthen Leadership to ensure identified priorities are effectively led.
 - To continue to ensure high quality Governance through implementing the new STEP model
- Priority 4 Assessment for Learning:
- To ensure there is a consistent approach to formative and summative assessment across the Academy
- Priority 5 Rights Respecting Schools:
- To ensure systems are in place to achieve the Rights Respecting Schools Award by July 2017.

STEP ACADEMY TRUST

TRUSTEES' REPORT

Assessment of Performance:

The most recent Ofsted Visit was done by HMI on 26 September 2013

Self-evaluation:

Overall Effectiveness	Good
Effectiveness of leadership and management	Good
Quality of teaching, learning and assessment	Good
Personal development, behaviour and welfare	Good
Outcomes for pupils	Good/Requires Improvement

Key Performance Indicators

The Trustees have in place a range of performance indicators to assess the performance of each Academy and the Trust as a whole. Key Performance Indicators have been summarised above for each Academy. In addition, the following key measures are used to assess the success of the activities:

Standards of Achievement

- Comparative attainment data for the end of EYFS, KS1 and KS2;
- Success in achieving ambitious end of key stage targets; and
- Assessment data, indicating rates of progress for individuals and groups, including pupils eligible PP funding.

Quality of Teaching

- Analyses of the quality of teaching, including;
- Teaching profile e.g. breakdown of lesson observation judgements;
- Tracking of pupil progress; and
- Monitoring of marking and presentation.

Behaviour and Safety

- Behaviour records, including incidents of bullying and racial harassment;
- Attendance and rates, including persistent absence;
- Child protection and safeguarding audits; and
- Pupil, parent and staff surveys.

Leadership and Management

- Impact of leadership and management on standards of achievement and the quality of teaching;
- Staff development processes, including performance management;
- Ofsted Inspection Reports;
- Academy and/or Trust commissioned reviews e.g. LA T&L Reviews;
- Academy self-evaluation processes;
- Quality marks and awards;
- Impact of support on external partners; and
- Demand for pupil places.

Operational

- Budget analyses and projections;
 - Direct staff cost to income
 - Teacher cost as a percentage of staff cost;
 - Teacher payscale analysis;
 - Pupil to teacher ratio.
- Performance of catering, service and meal uptake;
- Ticket open and close rates for ICT and Premises issues;
- Quality marks and awards; and
- Demand for pupil places.

STEP ACADEMY TRUST

TRUSTEES' REPORT

In terms of summary performance indicators, the following table draws together the high level measures used by the Trust for the the period ending 31 August

	Angel Oak		Applegarth		David Livingstone		La Fontaine		Heathfield		Gonville		Wolsey	
Senior Leadership Team	5		5		2		2		1		4.4		5	
Teacher	24.3		26		11.7		7		1		24.2		19.4	
Teaching Assistants	8		18		8.29		6		1		15		8.72	
Operational Support Staff	9.85		20		11.44		7.5		1.16		12		14.43	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Year 6 Combined (L4+)	60.0%	63.0%	69.0%	74.0%	96.0%	40.0%		-			83.0%	48.0%	71.0%	40.0%
Year 2 Combined (L2B+)	74.0%	74.0%	52.0%	75.0%	75.0%	70.0%	81.3%	94.7%			57.0%	73.0%		
Year 1 Phonics	82.0%	79.0%	50.0%	74.0%	83.0%	84.0%	96.3%	100%			76.0%	75.0%		
Early Years	65.0%	72.0%	57.0%	70.0%	64.0%	87.0%	75.0%	91.5%		77.1%	52.0%	66.0%		
Attendance	96.4%	96.6%	95.5%	96.0%	96.1%	96.0%	96.3%	95.6%			96.2%	96.2%	97.2%	97.0%
Complaints dealt with by member of Leadership Team	-	1.00	-	3.00	1.00	3.00	-	-		1.00	1.00	2.00	1.00	-
Staff – joiners from 1 September 2015	16.00	10.00	26.00	21.00	11.00	10.00	13.00	15.00		7.00	21.00	21.00	13.00	20.00
Staff – leavers from 1 September 2015	19.00	11.00	20.00	20.00	8.00	12.00	2.00	1.00		-	13.00	21.00	10.00	24.00
% of Income spent on staffing	85%	81%	79%	86%	71%	78%	71%	71%		53%	69%	73%	82%	75%
% of Income spent on “STEP Ahead” staff	0%	2%	0%	0%	0%	0%	0%	0%		0%	0%	0%	0%	0%
% of Staffing spent on teachers	60%	59%	57%	61%	49%	50%	62%	59%		59%	57%	59%	54%	53%

STEP ACADEMY TRUST

TRUSTEES' REPORT

	Angel Oak		Applegarth		David Livingstone		La Fontaine		Heathfield		Gonville		Wolsey	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Pupils on roll (Vacancies)	389 (91)	408 (72)	389 (83)	442 (30)	239 (1)	232 (6)	90 (30)	153 (27)		27 (33)	544	579	348 (12)	375 (15)
Pupil to Teacher Ratio	24:1	14:1	15:1	13:1	16:1	17:1	18:1	17:1		13:1	20:1	23:1	15:1	15:1
Income from:														
General Annual Grant	78%	77%	76%	74%	91%	80%	89%	85%		73%	76%	75%	75%	76%
Local Authority	8%	10%	9%	10%	2%	2%	0%	1%		21%	10%	10%	4%	4%
Pupil Premium and UIFSM	10%	12%	12%	13%	5%	9%	2%	7%		4%	8%	9%	12%	11%
Academy Generated	4%	1%	3%	3%	2%	9%	9%	7%		2%	6%	6%	9%	9%

The Trust held cash in hand of £1,061,030 at 31 August 2016.

Going Concern

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

Financial Review

STEP Academy Trust has free reserves of £1,158,705 as at 31 August 2016. The Trust is mindful of the tightening economic conditions in the sector and has pursued a programme of contract review and efficiencies over the past two years. The savings resulting, and anticipated, mean that the Trustees have confidence in the robust financial position of STEP Academy Trust.

STEP ACADEMY TRUST

TRUSTEES' REPORT

Income:

The revenue income of the Trust is primarily through grant funding and this equates to £11,896,382 / 87%. The funding is analysed as:

GAG	£10,322,748	87%
Pupil Premium	£1,140,546	10%
Other EFA / DfE	£433,089	3%

In addition, £1,042,136 / 8 % has been received in grants from Local Authorities. This can be analysed as:

Special Education Needs	£356,706	34%
Other Grants	£685,430	66%

The residue of income, £660,718 / 5% is derived from activities necessary to fulfill the objects of the Trust. This includes income from the provision of school meals, school improvement as engaged by other schools and Academies, as well as trip and uniform income. Voluntary income of £8,174 was also received.

Expenditure:

Total costs (excluding depreciation) were £14,086,215 for the year. Expenditure on staffing accounts was £11,205,370 / 80% of the Trust's income. This is broken down as:

Teachers	£5,832,011	52%
Learning Support	£2,233,650	20%
Administration	£1,194,697	11%
Catering	£580,747	5%
Premises	£621,663	5%
Other Support	£742,602	7%

In addition, £799,101 / 6 % has been spent on curriculum activities directly resulting from objectives with individual Academy improvement plans. The remaining expenditure in the year is in relation to the running costs of the Trust.

Reserves Policy

As at the balance sheet date, the Trust had general reserves of £1,158,705 This consists £848,360 of unrestricted general reserves and £310,345 of restricted general reserves.

The total pension reserves at the 31 August 2016 was £4,493,000 The total restricted fixed assets reserves at the balance sheet date were £26,377,214.

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 trust. The trust aims to keep overall reserves at a level which is appropriate for the 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 maintained above an overall level of 5% of GAG income.

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 Trust pursues a policy to keep all investments surplus to funds required in short term cash deposits.

STEP ACADEMY TRUST

TRUSTEES' REPORT

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 Trust as needed.

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

Overview of Risk

Children within the care of academies are not adequately safeguarded.

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

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

Financial challenges and changes mean that the Trust becomes insolvent.

Mitigation 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.

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.

Day-to-day management of the Academies are delegated to the Headteachers and their Leadership Teams. Governing Bodies 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.

Whilst it is not possible to predict Government policy in terms of funding, the 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 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 a Trust and forward planning resource needs.

STEP ACADEMY TRUST

TRUSTEES' REPORT

Financial Instruments

Credit Risk

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

Cash flow and liquidity

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

Employee Information Policy

STEP Academy Trust Board includes Staff Trustees on its Board and Strategic Governing Bodies. The CEO and Deputy CEO are on the Board of Trustees. This ensures that:

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

The 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.

Plans for Future Periods

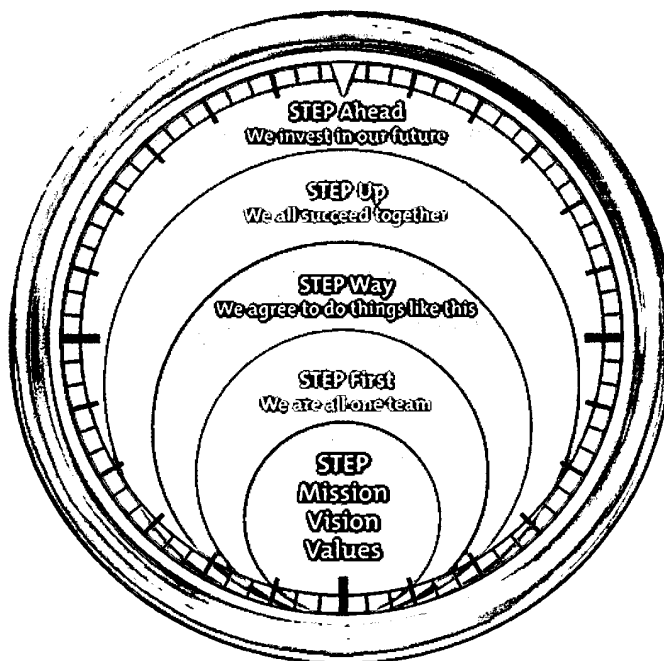
The future plans for the Trust are clearly laid out in the Business Plan for STEP Academy Trust, detailed below. This plan is reviewed annually by Trustees in consideration of the achievements over a given period, the circumstances within which the Trust operates and the risks and opportunities faced in the short (less than a year) and medium (up to three year) terms.

All plans, short, medium and long term are linked to the mission of the Trust; namely to improve the life chances of all children. Where we have the capacity to make a difference, we are morally bound to do so.

Following the establishment of an East Sussex hub, STEP has been approached by the Regional Schools Commissioner with regard to re-brokerage of four academies from an existing academy trust. These four academies are based in East Sussex, three near to Hawkes Farm and one near to Breakwater academy. Whilst negotiations are on-going between all parties, STEP is hopeful that the academies will join the Trust from 1 January 2017.

STEP Compass

2016-2017



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	Passion	Urgency	Positivity	Aspiration Commitment
STEP Compass	At the heart of the organisation are the STEP Mission, Vision and Values. Everything derives from them. The four points of the STEP Compass extend from the Mission, Vision and Values, guiding the Trust's development.			

STEP First	STEP Way	STEP Up	STEP Ahead
<i>We are all one team</i>	<i>We agree to do things like this</i>	<i>We all succeed together</i>	<i>We invest in our future</i>
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.	As a united team, it is right that we should agree to do certain things in a consistent way, the STEP Way. What goes into the STEP Way is determined by a process of co-creation and review. Once in the STEP Way, there is no opt-out.	Given that STEP is a family, all of its the members - academies, groups or individuals - must be successful. STEP Up is the process by which we all succeed together, enabling additional support to be targeted according to identified need.	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.

STEP ACADEMY TRUST

TRUSTEES' REPORT

STEP Delivery Priorities

**Mission, Vision
and Values**

**Internal/external
communication**

Role of the centre

**Financial strategy
and control**

Governance

**Quality
assurance and
data**

Growth strategy

**Workforce supply
and development**

The STEP Compass guides the Trust on key activities each year which address the challenges Trustees and the Executive believe multi-academy trusts face. In particular, these challenges relate to 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. The following high level targets have been agreed for 2016-2017.

STEP First

The focus this year will be on ensuring unity across the Trust. As a result, the high level targets for STEP and indeed all Academies are:

- Ensure STEP's Mission, Vision and Values are clearly understood by all stakeholders and that the STEP Compass is consistently applied across the Trust;
- Individual Academy Improvement Plans to highlight how they are supported by the Trust.

STEP Way

The focus of STEP Way will be to ensure consistency across the Trust within teaching and learning as well as operational aspects as follows:

- Strengthen quality assurance systems to improve consistency and performance;
- Establish a clear accountability framework for the performance of the Trust that all staff understand.

STEP Up

The focus of STEP Up will be related to sharing the benefits of being within a multi academy trust to staff at all levels, in particular teaching and learning as follows:

- Establish a systematic programme of school to school support, co-ordinated by the Executive Team, that is focused on the needs of individual Academies;
- Build STEP's teaching and learning support offer including a more strategic approach to staff development.

STEP Ahead

The focus of STEP Ahead will be to ensure that the Trust continues to have the capacity to grow and develop as follows:

- Build the Trust capacity in preparation for STEP's next stage of development;
- Play a leading role in the development of local, regional and educational networks beyond the MAT.

Funds held as custodian trustee on behalf of others

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

STEP ACADEMY TRUST

TRUSTEES' REPORT

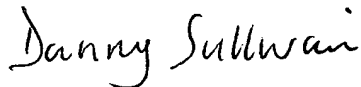
Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's 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 auditor of the charitable company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 17 October 2016 and signed on its behalf by:



Mr D Sullivan
Chair of Trustee

STEP ACADEMY TRUST

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. They are 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of a possible
Mr D Sullivan (Chair)	4	5
Mr M Ducker (Accounting Officer)	5	5
Mr P Glover	5	5
Ms S Lawson-Ritchie	3	5
Mrs I Dennigan	5	5
Dr K Chhatwal	5	5
Mr P McAleenan	4	5
Mr R Gardner	5	5
Miss C Slade	4	5

STEP Governance 2015

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

"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 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!

STEP Governance Structure

Recent changes introduced by the Department for Education (DfE) allow Academy Trusts to establish a local governing body that is responsible for two or more Academies.

STEP ACADEMY TRUST

GOVERNANCE STATEMENT

Composition of the Strategic Governing Bodies (SGB)

In order to be functional, the composition of any SGB 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)
- Board of Trustees Representative x1
- STEP Governors x5
- Temporary Co-Opted Governors (according to need)

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

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

It is the belief of the Board of Trustees that this new 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.

Audit Committee

The audit 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;
- 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 the STEP 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 Finance and Estates Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P McAleenan	4	4
Mrs I Dennigan (Resigned 23 November 2015)	2	4
Mr R Gardner	4	4

The Accounting Officer, Mark Ducker, is also invited to attend all Audit Committee meetings. In the year he attended 4 out of the 4 meetings held in the year.

STEP ACADEMY TRUST

GOVERNANCE STATEMENT

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 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 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 for the period 1 September 2015 to 31 August 2016 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 2015 to 31 August 2016 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.

STEP ACADEMY TRUST

GOVERNANCE STATEMENT

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

- testing of payroll systems;
- testing of purchase systems;
- testing of control account/ bank reconciliations; and
- testing of governance.

On a termly basis, the auditor reports to the Board of Trustees, through the audit 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 be classified as significant. Nonetheless, recommendations raised have been addressed and action plans put in place where appropriate.

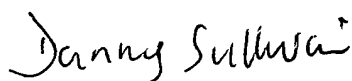
Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor; 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 result of their review of the system of internal control by the audit committee.

Approved by order of the members of the Board of Trustees on 17 October 2016 and signed on its behalf by:



Mr D Sullivan
Chair of Trustees



Mr M Ducker
Accounting Officer

STEP ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the 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.

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 EFA.

Approved on 17 October 2016 and signed by:

A handwritten signature in black ink, appearing to be 'M Ducker', followed by a long horizontal flourish.

Mr M Ducker
Accounting Officer

STEP ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

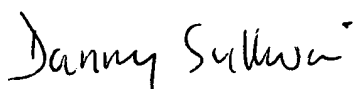
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 17 October 2016 and signed on its behalf by:



Mr D Sullivan
Chair of Trustees

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP ACADEMY TRUST

We have audited the financial statements of STEP Academy Trust for the year ended 31 August 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 31 the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the academy's affairs as at 31 August 2016 and of the group's and the academy'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 and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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



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

Quadrant House
4 Thomas More Square
London
E1W 1YW

15 November 2016

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

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

In accordance with the terms of our engagement letter dated 12 June 2015 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, 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 2016 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Academy Trust Name and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Academy Trust Name and the EFA, for our work, for this report, or for the conclusion we have formed.

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

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 2015, 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 2015 to 2016. 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 2016 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 2015 to 2016, issued by the EFA. We performed a limited assurance engagement, as defined in our engagement letter.

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

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

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

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

The work undertaken to draw our conclusion includes:

- Evaluation of the general control environment
- 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 minutes for evidence of declaration of interest
- 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 cash payments were reviewed for unusual transactions
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement
- Formal representations have been obtained from the governing body 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 2016, 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

15 November 2016

STEP ACADEMY TRUST

STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016 (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES)

	Notes	Unrestricted fund £	Restricted funds General funds £	Fixed asset fund £	2016 Total £	2015 Total £
Income and endowments from:						
Donations and capital grants	2	8,174	-	208,330	216,504	119,549
Inherited on conversion		-	-	-	-	8,149,711
<i>Charitable activities</i>						
Funding for the Academy Trust's educational operations	3	-	12,938,519	-	12,938,519	10,693,898
Other trading activities	4	499,660	155,116	-	654,776	588,659
Investment income	5	5,942	-	-	5,942	4,703
Total income and endowments		<u>513,776</u>	<u>13,093,635</u>	<u>208,330</u>	<u>13,815,741</u>	<u>19,556,520</u>
Expenditure on:						
Raising funds and other trading activities	6	491,225	731,589	-	1,222,814	907,002
<i>Charitable activities:</i>						
Educational operations	6, 7	-	12,863,401	605,220	13,468,621	11,324,295
Total resources expended		<u>491,225</u>	<u>13,594,990</u>	<u>605,220</u>	<u>14,691,435</u>	<u>12,231,297</u>
Net (outgoing)/incoming resources before transfers		<u>22,551</u>	<u>(501,355)</u>	<u>(396,890)</u>	<u>(875,694)</u>	<u>7,325,223</u>
Gross transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (expenditure)/income for the year		<u>22,551</u>	<u>(501,355)</u>	<u>(396,890)</u>	<u>(875,694)</u>	<u>7,325,223</u>
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	33	-	(1,834,000)	-	(1,834,000)	193,000
Net movement in funds		<u>22,551</u>	<u>(2,335,355)</u>	<u>(396,890)</u>	<u>(2,709,694)</u>	<u>7,518,223</u>
Total funds brought forward at 31 August 2015	20	<u>825,809</u>	<u>(1,847,300)</u>	<u>26,774,104</u>	<u>25,752,613</u>	<u>18,234,390</u>
Total funds carried forward at 31 August 2016	20	<u><u>848,360</u></u>	<u><u>(4,182,655)</u></u>	<u><u>26,377,214</u></u>	<u><u>23,042,919</u></u>	<u><u>25,752,613</u></u>

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

STEP ACADEMY TRUST

STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016 (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES)

Comparative year information		Restricted funds			2015 Total £
	Notes	Unrestricted fund £	General funds £	Fixed asset fund £	
Income and endowments from:					
Donations and capital grants	2	2,087	17,552	99,910	119,549
Inherited on conversion		-	113,711	8,036,000	8,149,711
<i>Charitable activities</i>					
Funding for the Academy Trust's educational operations	3	-	10,693,898	-	10,693,898
Other trading activities	4	452,507	136,152	-	588,659
Investments	5	4,703	-	-	4,703
Total income and endowments		459,297	10,961,313	8,135,910	19,556,520
Expenditure on:					
Raising funds and other trading activities	6	393,995	513,007	-	907,002
<i>Charitable activities:</i>					
Educational operations	6, 7	-	10,479,935	844,360	11,324,295
Total resources expended		393,995	10,992,942	844,360	12,231,297
Net incoming/(outgoing) resources before transfers		65,302	(31,629)	7,291,550	7,325,223
Gross transfers between funds		-	(119,530)	119,530	-
Net income/(expenditure) for the year		65,302	(151,159)	7,411,080	7,325,223
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	33	-	193,000	-	193,000
Net movement in funds		65,302	41,841	7,411,080	7,518,223
Total funds brought forward at 31 August 2014	20	760,507	(1,889,141)	19,363,024	18,234,390
Total funds carried forward at 31 August 2015	20	825,809	(1,847,300)	26,774,104	25,752,613

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

STEP ACADEMY TRUST

CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	13	26,333,971	26,774,104
Current assets			
Stock	16	7,508	-
Debtors	18	911,665	593,304
Cash at bank and in hand		1,061,030	1,814,138
		<u>1,980,203</u>	<u>2,407,442</u>
Liabilities			
Creditors: amounts falling due within one year	19	(778,255)	(1,057,933)
Net current assets		<u>1,201,948</u>	<u>1,349,509</u>
Net assets excluding pension liability		<u>27,535,919</u>	<u>28,123,613</u>
Pension scheme liability	33	(4,493,000)	(2,371,000)
Net assets including pension liability		<u>23,042,919</u>	<u>25,752,613</u>
The funds of the Academy Trust:			
Restricted funds			
Fixed asset funds	21	26,377,214	26,774,104
Restricted income funds	21	310,345	523,700
Pension reserve	21	(4,493,000)	(2,371,000)
Total restricted funds		<u>22,194,559</u>	<u>24,926,804</u>
Unrestricted income fund			
General fund	21	848,360	825,809
Total funds		<u>23,042,919</u>	<u>25,752,613</u>

The financial statements on pages 35 to 65 were approved by the Board of Trustees, and authorised for issue on 17 October 2016 and are signed on their behalf by:

Danny Sullivan

Mr D Sullivan
Chair of Trustees

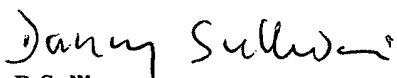
Company registration no: 07612865

STEP ACADEMY TRUST

ACADEMY BALANCE SHEET AS AT 31 AUGUST 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	14	26,333,971	26,774,104
Investments	15	1	-
		<u>26,333,972</u>	<u>26,774,104</u>
Current assets			
Stock	16	7,508	-
Debtors	18	911,663	593,304
Cash at bank and in hand		1,061,030	1,814,138
		<u>1,980,201</u>	<u>2,407,442</u>
Liabilities			
Creditors: amounts falling due within one year	19	(778,254)	(1,057,933)
		<u>1,201,947</u>	<u>1,349,509</u>
Net current assets			
		<u>27,535,919</u>	<u>28,123,613</u>
Net assets excluding pension liability			
Pension scheme liability	33	(4,493,000)	(2,371,000)
		<u>23,042,919</u>	<u>25,752,613</u>
Net assets including pension liability			
The funds of the academy:			
Restricted income funds			
Fixed asset funds	21	26,377,214	26,774,104
Restricted income funds	21	310,345	523,700
Pension reserve	21	(4,493,000)	(2,371,000)
		<u>22,194,559</u>	<u>24,926,804</u>
Total restricted funds			
Unrestricted income fund			
General fund	21	848,360	825,809
		<u>23,042,919</u>	<u>25,752,613</u>
Total funds			

The financial statements on pages 35 to 65 were approved by the Board of Trustees, and authorised for issue on 17 October 2016 and are signed on their behalf by:


Mr D Sullivan
Chair of Trustees
Company registration no: 07612865

STEP ACADEMY TRUST

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	27	(806,545)	591,730
Cash funds transferred on conversion of academies		-	515,711
		<u>(806,545)</u>	<u>1,107,441</u>
Cash flows from financing activities	28	5,942	4,703
Cash flows from investing activities	29	47,495	(593,719)
		<u></u>	<u></u>
(Decrease) / increase in cash and cash equivalents in the reporting period		(753,108)	518,425
Cash and cash equivalents at 1 September 2015	30	1,814,138	1,295,713
		<u></u>	<u></u>
Cash and cash equivalents at 31 August 2016	30	<u><u>1,061,030</u></u>	<u><u>1,814,138</u></u>

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

These accounts for the year ended 31 August 2016 are the first accounts prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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 (incorporating an income and expenditure account) 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 net expenditure for the year was £589,029.

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 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

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

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 were transferred to the Academy Trust for nil consideration. The valuation of the land and buildings as at the date of conversion was obtained on a depreciated replacement cost basis.

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.

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1 Statement of accounting policies (continued)

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

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

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

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

Cash and cash equivalents

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

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1 Statement of accounting policies (continued)

Financial instruments

The Academy Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's statement of financial position when the Trust becomes 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities.

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 method.

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1 Statement of accounting policies (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

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.

Investments

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. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Stock

Stationery stock is valued at the lower of cost or net realisable value.

Taxation

The Academy 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 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 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 33, 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.

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

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 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 and include grants from the Education 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 33, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

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 profit and loss account and the balance sheet.

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1 Statement of accounting policies (continued)

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

Critical areas of judgement

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

2	Donations and capital grants	Unrestricted fund £	Restricted funds £	Total 2016 £	Total 2015 £
	Capital grants	-	208,330	208,330	99,910
	Other donations	8,174	-	8,174	19,639
		<u>8,174</u>	<u>208,330</u>	<u>216,504</u>	<u>119,549</u>

3 Funding for the Academy Trust's educational operations

	Unrestricted fund £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
- General Annual Grant (GAG)	-	10,322,748	10,322,748	8,630,183
- Start up grants	-	299,853	299,853	309,065
- Other DfE / EFA grants	-	1,273,782	1,273,782	1,191,815
	<u>-</u>	<u>11,896,383</u>	<u>11,896,383</u>	<u>10,131,063</u>
Other Government grants				
- Local Authority Grants	-	1,042,136	1,042,136	562,835
	<u>-</u>	<u>1,042,136</u>	<u>1,042,136</u>	<u>562,835</u>
Total funding	<u>-</u>	<u>12,938,519</u>	<u>12,938,519</u>	<u>10,693,898</u>

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

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

4. Other trading activities income

	Unrestricted fund £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	13,751	-	13,751	15,958
Catering income	39,286	155,116	194,402	175,997
Trip income	63,257	-	63,257	53,455
Sale of goods and services	221,115	-	221,115	214,823
Sale of school uniform	9,225	-	9,225	25,519
Consultancy	2,325	-	2,325	61,750
Other income	150,701	-	150,701	41,157
	<u>499,660</u>	<u>155,116</u>	<u>654,776</u>	<u>588,659</u>

5 Investment income

	Unrestricted fund £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits income	5,942	-	5,942	4,703
	<u>5,942</u>	<u>-</u>	<u>5,942</u>	<u>4,703</u>

6 Expenditure

	Staff costs £ (note 8)	Non pay expenditure Premises £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations (note 7)					
- Direct costs	8,138,091	-	850,595	8,988,686	6,852,806
- Allocated support costs	2,400,380	903,159	1,176,396	4,479,935	4,471,489
	<u>10,538,471</u>	<u>903,159</u>	<u>2,026,991</u>	<u>13,468,621</u>	<u>11,324,295</u>
Academy's educational operations					
- Expenditure on raising funds and other trading activities	666,899	-	555,915	1,222,814	907,002
	<u>11,205,370</u>	<u>903,159</u>	<u>2,582,906</u>	<u>14,691,435</u>	<u>12,231,297</u>

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure (continued)

Net income / (expenditure) for the year includes:	2016 £	2015 £
Operating lease rentals	62,841	7,981
Fees paid to auditor for:		
- audit services	35,000	29,750
- other services	4,500	3,750
Depreciation of tangible fixed assets	605,220	844,359
	=====	=====

7 Charitable activities

	Total 2016 £	Total 2015 £
Direct costs – educational operations	8,988,686	6,852,806
Support costs – educational operations	4,479,935	4,471,489
	=====	=====
	13,468,621	11,324,295

	Total 2016 £	Total 2015 £
Analysis of support costs		
Support staff costs	2,400,380	2,318,603
Depreciation (fixed asset restricted fund)	605,220	844,360
Technology costs	231,461	128,581
Cleaning	63,518	50,458
Energy costs	148,387	118,265
Rent and rates	95,698	83,511
Other premises costs	375,650	558,287
Insurance	87,997	90,390
Security and transport	133,774	34,010
Interest and finance costs	5,986	22,000
Other support costs	77,898	11,113
Governance costs	253,966	211,911
	=====	=====
Total support costs	4,479,935	4,471,489

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

Staff costs during the year were:	2016 Total £	2015 Total £
Wages and salaries	8,221,391	7,103,186
Social security costs	630,315	488,852
Pension costs	1,602,135	1,096,575
	<hr/>	<hr/>
	10,165,841	8,688,613
Supply staff costs	463,884	207,222
Staff development and other staff costs	98,666	164,624
Staff restructuring	188,979	-
	<hr/>	<hr/>
	11,205,370	9,060,459
	=====	=====
Staff restructuring costs comprise:		
Redundancy payments	188,979	-
	<hr/>	<hr/>
	188,979	-
	=====	=====

There were no non-statutory/non-contractual severance payments paid as staff restructuring costs in the year.

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

	2016 Number	2015 Number
Teachers	125	106
Administration and support	282	230
Management	12	9
	<hr/>	<hr/>
	419	345
	=====	=====

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs (continued)

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

	2016 Number	2015 Number
£ 60,001 - £ 70,000	5	5
£ 70,001 - £ 80,000	2	-
£ 80,001 - £ 90,000	2	-
£ 90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
	=====	=====

10 of the above employees participated in the Teachers' Pension Scheme (2015: 7). During the year ended 31 August 2016, pension contributions for these staff amounted to £126,977 (2015: £ 77,378).

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
- others as arising

The 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.

The actual amounts charged during the year were as follows:

	2016 £	2015 £
Applegarth Academy	128,815	142,927
David Livingstone Academy	84,192	90,409
Gonville Academy	148,070	161,128
Wolsey Junior Academy	120,806	124,405
Angel Oak Academy	155,811	102,655
La Fontaine Academy	62,990	31,240
Heathfield Academy	14,081	-
	=====	=====
	714,765	652,764

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

10. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Executive Leadership 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 £484,885 (2015: £390,000).

11. Trustees' remuneration and expenses

The Headteacher and Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the academy in respect of their role as Trustees. The value of trustees' remuneration was as follows:

M Ducker (CEO)

Remuneration £125,000-£130,000 (2015: £120,000-£125,000)

Employer pension contributions £20,000-£25,000 (2015: £15,000-£20,000)

P Glover (Deputy CEO)

Remuneration £100,000-£105,000 (2015: £95,000-£100,000)

Employer pension contributions £15,000-£20,000 (2015: £10,000-£15,000)

C Slade (Headteacher)

Remuneration £75,000-£80,000 (2015: £65,000-£70,000)

Employer pension contributions £10,000-£15,000 (2015: £5,000-£10,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £271 were reimbursed to trustees (2015: £nil).

12 Trustees' and Officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 (2015: £5,000,000) on any one claim and the cost for the year ended 31 August 2016 and 2015 was not separately identifiable and has been included within the cost of commercial insurance.

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

13 Tangible fixed assets – Group

	Freehold Land and Buildings £	Assets Under Construction £	Computer Equipment £	Furniture & Fittings £	Motor Vehicles £	Total £
Cost						
At 1 September 2015	27,148,448	533,409	479,804	703,964	19,745	28,885,370
Additions	59,235	-	45,747	62,053	-	167,035
Disposals	-	-	-	-	(19,745)	(19,745)
Transfers	533,409	(533,409)	-	-	-	-
At 31 August 2016	27,741,092	-	525,551	766,017	-	29,032,660
Depreciation						
At 1 September 2015	1,602,569	-	328,515	162,385	17,797	2,111,266
Charge in year	397,736	-	109,919	97,565	-	605,220
Disposals	-	-	-	-	(17,797)	(17,797)
At 31 August 2016	2,000,305	-	438,434	259,950	-	2,698,689
Net book values						
At 31 August 2016	25,740,787	-	87,117	506,067	-	26,333,971
At 31 August 2015	25,545,879	533,409	151,289	541,579	1,948	26,774,104

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

14 Tangible fixed assets – Academy

	Freehold Land and Buildings £	Assets Under Construction £	Computer Equipment £	Furniture & Fittings £	Motor Vehicles £	Total £
Cost						
At 1 September 2015	27,148,448	533,409	479,804	703,964	19,745	28,885,370
Additions	59,235		45,747	62,053	-	167,035
Disposals	-	-	-	-	(19,745)	(19,745)
Transfers	533,409	(533,409)	-	-	-	-
At 31 August 2016	27,741,092	-	525,551	766,017	-	29,032,660
Depreciation						
At 1 September 2015	1,602,569	-	328,515	162,385	17,797	2,111,266
Charge in year	397,736	-	109,919	97,565	-	605,220
Disposals	-	-	-	-	(17,797)	(17,797)
At 31 August 2016	2,000,305	-	438,434	259,950	-	2,698,689
Net book values						
At 31 August 2016	25,740,787	-	87,117	506,067	-	26,333,971
At 31 August 2015	25,545,879	533,409	151,289	541,579	1,948	26,774,104

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

15 Investments - Academy

	Total 2016 £	Total 2015 £
Shares in subsidiary undertaking	1	-
	<u>1</u>	<u>-</u>
	=====	=====

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Class	Shares held %
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 2016 were as follows:

	£
Turnover	33,926
Operating expenses	(32,591)
Gift aid payment made to the Academy Trust	(1,335)
	<u>-</u>
Net profit before taxation	-
Taxation charge	-
	<u>-</u>
Retained profit for the year	<u>-</u>
	=====

At 31 August 2016 the aggregate amount of net assets and reserves of the subsidiary was as follows:

	£
Current assets	40,712
Current liabilities	(40,711)
	<u>1</u>
	=====
Represented by:	
Share capital	1
Reserves	-
	<u>1</u>
	=====

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

16 Stock	Group 2016 £	Group 2015 £	Academy 2016 £	Academy 2015 £
Stationery	7,508	-	7,508	-
	<u>7,508</u>	<u>-</u>	<u>7,508</u>	<u>-</u>

17 Financial instruments	Group Total 2016 £	Group Total 2015 £	Academy Total 2016 £	Academy Total 2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,756,207	2,233,943	1,756,210	2,233,943
Carrying amount of financial liabilities				
Measured at amortised cost	575,684	707,856	575,683	707,856
Fair value through income and expenditure	4,493,000	2,371,000	4,493,000	2,371,000

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.

18 Debtors	Group 2016 £	Group 2015 £	Academy 2016 £	Academy 2015 £
Trade debtors	196,044	101,622	189,258	101,622
VAT recoverable	184,116	110,293	190,900	110,293
Other debtors	53,385	795	53,385	795
Prepayments and accrued income	478,120	380,594	478,120	380,594
	<u>911,665</u>	<u>593,304</u>	<u>911,663</u>	<u>593,304</u>
19 Creditors: amounts falling due within one year	Group 2016 £	Group 2015 £	Academy 2016 £	Academy 2015 £
Trade creditors	7,170	172,680	7,169	172,680
Other taxation and social security	-	90,201	-	90,201
Accruals and deferred income (see below)	769,692	757,307	769,692	757,207
Other creditors	1,393	37,845	1,393	37,845
	<u>778,255</u>	<u>1,057,933</u>	<u>778,254</u>	<u>1,057,933</u>

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

19 Creditors: amounts falling due within one year (continued)

Deferred income	Group 2016 £	Group 2015 £	Academy 2016 £	Academy 2015 £
Deferred income at 1 September	259,876	121,181	259,876	121,181
Income deferred in the year	202,571	259,876	202,571	259,876
Amounts released from previous years	(259,876)	(121,181)	(259,876)	(121,181)
Deferred income at 31 August included in accruals and deferred income above	<u>202,571</u>	<u>259,876</u>	<u>202,571</u>	<u>259,876</u>

At the balance sheet date the Academy Trust was holding funds received in advance for catering and academy clubs, academy trips and grants not yet receivable.

20 Funds – Group

	Balance at 31 August 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	523,700	10,322,748	(10,536,103)	-	310,345
Start up grants	-	299,853	(299,853)	-	-
Other DfE/EFA grants	-	1,273,782	(1,273,782)	-	-
Other government grants	-	1,042,136	(1,042,136)	-	-
Activities generating funds	-	155,116	(155,116)	-	-
Pension reserve (note 33)	(2,371,000)	-	(288,000)	(1,834,000)	(4,493,000)
Total restricted general funds	<u>(1,847,300)</u>	<u>13,093,635</u>	<u>(13,594,990)</u>	<u>(1,834,000)</u>	<u>(4,182,655)</u>
Restricted fixed asset funds					
Acquired on conversion	24,427,900	-	(388,002)	-	24,039,898
DfE/EFA capital grants	894,159	208,330	(68,913)	-	1,033,576
Capital expenditure from GAG or other funds	998,380	-	(101,970)	-	896,410
Private sector capital sponsorship	453,665	-	(46,335)	-	407,330
Total restricted fixed asset funds	<u>26,774,104</u>	<u>208,330</u>	<u>(605,220)</u>	<u>-</u>	<u>26,377,214</u>
Total restricted funds	<u>24,926,804</u>	<u>13,301,965</u>	<u>(14,200,210)</u>	<u>(1,834,000)</u>	<u>22,154,559</u>
Unrestricted fund					
Unrestricted fund	<u>825,809</u>	<u>513,776</u>	<u>(491,225)</u>	<u>-</u>	<u>848,360</u>
Total funds	<u>25,752,613</u>	<u>13,815,741</u>	<u>(14,691,435)</u>	<u>(1,834,000)</u>	<u>23,042,919</u>

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

20 Funds – Group (continued)

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

General Annual Grant

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, the STEP Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Start-Up Grant

The Start-Up Grant must be used for the development of a start-up academy including salary costs, overheads and premises costs as an academy is prepared for opening. Under the funding agreement with the Secretary of State the Academy Trust was not subject to a limit on the amount of Start-Up Grant that it could carry forward as at 31 August 2016.

Other DfE/EFA 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 the STEP Academy Trust (see note 33).

21 Total funds analysis by academy – Group and Academy Trust

Fund balances at 31 August 2016 were allocated as follows:

	2016 £	2015 £
Applegarth Academy	1,719	235,083
David Livingstone Academy	113,821	235,111
Gonville Academy	301,456	317,697
Wolsey Junior Academy	20,975	111,827
Angel Oak Academy	530,290	321,088
LA Fontaine Academy	20,284	14,067
Heathfield Academy	30,912	-
Central STEP	139,358	114,636
	<hr/>	<hr/>
Total before fixed assets and pension reserve	1,158,815	1,349,509
Restricted fixed asset reserve	26,377,104	26,774,104
Pension reserve	(4,493,000)	(2,371,000)
	<hr/>	<hr/>
Total	23,042,919	25,752,613
	<hr/>	<hr/>

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

22 Funds – Academy Trust

	Balance at 31 August 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
General Annual Grant (GAG)	523,700	10,322,748	(10,536,103)	-	310,345
Start up grants	-	299,853	(299,853)	-	-
Other DfE/EFA grants	-	1,273,782	(1,273,782)	-	-
Other government grants	-	1,042,136	(1,042,136)	-	-
Activities generating funds	-	155,116	(155,116)	-	-
Pension reserve (note 33)	(2,371,000)	-	(288,000)	(1,834,000)	(4,493,000)
	<u>(1,847,300)</u>	<u>13,093,635</u>	<u>(13,594,990)</u>	<u>(1,834,000)</u>	<u>(4,182,655)</u>
Restricted fixed asset funds					
Acquired on conversion	24,427,900	-	(388,002)	-	24,039,898
DfE/EFA capital grants	894,159	208,330	(68,913)	-	1,033,576
Capital expenditure from GAG or other funds	998,380	-	(101,970)	-	896,410
Private sector capital sponsorship	453,665	-	(46,335)	-	407,330
	<u>26,774,104</u>	<u>208,330</u>	<u>(605,220)</u>	<u>-</u>	<u>26,377,214</u>
Total restricted funds	<u>24,926,804</u>	<u>13,301,965</u>	<u>(13,912,210)</u>	<u>(1,834,000)</u>	<u>22,154,559</u>
Unrestricted fund					
Unrestricted fund	825,809	473,065	(450,514)	-	848,360
	<u>25,752,613</u>	<u>13,775,030</u>	<u>(14,413,438)</u>	<u>(1,834,000)</u>	<u>23,042,919</u>

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

General Annual Grant

The General Annual Grant must be used for the normal running costs of the 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 2016.

Other DfE/EFA 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 the STEP Academy Trust (see note 33).

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

23 Analysis of net assets between funds – Group

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	26,333,971	26,333,971	26,774,104
Current assets	848,360	1,009,071	122,772	1,980,203	2,407,442
Current liabilities	-	(698,726)	(79,529)	(778,255)	(1,057,933)
Pension scheme liability	-	(4,493,000)	-	(4,493,000)	(2,371,000)
Total net assets	848,360	(4,182,655)	26,377,214	23,042,919	25,752,613

24 Analysis of net assets between funds – Academy Trust

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	1	26,333,971	26,333,972	26,774,104
Current assets	848,360	1,009,069	122,772	1,980,201	2,407,442
Current liabilities	-	(698,725)	(79,529)	(778,254)	(1,057,933)
Pension scheme liability	-	(4,493,000)	-	(4,493,000)	(2,371,000)
Total net assets	848,360	(4,182,655)	26,377,214	23,042,919	25,752,613

25 Capital commitments

At 31 August 2016 the Trust had capital commitments contracted for, but not provided in the financial statements of £48,321 (2015: £ Nil).

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

26 Financial commitments

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Due within one year	65,617	62,841
Due in one to five years	195,347	260,965
	<u> </u>	<u> </u>

27 Reconciliation of net income to net cash (outflow)/ inflow from operating activities

	2016 £	2015 £
Net income for the year	(2,709,694)	7,518,223
Investment income	(5,942)	(4,703)
Depreciation (notes 13, 14)	605,220	844,360
Capital grants from DfE and other capital income	(208,330)	(99,910)
(Profit) on disposal of tangible fixed assets	(4,252)	-
Net (surplus) transferred on conversion	-	(8,149,711)
Defined benefit pension scheme cost less contributions payable (note 33)	2,030,000	(4,000)
Defined benefit pension scheme finance cost (note 33)	92,000	22,000
(Increase) / decrease in debtors	(318,361)	399,898
(Increase) / decrease in stock	(7,508)	-
(Decrease) / increase in creditors	(279,678)	65,573
	<u> </u>	<u> </u>
Net cash (used in) / provided by operating activities	(806,545)	591,730
	<u> </u>	<u> </u>

28 Cash flows from financing activities

	2016 £	2015 £
Bank interest received	5,942	4,703
	<u> </u>	<u> </u>
Net cash provided financing activities	5,942	4,703
	<u> </u>	<u> </u>

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

29 Cash flows from investing activities

	2016 £	2015 £
Proceeds from sales of tangible fixed assets	6,200	-
Capital grants from DfE / EFA	200,199	73,910
Capital funding received from others	8,131	26,000
Payments to acquire tangible fixed assets	(167,035)	(693,629)
	<u> </u>	<u> </u>
Net cash provided / (used in) investing activities	47,495	(593,719)
	<u> </u>	<u> </u>

30 Analysis of cash and cash equivalents

	At 31 August 2015 £	At 31 August 2016 £000
Cash in hand and at bank	1,814,138	1,061,030
	<u> </u>	<u> </u>

31 Contingent liabilities

There are no contingent liabilities at 31 August 2016 (2015: £nil).

32 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the academy 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 (2015: £10) for the debts and liabilities contracted before he/she ceases to be a member.

33 Pension and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Croydon, Bromley and Southwark County Councils. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2015: £Nil).

33 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £667,205 (2015: £487,198).

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

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

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

33 Pension and similar obligations (continued)

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 2016 was £795,000 (2015: £639,000), of which employer's contributions totalled £619,000 (2015: £501,000) and employees' contributions totalled £176,000 (2015: £138,000). The agreed contribution rates for future years are 22.2% (2015: 22.2%) for employers and between 5.5% and 12.5% (2015: 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.

Principal Actuarial Assumptions:	At 31 August 2016 £	At 31 August 2015 £
Rate of increase in salaries	3.0% - 3.5%	3.2% - 3.7%
Rate of increase for pensions	2.0% - 2.1%	2.0% - 2.7%
Discount rate for scheme liabilities	1.9% - 2.2%	3.7% - 4.0%
Inflation assumption (CPI)	1.9% - 2.1%	2.0% - 2.7%
Retail price index assumption (RPI)	3.1% - 3.1%	3.1% - 3.6%

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 £'000
Mortality Age Rating Assumption	+ 1 year	269
Salary Increase Rate	+ 0.1%	338
Real Discount Rate	+ 0.1%	978

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

	At 31 August 2016 (years)	At 31 August 2015 (years)
Retiring today		
Males	21.9 - 22.3	21.9 - 23.1
Females	24.4 - 26.5	24.4 - 26.4
Retiring in 20 years		
Males	24.1 - 25.4	24.0 - 25.4
Females	26.7 - 28.8	26.7 - 28.7

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

33 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2016	Fair value at 31 August 2015
Equity instruments	2,988,000	1,854,000
Debt instruments	911,000	636,000
Cash	12,000	333,000
Property	455,000	111,000
Other	81,000	-
	<hr/>	<hr/>
Total market value of assets	4,447,000	2,934,000
	<hr/> <hr/>	<hr/> <hr/>

Actual return on scheme assets was £902,000 (2015: £148,000)

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	812,000	675,000
Past service cost	(24,000)	15,000
Net interest cost	92,000	22,000
	<hr/>	<hr/>
Total operating charge	880,000	712,000
	<hr/> <hr/>	<hr/> <hr/>

STEP ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

33 Pension and similar obligations (continued)

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

	2016 £	2015 £
At 1 September	(5,305,000)	(3,676,000)
Obligations acquired on conversion	-	(927,000)
Current service cost	(812,000)	(675,000)
Interest cost	(219,000)	(147,000)
Employee contributions	(176,000)	(138,000)
Actuarial (loss) / gain	(1,475,000)	266,000
Changes in assumptions underlying present values	(957,000)	-
Benefits paid	20,000	7,000
Past service cost	(16,000)	(15,000)
	<u> </u>	<u> </u>
At 31 August	<u><u>(8,940,000)</u></u>	<u><u>(5,305,000)</u></u>

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

	2016 £	2015 £
At 1 September	2,934,000	1,725,000
Assets acquired on conversion	-	525,000
Expected return on assets	126,000	125,000
Actuarial gains / (loss)	612,000	(73,000)
Employer contributions	619,000	501,000
Employee contributions	176,000	138,000
Benefits paid	(20,000)	(7,000)
	<u> </u>	<u> </u>
At 31 August	<u><u>4,447,000</u></u>	<u><u>2,934,000</u></u>

34 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 trust's financial regulations and normal procurement procedures.

No related party transactions took place in the year ended 31 August 2016.

35 Events after the end of the reporting period

On 1 September 2016 Hawkes Farm Academy and Breakwater Academy, formerly Hawkes Farm School and Meeching Valley School, joined STEP Academy Trust. These two academies are based in East Sussex and form the start of an East Sussex hub for the Trust.