

Stephen Sutton Multi-Academy Trust

Trustees report and financial statements

For the Period Ended 31 August 2017

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1
Trustees' report	2 - 10
Governance statement	11 - 13
Statement on regularity, propriety and compliance	14
Statement of Trustees' responsibilities	15
Independent auditors' report on the financial statements	16 - 18
Independent reporting accountant's assurance report on regularity	19 - 20
Statement of financial activities incorporating income and expenditure account	21
Balance sheet	22
Statement of cash flows	23
Notes to the financial statements	24 - 47

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Reference and administrative details
For the Period Ended 31 August 2017

Members	Richard Williams (appointed 14 December 2016) Mark Howe (appointed 14 December 2016) Jane Sutton (appointed 14 December 2016) David Crowder (appointed 14 December 2016)
Trustees	Richard Williams, Chair (appointed 14 December 2016) ¹ Mark Howe (appointed 14 December 2016) ¹ Stuart Jones, Executive Director and Accounting Officer (appointed 14 December 2016) ¹ Diane Evans (appointed 14 December 2016) Claire Boliver (appointed 14 December 2016) Ruth Forster (appointed 15 December 2016) Sarah Hardman-Charles (appointed 14 December 2016)
	¹ Finance, Audit and Risk Committee
Company registered number	10525065
Company name	Stephen Sutton Multi-Academy Trust
Principal and registered office	Bridge Cross Road Burntwood Staffordshire WS7 2DB
Company Secretary	Lynsey Clare
Executive Director and Accounting Officer	Stuart Jones
Senior management team	Stuart Jones, Executive Director Sharon Thorp, Trust Business Manager Tim Chamberlin, Headteacher – Chase Terrace Technology College
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH
Bankers	Lloyds Bank Plc Education Client Services Third Floor Queen Square Wolverhampton WV1 1RF
Solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Trustees' report
For the Period Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 14 December 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust came into being from 1 January 2017, and was formed to coincide with conversion of Chase Terrace Technology College to academy status. The Trust is a 'no lead school' model, and so an Executive Director was appointed for the Trust, with a new Headteacher taking up the post at Chase Terrace. In its first year, therefore, the Trust has operated with a structure designed for a multi-academy trust but with a single school operating within it.

Chase Terrace Technology College is a large secondary school for students aged 11 to 18, serving the community of Burntwood and the surrounding area. Following the recent expansion of its accommodation, Chase Terrace Technology College has capacity for 1,411 students, with 1,390 students on roll, as of 13 October 2017.

A local primary school, St. James' Primary School in Brownhills (around three miles away from Chase Terrace), has been successful in its application to the Department for Education to join the Trust. This decision was preceded by a lengthy process of discussion at Governor / Director level and a consultation process that involved staff and the local community. A rigorous due diligence process was also undertaken. The estimated conversion date is 1 December 2017.

Structure, governance and management

a. Constitution

The Multi-Academy Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust. The Trustees of Stephen Sutton Multi-Academy Trust are also the Directors of the charitable company, for the purposes of company law. The charitable company is known as Stephen Sutton Multi-Academy Trust

Details of the Trustees who served during the period are included in the Reference and administrative details on page 1.

b. 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.

c. Trustees' indemnities

The Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance, whereby UK Government funds cover losses that arise. This scheme covers Directors (Trustees) and officers from claims that arise from negligent acts, errors or omissions that occur during the course of Trust business and provides unlimited cover. It is not possible to quantify the element of the indemnity that relates specifically to Directors and officers, within the overall cost of the RPA scheme.

d. Method of recruitment and appointment or election of Trustees

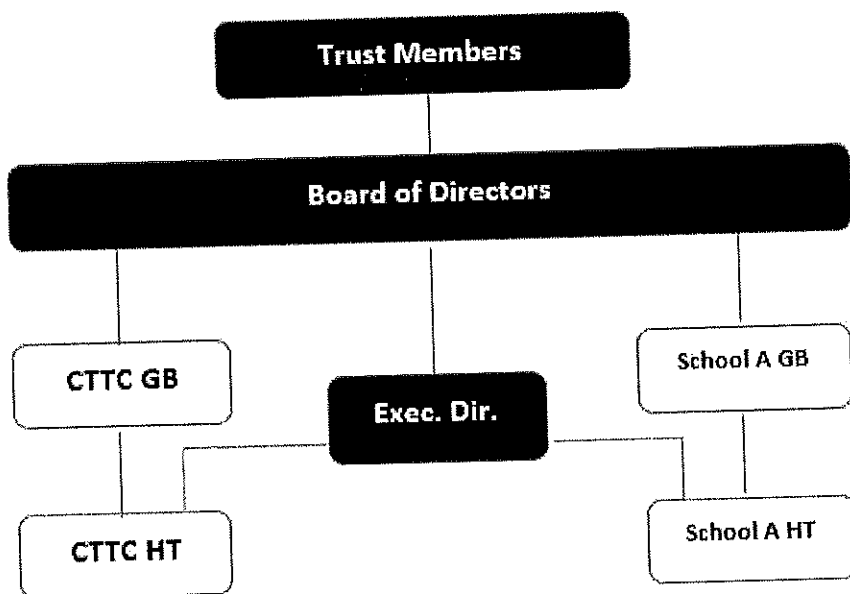
Directors of the Trust are appointed by existing Trust members, in accordance with the Trust's Articles of Association. Chairs of each Local Governing Body, and each Trust and Governing Body committee, are elected to their roles at the first meeting of the academic year. Directors and Governors are appointed on the basis of the

skills and experience that they bring to the role, taking into account the skills and experience of other Directors and Governors. The key role of a Trust Director is to provide a strategic steer to the realisation of the Trust's vision, in accordance with its core values. The Trust Board also provides stakeholder representation, through the inclusion of two members of the Governing Body of Chase Terrace Technology College as Directors on the Trust Board. As schools join the Trust, a Director with appropriate skills will be appointed to provide stakeholder representation for their school on the Board. Trust Board Directors are elected to serve for a period of four years.

e. Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for each new Director depends on their experience. The Trust reviews the training needs of its Directors on an annual basis, organising both group and individual training that enables Directors to carry out their roles effectively. This practice is replicated for Governors serving on the Local Governing Body of Chase Terrace Technology College and will apply for others schools joining the Trust.

f. Organisational structure



The diagram above shows Chase Terrace Technology College and (arbitrarily) one other school. As schools join, further branches are added (to the new boxes that would represent each school's GB and HT). The Executive Director is (as the name suggests) a member of the Trust Board.

The Trust's Scheme of Delegation outlines, in detail, the powers of authorisation and degree of involvement that apply to a range of actions and policy issues, delineating the respective roles of the Trust Board, Executive Director, Local Governing Body and Headteacher. The role of Accounting Officer is exercised by the Executive Director.

The Directors are responsible for the formulation of strategic goals and a plan for their achievement, including the development of supporting finance and asset management strategies. The Trust's strategic plans are supported by the improvement plans of the Local Governing Body. Specific key performance indicators are devised for the Trust as a whole and, as appropriate, for individual schools. The latter are incorporated into the schools' improvement plans. Individual schools' budgets are created by each school's Local Governing Body and senior staff, in consultation with the Executive Director and Trust Business Manager. Budgets are approved by the Trust Board.

The Trust Board is responsible for creating, revising and implementing a comprehensive set of Trust-wide policies, which provide the foundation for the consistent application of good practice in relation to issues

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Period Ended 31 August 2017

concerning strategic management, human resources, risk and compliance, safeguarding, finance and premises. These are complemented by other policies that are specific to each school and are the responsibility of the local Governing Body and Headteacher of the school, following appropriate consultation with the Executive Director.

The Executive Director meets on a weekly basis with the Headteacher of Chase Terrace Technology College. As the Trust expands, the structures for engagement and joint planning will be reviewed. Chase Terrace Technology College has its own senior leadership team and the Headteacher delegates strategic roles, with the school's remit, across the team.

The Trust Board makes appointments to the Core Team (currently Executive Director, Trust Business Manager, Trust Teaching and Learning Consultant and Trust Clerk / HR Assistant). The Board is also entitled to be represented on any senior leadership appointment to a position in a Trust school. The appointment of a new Headteacher features Director (generally Executive Director) involvement and requires authorisation at Trust Board level.

g. Pay policy for key management personnel

The arrangements for determining the pay of Stephen Sutton Multi-Academy Trust key management personnel are set out in the Trust's Pay Policy, which incorporates the stipulations of the Teachers' Pay and Conditions Document (STPCD) and the Green Book document for support staff. The pay of the Executive Director is determined on an annual basis, by the Trust Board, taking into account appraisal information and consistent with the provisions of the Pay Policy. The pay of each Headteacher in the Trust is determined by the Local Governing Body, in accordance with Trust and school procedures (and linked to appraisal procedures and outcomes). Senior staff pay is determined, within the parameters of the Trust's Pay Policy, by the Headteacher and (for Core Team) Executive Director and reported to the Local Governing Body and Trust Board respectively.

h. Connected organisations, including related party relationships

Stephen Sutton Multi-Academy Trust has no structural or commercial affiliation to any other organisation. All business and pecuniary interests of staff and Directors are recorded and reviewed annually.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Period Ended 31 August 2017

Objectives and Activities

a. Objects and aims

The Stephen Sutton Multi-Academy Trust is a developing partnership of primary and secondary schools in the West Midlands, working together to help young people to become effective learners who take their opportunities. Schools across the Trust will work together for continuous improvement with imagination and ambition. The Trust aims to provide an outstandingly inclusive and successful network of schools, where all students thrive and excel.

The Trust takes its inspiration (and its name) from Stephen Sutton, who grew up in Burntwood and attended Chase Terrace Technology College, the first school to join the Trust. Stephen was diagnosed with cancer at the age of 15. By the time he died, in 2014 (at the age of 19), he had raised over £3 million for the Teenage Cancer Trust through his fundraising activities. Stephen inspired people all over the world through his words and actions. Through his incredible positivity, creativity, courage and ambition, Stephen's memory provides the best possible role model. The Trust's core values are:

- A passion to learn and to succeed
- Honesty and integrity
- Positivity and bravery
- Creativity and a sense of fun

b. Objectives, strategies and activities

The Trust is committed to achieving the highest possible standards through a flexible, inclusive and supportive approach and a commitment to learn from the best educational practice. As a strongly community-focused Trust, there is close engagement with local industry to create improved life and employment prospects for young people.

At the time of writing this report, a local primary school (St. James' Primary School in Brownhills) has had its application to join the Trust accepted and there is an estimated conversion date of 1 December 2017. In terms of growth, by 2020 the Trust aims to grow in size to around five schools – a combination of primary and secondary schools, all in broadly the same locality.

Schools joining the Trust will bring their own distinctive strengths and areas where support may be needed. The Core Team, working with key staff in partner schools, will utilise the internal capacity of Trust staff, supplemented (as required) by external expertise to ensure continuous improvement and strong outcomes.

With a strong emphasis on relationships and effective communication, the Trust aims to provide a powerful and authentic model of school improvement, through which schools can enjoy significant degrees of freedom, notwithstanding the broader aims of the Trust.

c. Public benefit

The principal object and activity of the charitable company is the operation of Stephen Sutton Multi-Academy Trust 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 a Trust that offers a broad and balanced curriculum.

The Directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic report

Achievements and performance

a. Key performance indicators

ACADEMIC OUTCOMES:

The academic profile for Chase Terrace Technology College (the only school in the Trust over the applicable period) featured further improved attainment at both GCSE and A-level.

70% of all GCSE entries were grade 'C' (or, for English and Maths, '4') or above, exceeding national attainment across state schools and representing a flat 2% improvement on the previous year. Also above national norms, 82% of BTEC qualifications were graded 'Level 2 pass' or above (equivalent to Grade 'C' GCSE in the National Framework of Qualifications). Importantly, threshold attainment in English and Maths continue to exceed national norms. The proportion of students gaining English and Maths at Grade 4 ('standard pass') was 66%, compared to 63% nationally; 43% of students achieved a Grade 5 ('strong pass') in both subjects, compared to 39% nationally. In 2017, there was a highly significant improvement in the profile of results for science courses, again exceeding national norms. The 'Progress 8' indicator is estimated to be in the 'Average' range, as was the case for 2016.

At A level, there was an improvement in the number of top grades, from 68% to 69% at grade 'C' or above and from 14% to 20% at grade 'A' or above. The profile of BTEC Level 3 courses was 72% at 'Distinction' (or above) and 56% at 'Distinction**'.

The school's performance profile is considered very carefully by Directors, Governors and senior staff and this analysis influences improvement plans and intervention strategies in order to maximise the potential for sustained continuous improvement.

PROGRESSION INTO FURTHER EDUCATION AND EMPLOYMENT WITH STRUCTURED TRAINING:
Chase Terrace Technology College has earned a strong reputation for the quality of its careers information and guidance and for its links with the local community. This works contributes significantly to outstanding progression statistics at age 16. By virtue of the methodology employed, progression statistics for the cohort of students who completed Key Stage 4 in summer 2017 are not yet available, but the most recent progression data indicates that 98% of students stay in education or training for at least two terms, compared to 94% nationally. 10% of students start, and continue with, an apprenticeship, compared with 6% nationally. Initial analysis of destinations indicates that the profile of 2017 students' progression continues to be a distinctive strength.

STUDENT RECRUITMENT

Chase Terrace has been over-subscribed in each of the last three years and (as a community school at that time) was given licence by Staffordshire Local Authority, for 2016 and 2017 intakes, to increase its intake to 252, above the Planned Admission Number (PAN) of 232. Following academy conversion, the Trust decided to raise the school's PAN to 270 from 2018, responding to the increased demand for places and providing the foundation for strengthened financial projections.

b. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Multi-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 Accounting Policies.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Period Ended 31 August 2017

Financial review

a. Overview

Over the period 1 January 2017 to 31 August 2017, the Trust received revenue income of £4,240,151 in government and local authority grants and £145,756 of other revenue income, i.e. £4,385,907 in total. Total revenue expenditure amounted to £4,369,412, so a balanced budget was achieved. Capital income of £18,076 was received over the same period and this was matched by capital expenditure.

In the context of continued restricted public sector funding, the application of the National Funding Formula from 2018/19 strengthens the Trust's 5-year financial projections, as does the increase in the Planned Admission Number (PAN) for Chase Terrace Technology College. Trust Directors believe that the expansion of the Trust to five schools by 2020 would create the flexibility to develop a stronger presence in the community and achieve greater cost-effectiveness, with a positive impact on student outcomes.

b. Reserves policy

The Trust Board considers that the level of reserves held should take into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements.

In recent years, Chase Terrace Technology College has spent considerable amounts on priority capital projects, most notably a new sports hall, refurbishment of the newly acquired design and technology centre, extension and refurbishment of the library, new boilers and the school's ICT infrastructure. In a financially challenging context, with a demographic 'dip' in the local area, from 2009 through to 2015, the school managed to improve facilities and expand accommodation. This has created the context in which it has been possible to increase the school's PAN. However, there have been no significant reserves since the building of the Sports Hall in 2010. The Trust Board will aim to gradually increase reserves, but without compromising the ambitious plans for continuous improvement over the next three years.

The Trust held fund balances (as at 31 August 2017) of £22,861,775, comprising an amount of £10,276 of unrestricted general funds, £24,745,609 in respect of restricted fixed asset funds, the LGPS pension deficit of £1,743,000 and a deficit of £151,110 in respect of restricted general funds.

As at 31 August 2017, the balance of restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a deficit of £140,834.

c. Material investments policy

The Trust has an Investment Policy, as the basis for the strategic use of any surplus funds, although there has not yet been any practical need to employ the policy and there is no need to do so in the foreseeable future.

The Trust manages its cash balances in order to ensure that adequate funds are available in the current account to cover day-to-day working requirements and would invest any significant cash surpluses / reserves, in order to optimise the return on this investment, within the constraints that there must be no risk of loss in value, due to the nature of the investment.

The Trust reviews levels of reserves annually and takes into account the nature of income and expenditure streams and the need to match commitments with income. At the point where bank reserves exceeded £400,000, the Trust Board would regularly monitor cash flow and current account balances, to ensure that immediate financial commitments could be met (including payroll and other payments runs) and that the current account had adequate balances to meet forthcoming commitments. It would then identify funds surplus to immediate cash requirements and transfer those reserves to a high interest deposit account. The Trust's policy is to only invest funds in risk-free and short-term interest-bearing accessible deposit accounts and/or risk-free investment accounts authorised by the Financial Services Authority. In these circumstances, the Board would

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Period Ended 31 August 2017

periodically (at least annually), review interest rates and make comparisons with other investment opportunities, considering alternative secure investments.

d. Principal risks and uncertainties

The Stephen Sutton Multi-Academy Trust's Risk Management Policy aims to ensure that the Trust complies with the best practice in risk management that is appropriate to the context in which the Trust operates.

The Trust has developed a Risk Register, which is reviewed twice a year by the Finance, Audit and Risk Committee, and more frequently, as required. Risks are categorised as 'External', 'Strategic/Operational' and 'Change' and are assessed in relation to impact and likelihood. The Risk Register also records actions taken (including cases where control measures have failed to have the desired effect) to address risks.

Principal risks and mitigations identified by the Trust area as follows:

<i>Risk</i>	<i>Mitigation strategy</i>
Costs increase significantly (NI, pensions, VAT, inflation), resulting in difficulties in balancing schools' budgets.	Continue to take actions that increase income (through increased student numbers and traded activities) and drive down costs (through improved service contracts and more economical support staff structures).
A major change is imposed on schools with regard to curriculum provision and/or performance tables, which has the potential to have a significant negative effect on student outcomes.	Track national developments and consider changes (and potential changes) in the context of the Trust's values and broader strategy. As appropriate, incorporate changes to staffing, resourcing and organisational structures into strategic planning (utilising budget modelling scenarios).
A Trust school has a poor examinations profile or an unfavourable Ofsted report, resulting in RSC concern.	Close analysis of outcomes and regular, targeted review of provision, utilising external consultants to complement senior leadership and Core Team expertise.
A Trust school fails to recruit close to PAN, resulting in significant difficulty in setting a balanced budget.	Strategic use of demographic information and pattern of applications to anticipate level of demand for places. Effective communications strategy and strong engagement with parents, local schools and the broader community. High level of Core Team support for budgeting and management of expenditure, as required.
Trust data is compromised (lost, corrupted or rendered inaccessible), resulting in potential risk of litigation and/or serious implications for the financial and organisational health of the Trust.	There are suitably knowledgeable / trained staff overseeing the Trust's / schools' ICT security systems. The highly significant new requirements relating to data protection have very significant ramifications for all businesses, including the Trust. Training has been organised for key senior personnel and this will provide the basis for a revised Trust policy and supporting procedures, in Spring 2018.

<p>There is a procedural breach in relation to Health and Safety or Safeguarding that results in statutory requirements not being met and could undermine the confidence of the community in the Trust's ability to keep students and staff safe.</p>	<p>The Executive director and Trust Business Manager carry out termly Health and Safety and Safeguarding review exercises, with periodic external consultant input, as appropriate. The Trust Board has Safeguarding as a standard agenda item for all meetings and the Executive Director updates the Board on any matters that have arisen. The Finance, Audit and Risk Committee has a specific remit for the policy direction, monitoring and evaluation of Health and Safety across the Trust.</p>
<p>The Trust engages in projects that support its aims but that require a high level of time commitment from the Core Team, with a resulting negative impact on core business.</p>	<p>All significant traded activity commitments and bid-related projects are discussed, at every stage of their consideration (from decision through to completion) with the Trust Board. The identified needs of partner schools are afforded high priority, but the Trust Board also understands the need for actions that create capacity and strengthen the Trust's visibility.</p>

The Risk Register identifies the controls that have been put in place in order to mitigate the risk. The effectiveness of this mitigation is reviewed on a continuous basis.

Plans for future periods

a. Future developments

The Trust Board decided to delay raising the profile of the Trust in the community until St. James' Primary School joins the Trust, judging that this would be a clearer indication of the Trust's cross-phase character. Over this period, the Core Team and Trust Board have been creating the infrastructure for the Trust and the Core Team have been developing their knowledge and understanding of the primary education context. In particular, the Trust's Teaching and Learning Consultant has been teaching in both schools and creating strong professional relationships with staff.

The Trust Board is currently in the process of drafting up a more detailed strategic plan to provide a clear framework for prioritisation and collective action. Key areas will include:

- Maximisation of achievement across all key stages, in relation to both attainment and progress, overall and in relation to specific groups (with particular foci on the performance of disadvantaged students and the most able)
- Development of strong leadership teams, through targeted coaching and continuous professional development programmes.
- Growth of the Trust, to around five schools by 2020 - ideally, two to three secondary schools and two to three primaries to provide a framework for both horizontal and vertical collaboration.
- Maximisation and improvement of schools' grounds and other physical assets, through capital development and improvement programmes. Furthermore, maximisation of income through lettings and creative uses of 'out of hours' activities.
- The development of a strong Trust presence in the local business community, with the Trust using its agency and resources to help local people to maximise their employment prospects through brokering guidance and training. Furthermore, building on the reputation that Chase Terrace Technology College has earned for the its quality of careers education and guidance, engaging effectively (in relation to careers information and guidance) with young people in the area across both secondary and primary age ranges.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Period Ended 31 August 2017

- The creation of a programme across Trust schools that enables staff and Governors / Directors to work collaboratively and broaden their experience in a variety of ways, including joint training, team teaching and secondments.
- The development of a strong association between the Trust and a range of existing and potential training providers to develop its trading credentials and create a strong identification with staff development, hence improving its capacity to recruit, retain and develop colleagues across the Trust and also bringing in extra revenue.
- The creation of innovative student leadership programmes that provide exceptional opportunities for young people to develop their leadership skills in a wide variety of contexts for the benefit of other students and the local community.

Funds held as custodian

No funds are currently held for others, i.e. not yet paid over.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Dains LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 5 December 2017 and signed on its behalf by:



Richard Williams
Chair of Trustees

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Stephen Sutton Multi-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 Executive Director, 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 Stephen Sutton Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 2 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Richard Williams, Chair	2	2
Mark Howe	1	2
Stuart Jones, Executive Director and Accounting Officer	2	2
Diane Evans	1	2
Claire Boliver	0	2
Ruth Forster	2	2
Sarah Hardman-Charles	1	2

The Trust Board comprises seven Directors, but the size of the Board will increase as new schools join the Trust, up to an estimated 11 Directors by 2020. The current board has a mix of senior-level business experience, including finance, data management and human resources expertise. There is also considerable knowledge of governance and leadership in public sector educational contexts, spanning primary, secondary, further and higher education sectors. As the Trust expands, the Board has identified that it intends to strengthen its expertise in commercial legal affairs. A full review of governance, at Director and Governing Body level, will be built into the Trust's Strategic Plan, beginning with a review of performance in Spring 2018.

Finance, Audit and Risk Committee

The Trust also has an Finance, Audit and Risk Committee, a sub-committee of the main Board. Its purpose is to provide the Trust Board with assurances over the suitability of, and compliance with, the Trust's financial systems and controls and to support the Board's management of risk. The policies and strategic areas for which the Finance, Audit and Risk Committee has responsibility are listed in the Committee's Terms of Reference and in the Trust's Scheme of Delegation.

Attendance at meetings in the period was as follows:

* Indicates Directors/Trustees

	Meetings attended	Out of a possible
Mark Howe, Chair *	1	2
Richard Williams, *	2	2
Stuart Jones, *	2	2
Jane Sutton, Member	1	2
Sharon Thorp (Trust Business Manager)	1	2

Governance Statement (continued)

Review of Value for Money

As Accounting Officer, the Executive Director has responsibility for ensuring that the Multi-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 Multi-Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Multi-Academy Trust has delivered improved value for money during the year by:

- senior leadership team restructuring and continuous professional development opportunities to improve leadership capacity in cost-effective ways;
- school improvement work undertaken by the Executive Director, supporting two other schools with their improvement agendas and bringing in extra revenue into the Trust;
- strong recruitment into Chase Terrace Technology's sixth form, resulting in a significant increase in student numbers and improved financial viability of courses;
- recruitment of four Apprentices to support staff positions, utilising the Apprenticeship Levy in a cost-effective way; and
- employment of a specialist consultant to manage the tendering process for the catering and cleaning contracts, in collaboration with other local schools, leading to a significantly improved cleaning service and a nil cost catering contract, with an improved income stream related to the on-site preparation of meals for local primary schools.

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 ongoing process designed to identify and prioritise the risks to the achievement of Multi-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 Stephen Sutton Multi-Academy Trust for the period 14 December 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Multi-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 Multi-Academy Trust's significant risks, that has been in place for the period 14 December 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The Multi-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 Trust Board, Finance, Audit and Risk Committee and Local Governing Body

Governance Statement (continued)

- of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
 - clearly defined purchasing (asset purchase or capital investment) guidelines.
 - delegation of authority and segregation of duties;
 - identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint RB Chartered Accountants as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Multi-Academy Trust's financial systems. In particular the checks carried out in the current period included: The checks carried out in the current period included: payroll; purchase ledger; bank reconciliation; expense claims; EFA income; and other income.

On a termly basis, the internal auditor reports to the board of trustees through the Finance, Audit and Risk Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditors have carried out their schedule of work as planned and reported on their findings in a clear and useful form to the Finance, Audit and Risk Committee. No material issues were noted.

Review of Effectiveness

As Accounting Officer, the Executive Director has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

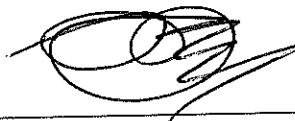
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and Risk Committee. and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5 December 2017 and signed on their behalf, by:



Mr Richard Williams
Chair of Trustees



Dr Stuart Jones
Accounting Officer

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Stephen Sutton Multi-Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Dr Stuart Jones
Accounting Officer

Date: 5 December 2017

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Statement of Trustees' responsibilities
For the Period Ended 31 August 2017

The Trustees (who act as governors of Stephen Sutton Multi-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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 5 December 2017 and signed on its behalf by:



Mr Richard Williams
Chair of Trustees

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of Stephen Sutton Multi-Academy Trust

Opinion

We have audited the financial statements of Stephen Sutton Multi-Academy Trust for the period ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Multi-Academy Trust'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 Multi-Academy Trust's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Multi-Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Multi-Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

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

Conclusions relating to going concern

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

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

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of Stephen Sutton Multi-Academy Trust

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Multi-Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Multi-Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Multi-Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

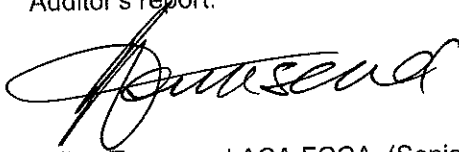
Independent auditors' report on the financial statements to the members of Stephen Sutton Multi-Academy Trust

going concern basis of accounting unless the Trustees either intend to liquidate the Multi-Academy Trust's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Julian Townsend ACA FCCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
5 December 2017

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Stephen Sutton Multi-Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 10 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stephen Sutton Multi-Academy Trust during the period 14 December 2016 to 31 August 2017 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 Stephen Sutton Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stephen Sutton Multi-Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Stephen Sutton Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Stephen Sutton Multi-Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Stephen Sutton Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 21 December 2016, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 14 December 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

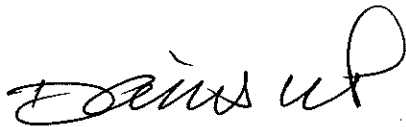
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Multi-Academy Trust's income and expenditure.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Stephen Sutton Multi-Academy Trust and the Education and Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 14 December 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

5 December 2017

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Statement of financial activities
(incorporating income and expenditure account)
For the Period Ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Income from:					
Donations & capital grants:					
Transfer from local authority on conversion	2	-	(1,779,625)	24,970,100	23,190,475
Other donations and capital grants	2	2,609	-	18,076	20,685
Charitable activities:					
Funding for the multi-academy trust's educational operations	3	-	4,276,222	-	4,276,222
Other trading activities	4	52,580	54,416	-	106,996
Investments	5	80	-	-	80
Total income and endowments		55,269	2,551,013	24,988,176	27,594,458
Expenditure on:					
Charitable activities		44,993	4,324,419	282,271	4,651,683
Total expenditure	6	44,993	4,324,419	282,271	4,651,683
Net income / (expenditure) before transfers		10,276	(1,773,406)	24,705,905	22,942,775
Transfers between Funds	18	-	(39,704)	39,704	-
Net income / (expenditure) before other recognised gains and losses		10,276	(1,813,110)	24,745,609	22,942,775
Actuarial losses on defined benefit pension schemes	14	-	(81,000)	-	(81,000)
Net movement in funds		10,276	(1,894,110)	24,745,609	22,861,775
Reconciliation of funds:					
Total funds brought forward		-	-	-	-
Total funds carried forward		10,276	(1,894,110)	24,745,609	22,861,775

All of the Multi-Academy Trust's activities derive from acquisitions in the current financial period.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)
Registered number: 10525065

Balance sheet
As at 31 August 2017

	Note	£	2017 £
Fixed assets			
Intangible assets	13		11,916
Tangible assets	14		24,733,693
			<u>24,745,609</u>
Current assets			
Debtors	15	148,172	
Cash at bank and in hand		268,145	
			<u>416,317</u>
Creditors: amounts falling due within one year	16	(393,812)	
Net current assets			<u>22,505</u>
Total assets less current liabilities			<u>24,768,114</u>
Creditors: amounts falling due after more than one year	17		(163,339)
Net assets excluding pension scheme liabilities			<u>24,604,775</u>
Defined benefit pension scheme liability	23		(1,743,000)
Net assets including pension scheme liabilities			<u>22,861,775</u>
Funds of the academy			
Restricted income funds:			
Restricted income funds	18	(151,110)	
Restricted fixed asset funds	18	24,745,609	
			<u>24,594,499</u>
Restricted income funds excluding pension liability			(1,743,000)
Pension reserve			<u>22,851,499</u>
Total restricted income funds			<u>22,851,499</u>
Unrestricted income funds	18		10,276
Total funds			<u>22,861,775</u>

The financial statements on pages 21 to 47 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:



Mr Richard Williams
Chair of Trustees

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Statement of cash flows
For the Period Ended 31 August 2017

	Note	Period ended 31 August 2017 £
Cash flows from operating activities		
Net cash provided by operating activities	20	<u>289,693</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments		80
Purchase of tangible fixed assets		<u>(39,704)</u>
Capital grants from DfE/ESFA		18,076
Net cash used in investing activities		<u>(21,548)</u>
Change in cash and cash equivalents in the period		<u>268,145</u>
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	21	<u><u>268,145</u></u>

All of the cash flows are derived from acquisitions in the current financial period.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Stephen Sutton Multi-Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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 Multi-Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements 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.

1. Accounting policies (continued)

1.3 Income

All income is recognised once the Multi-Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the Multi-Academy Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donated goods, facilities and services

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'.

Donations

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income

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

Transfer on conversion

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

1. Accounting policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit 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.

Charitable activities

Expenditure on charitable activities are costs incurred on the Multi-Academy Trust's educational operations, including support costs and those costs relating to the governance of the Multi-Academy Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Computer software	-	33% Straight line
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1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. 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 incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

1. Accounting policies (continued)

Long-term leasehold property	-	2% straight line
Building refurbishments	-	10% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

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

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

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

1. Accounting policies (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Multi-Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Multi-Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.12 Taxation

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

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Multi-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 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1. 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 incorporating income and expenditure account 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.

1.14 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Chase Terrace Technology College to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

1.15 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Multi-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 Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

1. Accounting policies (continued)

1.16 Critical accounting estimates and areas of judgment

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Critical areas of judgment:

The preparation of the financial statements in conformity with generally accepted accounting principals requires the Trustees to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Trustees believe that the critical accounting policies where judgements or estimating are necessary applied are summarised below:

Depreciation and residual values

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Transfer from local authority on conversion	-	(1,779,625)	24,970,100	23,190,475
Donations	2,609	-	-	2,609
Capital Grants	-	-	18,076	18,076
	<u>2,609</u>	<u>(1,779,625)</u>	<u>24,988,176</u>	<u>23,211,160</u>

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	3,987,748	3,987,748
Start Up Grants	-	25,000	25,000
Pupil Premium	-	144,843	144,843
Year 7 Catch Up Grants	-	22,211	22,211
	<u>-</u>	<u>4,179,802</u>	<u>4,179,802</u>
Other government grants			
Special Education Needs grants	-	45,074	45,074
Pupil Premium	-	9,545	9,545
Other grants from local authority	-	5,730	5,730
	<u>-</u>	<u>60,349</u>	<u>60,349</u>
Other funding			
School trips income	-	35,973	35,973
Examination fees income	-	98	98
	<u>-</u>	<u>36,071</u>	<u>36,071</u>
	<u>-</u>	<u>4,276,222</u>	<u>4,276,222</u>

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Letting income	46,299	-	46,299
Other income	-	54,416	54,416
Sales of goods and services	6,281	-	6,281
	<u>52,580</u>	<u>54,416</u>	<u>106,996</u>

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Bank interest	80	-	80
	<u>80</u>	<u>-</u>	<u>80</u>

6. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Academy trust educational:				
Direct costs	2,873,833	258,277	413,441	3,545,551
Support costs	700,682	178,029	227,421	1,106,132
	<u>3,574,515</u>	<u>436,306</u>	<u>640,862</u>	<u>4,651,683</u>

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

7. Charitable activities

	Total funds 2017 £
Direct costs - educational operations	
Wages and salaries	2,164,554
National insurance	232,387
Pension cost	420,730
Depreciation	260,942
Pension income	29,000
Educational supplies	300,134
Technology costs	52,650
Travel and subsistence	78,969
Other direct costs	2,932
Amortisation	3,253
	<hr/>
	3,545,551
	<hr/>
Support costs - educational operations	
Wages and salaries	560,017
National insurance	39,532
Pension cost	101,132
Recruitment and support	6,340
Maintenance of premises and equipment	38,664
Other support costs	72,533
Cleaning	101,097
Rates	34,966
Catering	22,230
Energy	97,972
Insurance	18,367
Governance costs	11,050
Apprenticeship levy	2,232
	<hr/>
	1,106,132
	<hr/>
	4,651,683
	<hr/> <hr/>

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

8. Net income/(expenditure)

This is stated after charging:

	Period ended 31 August 2017 £
Amortisation of intangible fixed assets	3,253
Depreciation of tangible fixed assets:	
- owned by the charity	260,942
Auditors' remuneration - audit	6,750
Auditors' remuneration - other services	2,400
Operating lease rentals	<u>38,701</u>

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

9. Staff

a. Staff costs

Staff costs were as follows:

	Period ended 31 August 2017 £
Wages and salaries	2,724,571
Social security costs	271,919
Operating costs of defined benefit pension schemes	521,863
	<hr/>
	3,518,353
Apprenticeship levy	2,232
Supply teacher costs	53,930
	<hr/>
	3,574,515
	<hr/> <hr/>

b. Staff numbers

The average number of persons employed by the multi academy trust during the year was as follows:

	Period ended 31 August 2017 No.
Teachers	76
Administration and support	54
Management	6
	<hr/>
	136
	<hr/> <hr/>

c. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 on an annual basis was:

	Period ended 31 August 2017 No.
In the band £60,001 - £70,000	1
In the band £80,001 - £90,000	1
In the band £100,001 - £110,000	1

All of the above employees participated in the Teachers' Pension Scheme

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £217,928.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

10. Central services

The Multi-Academy Trust has provided the following central services to its academies during the year:

- Human resources
- Educational services
- Financial services
- Operations
- Legal and Governance
- Others as arising

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

Flat percentage of General Annual Grant (3.5%).

The actual amounts charged during the year were as follows:

	Period ended 31 August 2017 £
Chase Terrace Technology College	<u>137,665</u>

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees, The value of Trustees' remuneration and other benefits was as follows:

		Period ended 31 August 2017 £
Dr Stuart Jones (Executive Director and Trustee)	Remuneration	65,000-70,000
	Pension contributions paid	10,000-15,000

During the year, no Trustees received any benefits in kind.

During the period 31 August 2017, no Trustees received any reimbursement of expenses.

12. Trustees' and Officers' Insurance

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

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

13. Intangible fixed assets

	Computer software £
Cost	
At 14 December 2016	-
Additions	15,169
	<u>15,169</u>
At 31 August 2017	<u>15,169</u>
Amortisation	
At 14 December 2016	-
Charge for the period	3,253
	<u>3,253</u>
At 31 August 2017	<u>3,253</u>
Carrying amount	
At 31 August 2017	<u><u>11,916</u></u>

14. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 14 December 2016	-	-	-	-
Additions	3,102	4,383	17,050	24,535
Transfer on conversion	24,970,100	-	-	24,970,100
	<u>24,973,202</u>	<u>4,383</u>	<u>17,050</u>	<u>24,994,635</u>
At 31 August 2017	<u>24,973,202</u>	<u>4,383</u>	<u>17,050</u>	<u>24,994,635</u>
Depreciation				
At 14 December 2016	-	-	-	-
Charge for the period	258,277	363	2,302	260,942
	<u>258,277</u>	<u>363</u>	<u>2,302</u>	<u>260,942</u>
At 31 August 2017	<u>258,277</u>	<u>363</u>	<u>2,302</u>	<u>260,942</u>
Net book value				
At 31 August 2017	<u><u>24,714,925</u></u>	<u><u>4,020</u></u>	<u><u>14,748</u></u>	<u><u>24,733,693</u></u>

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

15. Debtors

	2017 £
Trade debtors	10,770
VAT recoverable	31,865
Prepayments and accrued income	105,537
	<u>148,172</u>

16. Creditors: Amounts falling due within one year

	2017 £
Other loans	60,616
Trade creditors	140,162
Other creditors	123,843
Accruals and deferred income	69,191
	<u>393,812</u>
	£
Deferred income	
Resources deferred during the year	<u>49,705</u>

At the balance sheet date the academy trust was holding funds received in advance in relation to Devolved Formula Capital Funding and Special Education Needs Funding.

Other loans comprise four loans with the local authority which were inherited from Chase Terrace Technology College on conversion in to the multi academy trust. These loans are repayable by monthly or annual repayments over periods of between three and four years.

17. Creditors: Amounts falling due after more than one year

	2017 £
Other loans	<u>163,339</u>

Other loans comprise four loans with the local authority which were inherited from Chase Terrace Technology College on conversion in to the multi academy trust. These loans are repayable by monthly or annual repayments over periods of between three and four years.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

18. Statement of funds

	Balance at 14 December 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	-	55,269	(44,993)	-	-	10,276
Restricted funds						
	Balance at 14 December 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	-	3,987,748	(3,875,529)	(39,704)	-	72,515
Pupil premium	-	144,843	(144,843)	-	-	-
Start up grant	-	25,000	(25,000)	-	-	-
Other DfE/ESFA grants	-	22,211	(22,211)	-	-	-
Other government grants	-	60,349	(60,349)	-	-	-
Other funding	-	90,487	(90,487)	-	-	-
Budget deficit transferred on conversion	-	(223,625)	-	-	-	(223,625)
Pension reserve	-	(1,556,000)	(106,000)	-	(81,000)	(1,743,000)
	-	2,551,013	(4,324,419)	(39,704)	(81,000)	(1,894,110)
Restricted fixed asset funds						
Restricted Fixed Asset Fund	-	24,970,100	(264,195)	39,704	-	24,745,609
DfE/ESFA capital grants	-	18,076	(18,076)	-	-	-
	-	24,988,176	(282,271)	39,704	-	24,745,609
Total restricted funds	-	27,539,189	(4,606,690)	-	(81,000)	22,851,499
Total of funds	-	27,594,458	(4,651,683)	-	(81,000)	22,861,775

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

Restricted general fund

This fund represents grants and other income received for the Academy's operational activities and development.

Pension reserve

This pension reserve included within restricted general funds represents the Academy's share of the

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

18. Statement of funds (continued)

pension liability arising on the LGPS pension fund.

Restricted Fixed Asset Fund

This fund represents grants received from the DfE, ESFA and Local Authority to carry out works of a capital nature.

Under the funding agreement with the Secretary of State, the Multi-Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £
Chase Terrace Technology College	(161,884)
Stephen Sutton Multi-Academy Trust	21,050
	<hr/>
Total before fixed asset fund and pension reserve	(140,834)
Restricted fixed asset fund	24,745,609
Pension reserve	(1,743,000)
	<hr/>
Total	<u>22,861,775</u>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
Chase Terrace Technology College	(161,884)

The deficit is due to a deficit and loans being transferred on conversion.

The Multi-Academy Trust is taking the following action to return the academies to surplus:

The deficit and loans are on 4 year repayment schedule which is taken in to account in the schools budget.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

18. Statement of funds (continued)

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £
Chase Terrace Technology College	2,759,329	696,950	569,598	341,028	4,366,905
Stephen Sutton Multi-Academy Trust	58,342	5,964	2,652	62,191	129,149
	<u>2,817,671</u>	<u>702,914</u>	<u>572,250</u>	<u>403,219</u>	<u>4,496,054</u>

19. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	11,916	11,916
Tangible fixed assets	-	-	24,733,693	24,733,693
Current assets	10,276	390,200	15,842	416,318
Creditors due within one year	-	(377,971)	(15,842)	(393,813)
Creditors due in more than one year	-	(163,339)	-	(163,339)
Provisions for liabilities and charges	-	(1,743,000)	-	(1,743,000)
	<u>10,276</u>	<u>(1,894,110)</u>	<u>24,745,609</u>	<u>22,861,775</u>

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

20. Reconciliation of net movement in funds to net cash flow from operating activities

	Period ended 31 August 2017 £
Net income for the year (as per Statement of Financial Activities)	22,942,775
Adjustment for:	
Depreciation charges	260,942
Amortisation	3,253
Dividends, interest and rents from investments	(80)
Increase in debtors	(148,172)
Increase in creditors	557,151
Capital grants from DfE and other capital income	(18,076)
Defined benefit pension scheme obligation inherited	1,556,000
Defined benefit pension scheme cost less contributions payable	(102,000)
Defined benefit pension scheme finance cost	208,000
Adjusted for: fixed assets gift from local authority	(24,970,100)
Net cash provided by operating activities	289,693

21. Analysis of cash and cash equivalents

	Period ended 31 August 2017 £
Cash in hand	268,145
Total	268,145

22. Conversion to an academy trust

On 1 January 2017 Chase Terrace Technology College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Stephen Sutton Multi-Academy Trust from Staffordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

22. Conversion to an academy trust (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	24,970,100	24,970,100
Budget deficit on LA funds	-	(223,625)	-	(223,625)
LGPS pension deficit	-	(1,556,000)	-	(1,556,000)
	<u>-</u>	<u>(1,779,625)</u>	<u>24,970,100</u>	<u>23,190,475</u>
Net assets/(liabilities)	<u>-</u>	<u>(1,779,625)</u>	<u>24,970,100</u>	<u>23,190,475</u>

23. Pension commitments

The Multi-Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Staffordshire County Council. Both are Multi-employer defined benefit pension schemes.

As described in note 22 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period ended 31 August 2017. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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

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

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

23. Pension commitments (continued)

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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £343,730.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £130,000, of which employer's contributions totalled £102,000, and employees' contributions totalled £28,000. The agreed contribution rates for future years are 22.2% for employers and 5.5 - 11.4% 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:

	2017
Discount rate for scheme liabilities	2.50 %
Rate of increase in salaries	2.80 %
Rate of increase for pensions in payment / inflation	2.40 %

Notes to the financial statements
For the Period Ended 31 August 2017

23. Pension commitments (continued)

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

	2017
Retiring today	
Males	22.1
Females	24.4
Retiring in 20 years	
Males	24.1
Females	26.4

	Period ended At 31 August 2017 £
Sensitivity analysis	
Discount rate -0.5%	387,000
Salary increase rate +0.5%	109,000
CPI rate +0.5%	268,000

The Multi-Academy Trust's share of the assets in the scheme was:

	Fair value at 31 August 2017 £
Equities	874,000
Bonds	138,000
Property	92,000
Cash	46,000
Total market value of assets	1,150,000

The actual return on scheme assets was £41,000.

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	Period ended 31 August 2017 £
Current service cost	(179,000)
Interest cost	(29,000)
Total	(208,000)
Actual return on scheme assets	41,000

Stephen Sutton Multi-Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Period Ended 31 August 2017

23. Pension commitments (continued)

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

	Period ended 31 August 2017 £
Upon conversion	2,502,000
Current service cost	179,000
Interest cost	48,000
Employee contributions	28,000
Benefits paid	(6,000)
Change in financial assumptions	142,000
	<hr/>
Closing defined benefit obligation	2,893,000
	<hr/> <hr/>

Movements in the fair value of the Multi-Academy Trust's share of scheme assets:

	Period ended 31 August 2017 £
Upon conversion	946,000
Interest income	19,000
Employee contributions	28,000
Benefits paid	(6,000)
Employer contributions	102,000
Return on assets excluding amount included in net interest	61,000
	<hr/>
Closing fair value of scheme assets	1,150,000
	<hr/> <hr/>

24. Operating lease commitments

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £
Amounts payable:	
Within 1 year	51,962
Between 1 and 5 years	40,155
	<hr/>
Total	92,117
	<hr/> <hr/>

25. Members' liability

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

26. Related party transactions

Owing to the nature of the Multi-Academy Trust's operations 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Multi-Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.