

Stephen Sutton Multi-Academy Trust

Trustees' report and financial statements

for the year ended 31 August 2018



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

Contents

	Page
Reference and administrative details	1
Trustees' report	2 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of Trustees' responsibilities	17
Independent auditors' report on the financial statements	18 - 20
Independent reporting accountant's assurance report on regularity	21 - 22
Statement of financial activities incorporating income and expenditure account	23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements	26 - 51

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

Reference and administrative details
for the year ended 31 August 2018

Members	Richard Williams Mark Howe Jane Sutton David Crowder Lee Woodward (appointed 4 December 2017)
Trustees	Richard Williams, Chair ¹ Mark Howe, Vice-Chair ¹ Stuart Jones, Executive Director and Accounting Officer ¹ Diane Evans Claire Boliver Ruth Foster Sarah Hardman-Charles (resigned 5 December 2017)
	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
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 year ended 31 August 2018

The Trustees of Stephen Sutton Multi-Academy Trust (SSMAT) present their annual report, together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust came into being on 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. The Trust is currently operating 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 1,411 for students, with 1,387 students on roll, as of 11 October 2018.

A local primary school, St. James' Primary School in Brownhills (around three miles away from Chase Terrace), was 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 and the estimated conversion date was 1 December 2017. However, due to events beyond the Trust's control, the conversion did not take place and St. James' has remained a LA-controlled school. Discussions have taken place with several other local schools, at governor-level, and SSMAT continues to actively seek new partners, whose vision and values match those of the Trust.

Structure, governance and management

a. Constitution

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

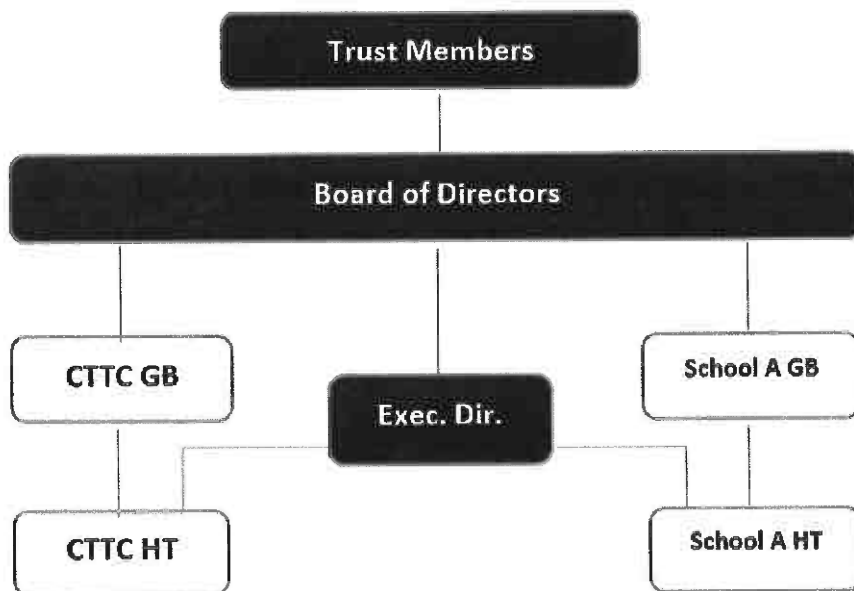
d. Method of recruitment and appointment or election of Trustees

Directors of the Multi-Academy 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 Multi-Academy 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. Multi-Academy 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

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

Trustees' report (continued)
for the year ended 31 August 2018

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 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, attends Senior Leadership Team meetings and works collaboratively with other colleagues in leadership positions. 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 and Trust Teaching and Learning Consultant). 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. Arrangements for Setting Pay and Remuneration of 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. Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

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

Trustees' report (continued)
for the year ended 31 August 2018

Percentage of pay bill spent on facility time	£	
Total cost of facility time	-	
Total pay bill	-	
Percentage of total pay bill spent on facility time	-	%
 Paid trade union activities		
Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%

i. Related Parties and Other Connected Charities and Organisations

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.

Chase Terrace Technology College School Fund operated separately for the period to 31 August 2018, at which point it was agreed to be included within the Multi-Academy Trusts records.

Objectives and Activities

a. Objects and aims

The Stephen Sutton Multi-Academy Trust was conceived as 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 Multi-Academy 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 Multi-Academy 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 Multi-Academy 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.

In terms of growth, by 2023 the Multi-Academy 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.

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

Trustees' report (continued)
for the year ended 31 August 2018

With a strong emphasis on relationships and effective communication, the Multi-Academy 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 Multi-Academy 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.

Achievements and performance

Strategic report

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 improved achievement at both GCSE and A-level.

Overall attainment at GCSE was very similar to 2017, with an Attainment 8 score of 45.2 and 68% of all qualifications being graded 'C'/4, or above. BTEC outcomes were improved, with 93% graded 'Level 2 pass' or above (equivalent to Grade 'C' GCSE in the National Framework of Qualifications). In 2017, there was a further significant improvement in the profile of results for science courses, again exceeding national norms. The 'Progress 8' indicator is estimated to be slightly better than the '17 figure and, once again, in the 'Average' range. In 2018, the progress made by disadvantaged students, which was an identified priority, improved significantly, narrowing the gap between the achievement of this group and of other students.

At A level, the average point score increased from 30.3 to 31.8 (just above the national average); value-added progress (from average GCSE scores) was in the 'Average' range (in comparison with the national profile).

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 work 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 2018 are not yet available, but the most recent progression data indicates that there were no students who left in '17 and were Not in Employment, Education or Training (NEET) (compared to 3% nationally – i.e. six students, for a cohort of CTTC's size). CTTC has achieved 7.2 of the 8 Gatsby benchmarks (of good careers guidance), one of the highest scores in the UK (Staffs. average = 3.4), and has now become the lead school for the Stoke and Staffordshire Local Enterprise Partnership's Careers Hub.

STUDENT RECRUITMENT:

Chase Terrace has been over-subscribed in recent years and raised the school's Planned Admission Number

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

Trustees' report (continued)
for the year ended 31 August 2018

(PAN) from 232 to 252 and then, from 2018, to 270, responding to the increased demand for places and providing the foundation for strengthened financial projections.

b. Going concern

For the period to 31 August 2018 the academy trust has incurred an in year deficit, whilst maintaining the loan repayments due to the local authority following conversion to the Academy Trust. In addition to this, the deficit was not helped by the trust agreeing to overspend in certain areas which could not have been avoided in the current period. For the year to 31 August 2019 the trust has made corrective action and budgeted accordingly to include any potential contingency from these areas and despite these additional costs, are pleased to report that they intend to generate a surplus for the coming period. Following the Trustees making due enquiry in to forecast, they have 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.

Financial review

a. Overview

Over the year from 1 September 2017 to 31 August 2018, the Trust received revenue income of £6,382,939 in government and local authority grants (2017 - £4,240,151) and £277,035 of other revenue income (2017 - £145,756), i.e. £6,659,974 in total (2017 - £4,385,907). Total revenue expenditure amounted to £6,828,085 (2017 - £4,369,412). Capital income of £27,247 (2017 - £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 2023 would create further flexibility to develop an even stronger presence in the community and achieve greater cost-effectiveness, with a positive impact on student outcomes.

b. Reserves policy

The Multi-Academy 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.

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

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

Trustees' report (continued)
for the year ended 31 August 2018

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 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 Multi-Academy Trust operates.

The Multi-Academy 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.

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

Trustees' report (continued)
for the year ended 31 August 2018

<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 (GDPR) have very significant ramifications for all businesses, including the Trust. Key senior personnel have been trained and a revised Trust policy and supporting procedures have been put in place.
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.	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 Audit and Risk Committee has a specific remit for the policy direction, monitoring and evaluation of Health and Safety across the Trust.

Trustees' report (continued)
for the year ended 31 August 2018

<i>Risk</i>	<i>Mitigation strategy</i>
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.	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.

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.

Fundraising

Stephen Sutton Multi-Academy Trust is committed to its charitable aims and fundraises where possible to help achieve these. The Trustees ensure that the school complies with charity legislation and regulation in this area and it is expected that any fundraising activities are carried out in adherence to this legislation. Fundraising will be legal, respectful, honest and properly administered. Where possible all costs of fundraising events will be covered by participants to ensure that as much of the fundraising income received will go directly to cover the charitable aims. Stephen Sutton Multi-Academy Trust will not undertake business with companies or individuals which could cause detriment to the reputation; which will disproportionately decrease the amount of donations to the Academy. All fundraising activities are monitored and information of the donor will be handled properly and carefully.

Plans for future periods

a. Future developments

The Trust Board has put in place a detailed strategic plan to provide a clear framework for prioritisation and collective action. Key areas 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 2023 - 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 CTTC 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 year ended 31 August 2018

- 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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 4 December 2018 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 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Richard Williams, Chair	4	4
Mark Howe, Vice-Chair	2	4
Stuart Jones, Executive Director and Accounting Officer	4	4
Diane Evans	3	4
Claire Boliver	3	4
Ruth Foster	3	4
Sarah Hardman-Charles	0	1

The Trust Board comprises six Directors (Sarah Hardman-Charles resigned in December 2017 and has not been replaced), but the size of the Board will increase as new schools join the Trust. 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. As the Trust expands, the Board has identified that it intends to strengthen its expertise in commercial legal affairs and in primary sector education.

Finance, Audit and Risk Committee

The Trust also has a 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 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 of the Audit and Risk Committee, during the year 1 September 2017 to 31 August 2018, was as follows:

* indicates Directors/Trustees

Trustee	Meetings attended	Out of a possible
Mark Howe (Chair) *	3	4
Richard Williams *	4	4
Stuart Jones (Executive Director) *	4	4
Jane Sutton (Member)	2	4
Sharon Thorp (Trust Business Manager)	4	4

Stuart Jones and Sharon Thorpe do not vote on matters relating to audit.

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. Examples of specific ways in which the Trust has delivered value for money during the year are:

- paid consultancy work for the Education and Skills Funding Agency (ESFA) (as a Schools Resource Management Advisor) undertaken by the Trust Business Manager, supporting other schools and Trusts to maximise their use of resources through effective planning, bringing in extra revenue into the Trust;
- a successful application to become the 'lead school', on behalf of the Stoke and Staffordshire Local Enterprise Partnerships', for one of the new national Careers Hubs, providing (through this status) free training and delivery of careers sessions for staff and students at CTTC, and reinforcing the strong reputation of the Trust, and the school, in one of its priority areas;
- recruitment of three Apprentices (at different levels) to support staff positions, utilising the Apprenticeship Levy in a cost-effective way;
- the purchase of competitively priced laptops for all teaching staff, offsetting the need to replace some depreciating fixed station stock, allowing portability and addressing GDPR data security issues;
- the purchase of a new network switch for improved computer connectivity and performance; and
- the purchase of a chemical dosing system for the swimming pool, saving many hours of service/maintenance time and increasing the reliability of the arrangements.

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 year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trust Board 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 year 1 September 2017 to 31 August 2018 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:

Governance Statement (continued)

- 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 the Trust Board, Finance, Audit and Risk Committee and Local Governing Body 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.

With regard to financial risk and control, the Trust Board considered the need for a specific internal audit function and appointed 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 Trust's financial systems. They conduct reviews on a minimum of three occasions during a year and report to the Finance, Audit and Risk Committee. The checks carried out in the current period included: census data; and two budget forecast returns. The census checks found strong compliance with data fully reconciled. One recommendation was made: to ensure that all parents' data collection sheets were signed. The work done around budget forecast returns was to support a new colleague in post at CTTC.

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.

Two further compliance audits were commissioned by the Trust during this period: a safeguarding audit (conducted by Principal H R Partner Ltd. (PHRP)) and a health and safety audit conducted by Staffordshire County Council.

The safeguarding audit focused on safer recruitment pre-employment checks, including Single Central Record (SCR) checks and personnel files. The audit found that new personnel files were meticulously well organised and suitable processes had been put in place and were being followed correctly and consistently. One recommendation was made, which was to review practice in relation to the recording of the continuous service date on the SCR.

The health and safety audit was general in nature, covering: policy and organisation; operational control; risk assessment; communication; training and development; culture; accident and incident management; emergency preparedness; employee health and wellbeing; and monitoring and review. The conclusion was that health and safety was 'established', with recommendations that the following are put in place: more detailed logging of the detail relating to fire drill exercises; a clear set of written health and safety procedures to be followed in the PE Department' and the completion of a team stress risk assessment activity.

On a termly basis, the reviewer 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.

Review of Effectiveness

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

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

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

Governance Statement (continued)

Approved by order of the members of the board of trustees on 4 December 2018 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between 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 2017.

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 2017.

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: 04/12/2018

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

Statement of Trustees' responsibilities
for the year ended 31 August 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 4 December 2018 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 (the 'Multi-Academy Trust') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

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 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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

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 the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the 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 going concern basis of accounting unless the Trustees either intend to liquidate the Multi-Academy Trust or to cease operations, or have no realistic alternative but to do so.

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

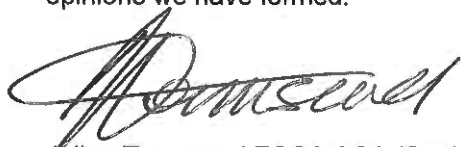
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Multi-Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Julian Townsend FCCA ACA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
4 December 2018

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 & Skills Funding Agency

In accordance with the terms of our engagement letter dated 15 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 year 1 September 2017 to 31 August 2018 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 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 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 & 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 year 1 September 2017 to 31 August 2018 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

4 December 2018

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

Statement of financial activities
(incorporating income and expenditure account)
for the year ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants:						
Transfer from local authority on conversion	2	-	-	-	-	23,190,475
Other donations and capital grants	2	4,239	-	27,247	31,486	20,685
Charitable activities:						
Funding for the multi-academy trust's educational operations	3	-	6,482,103	-	6,482,103	4,276,222
Other trading activities	4	96,120	77,320	-	173,440	106,996
Investments	5	192	-	-	192	80
Total income		100,551	6,559,423	27,247	6,687,221	27,594,458
Expenditure on:						
Charitable activities:						
Multi-academy trust educational operations		68,691	6,758,114	449,655	7,276,460	4,651,683
Total expenditure	7	68,691	6,758,114	449,655	7,276,460	4,651,683
Net income / (expenditure) before transfers		31,860	(198,691)	(422,408)	(589,239)	22,942,775
Transfers between Funds	18	(59,502)	52,595	6,907	-	-
Net income / (expenditure) before other recognised gains and losses		(27,642)	(146,096)	(415,501)	(589,239)	22,942,775
Actuarial gains/(losses) on defined benefit pension schemes	23	-	372,000	-	372,000	(81,000)
Net movement in funds		(27,642)	225,904	(415,501)	(217,239)	22,861,775
Reconciliation of funds:						
Total funds brought forward		10,276	(1,894,110)	24,745,609	22,861,775	-
Total funds carried forward		(17,366)	(1,668,206)	24,330,108	22,644,536	22,861,775

The notes on pages 26 to 51 form part of these financial statements.

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

Balance sheet
as at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	13		6,910		11,916
Tangible assets	14		24,323,198		24,733,693
			<u>24,330,108</u>		<u>24,745,609</u>
Current assets					
Debtors	15	192,077		148,172	
Cash at bank and in hand		103,548		268,145	
		<u>295,625</u>		<u>416,317</u>	
Creditors: amounts falling due within one year	16	(336,273)		(393,812)	
Net current (liabilities)/assets			<u>(40,648)</u>		<u>22,505</u>
Total assets less current liabilities			<u>24,289,460</u>		<u>24,768,114</u>
Creditors: amounts falling due after more than one year	17		(98,924)		(163,339)
Net assets excluding pension scheme liabilities			<u>24,190,536</u>		<u>24,604,775</u>
Defined benefit pension scheme liability	23		(1,546,000)		(1,743,000)
Net assets including pension scheme liabilities			<u>22,644,536</u>		<u>22,861,775</u>
Funds of the academy					
Restricted funds:					
Restricted income funds	18	(122,206)		(151,110)	
Restricted fixed asset funds	18	24,330,108		24,745,609	
Restricted funds excluding pension liability		<u>24,207,902</u>		<u>24,594,499</u>	
Pension reserve		(1,546,000)		(1,743,000)	
Total restricted funds			<u>22,661,902</u>		<u>22,851,499</u>
Unrestricted income funds	18		(17,366)		10,276
Total funds			<u>22,644,536</u>		<u>22,861,775</u>

The financial statements on pages 23 to 51 were approved by the Trustees, and authorised for issue, on 4 December 2018 and are signed on their behalf, by:



Richard Williams
Chair of Trustees

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

Statement of cash flows
for the year ended 31 August 2018

	Note	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	<u>(97,596)</u>	<u>289,693</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		192	80
Purchase of tangible fixed assets		(34,154)	(39,704)
Capital grants from DfE Group		27,247	18,076
Net cash used in investing activities		<u>(6,715)</u>	<u>(21,548)</u>
Cash flows from financing activities:			
Repayments of borrowings		(60,286)	-
Net cash used in financing activities		<u>(60,286)</u>	<u>-</u>
Change in cash and cash equivalents in the year		<u>(164,597)</u>	<u>268,145</u>
Cash and cash equivalents brought forward		<u>268,145</u>	<u>-</u>
Cash and cash equivalents carried forward	21	<u><u>103,548</u></u>	<u><u>268,145</u></u>

The notes on pages 26 to 51 form part of these financial statements.

1. Accounting policies

General Information

Stephen Sutton Multi-Academy Trust is a company limited by guarantee incorporated in England and Wales. The registered number of the company is 10525065 and its registered office is Bridge Cross Road, Burntwood, Staffordshire, WS7 2DB.

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

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 2017 to 2018 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.

The multi-academy trust's functional and presentational currency is GBP. The financial statements are rounded to the nearest £.

1.2 Going concern

During the year the trust made an in year deficit, but this includes maintaining the loan repayments to the local authority as they fell due. Nevertheless, this has resulted in the academy now reporting a net current liabilities position of £40,648 (2017 - £22,505 net current assets) at the balance sheet date. During the same period, the trust did identify and agreed to spend over the agreed budgets in certain areas. These areas included, additional costs of £72,000 for supply staff, £17,000 for home to school transport and £7,000 on post-16 consortium costs. The forecast for 2019 takes account of reasonably possible changes in performance of the trust and has included additional costs and contingencies for areas such as the above mentioned. In addition to this, it is determined that the teachers' pay grant award will provide further revenue over and above the budgeted costs, additional capital monies have been announced to be available, and additional revenues are expected in any event from an increase in student numbers. Using these factors, the forecasts and other key assumptions, the Trustees assess whether the use of the going concern basis for preparation of the accounts is appropriate. 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 on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

Sponsorship income provided to the Multi-Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period 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 Multi-Academy 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 resources expended are 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 on a straight-line basis over its expected useful lives, as follows:

Computer software	-	33% Straight line
-------------------	---	-------------------

1.6 Tangible fixed assets and depreciation

Assets costing more than £1,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost 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 and assets under construction, 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 land	-	Not depreciated
Long-term leasehold property	-	2% straight line
Building refurbishments	-	10% straight line
Furniture and fixtures	-	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.

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 instrument.

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 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 funders where the asset acquired or created is held for a specific purpose.

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

1. Accounting policies (continued)

1.15 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 2018. 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 year ended 31 August 2018

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	8 months total funds 2017 £
Transfer from local authority on conversion	-	-	-	-	23,190,475
Donations	4,239	-	-	4,239	2,609
Capital Grants	-	-	27,247	27,247	18,076
Subtotal	4,239	-	27,247	31,486	20,685
	4,239	-	27,247	31,486	23,211,160
Total 2017	2,609	(1,779,625)	24,988,176	23,211,160	

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

Notes to the financial statements
for the year ended 31 August 2018

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	8 months total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,035,920	6,035,920	3,987,748
Pupil Premium	-	216,786	216,786	144,843
Start Up Grant	-	10,000	10,000	25,000
Year 7 Catch Up Grants	-	22,744	22,744	22,211
	-	6,285,450	6,285,450	4,179,802
Other government grants				
Special Education Needs grants	-	85,689	85,689	45,074
Pupil Premium	-	11,800	11,800	9,545
Other grants from local authority	-	-	-	5,730
	-	97,489	97,489	60,349
Other funding				
School journey income	-	48,603	48,603	35,973
Examination fees income	-	660	660	98
Music tuition fees	-	8,768	8,768	-
School fund income	-	41,133	41,133	-
	-	99,164	99,164	36,071
	-	6,482,103	6,482,103	4,276,222
Total 2017	-	4,276,222	4,276,222	

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

Notes to the financial statements
for the year ended 31 August 2018

4. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	8 months total funds 2017 £
Letting income	82,534	-	82,534	46,299
Other income	3,616	77,320	80,936	54,416
Sales of goods and services	9,970	-	9,970	6,281
	<u>96,120</u>	<u>77,320</u>	<u>173,440</u>	<u>106,996</u>
Total 2017	<u>52,580</u>	<u>54,416</u>	<u>106,996</u>	

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	8 months total funds 2017 £
Bank interest	192	-	192	80
	<u>192</u>	<u>-</u>	<u>192</u>	<u>80</u>
Total 2017	<u>80</u>	<u>-</u>	<u>80</u>	

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

Notes to the financial statements
for the year ended 31 August 2018

6. Charitable activities

	Total funds 2018 £	8 months total funds 2017 £
Direct costs - educational operations		
Wages and salaries	3,283,291	2,164,555
National insurance	353,744	232,386
Pension cost	640,445	420,730
Depreciation	444,650	260,942
Pension income	45,000	29,000
Educational supplies	535,698	273,530
Printing	50,406	26,603
Technology costs	87,687	52,650
Student transport and minibuses	145,071	78,970
Educational visits	826	2,932
Technology costs	5,006	3,253
	<u>5,591,824</u>	<u>3,545,551</u>
Support costs - educational operations		
Wages and salaries	861,554	560,016
National insurance	67,160	41,765
Pension cost	162,629	101,132
Other direct costs	2,467	-
Recruitment and support	2,420	6,340
Maintenance of premises	69,938	38,664
Other support costs	95,170	72,533
Cleaning	181,940	101,097
Rates	36,159	34,966
Catering	20,052	22,230
Energy	143,304	97,972
Insurance	30,879	18,367
Governance costs	10,964	11,050
	<u>1,684,636</u>	<u>1,106,132</u>
	<u><u>7,276,460</u></u>	<u><u>4,651,683</u></u>

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

Notes to the financial statements
for the year ended 31 August 2018

7. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	8 months total 2017 £
Academy trust educational:					
Direct costs	4,444,997	444,650	702,177	5,591,824	3,545,551
Allocated support costs	1,091,343	415,382	177,911	1,684,636	1,106,132
	<u>5,536,340</u>	<u>860,032</u>	<u>880,088</u>	<u>7,276,460</u>	<u>4,651,683</u>
Total 2017	<u>3,574,515</u>	<u>436,306</u>	<u>640,862</u>	<u>4,651,683</u>	

8. Net income/(expenditure)

This is stated after charging:

	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	444,649	260,942
Amortisation of intangible fixed assets	5,006	3,253
Auditors' remuneration - audit	6,925	6,750
Auditors' remuneration - other services	2,500	2,400
Operating lease rentals	<u>51,962</u>	<u>38,701</u>

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

Notes to the financial statements
for the year ended 31 August 2018

9. Staff

a. Staff costs

Staff costs were as follows:

	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Wages and salaries	4,138,846	2,724,571
Social security costs	420,904	274,151
Operating costs of defined benefit pension schemes	803,073	521,863
	<u>5,362,823</u>	<u>3,520,585</u>
Agency staff costs	167,517	53,930
Staff restructuring costs	6,000	-
	<u><u>5,536,340</u></u>	<u><u>3,574,515</u></u>

Staff restructuring costs comprise:

	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Severance payments	6,000	-
	<u><u>6,000</u></u>	<u><u>-</u></u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs was one severance payment of £6,000 consisting of £5,795 of contractual entitlement costs and £205 of non-contractual entitlement costs, paid on 30 April 2018.

c. Staff numbers

The average number of persons employed by the Multi-Academy Trust during the year was as follows:

	12 months ended 31 August 2018 No.	8 months ended 31 August 2017 No.
Teachers	77	76
Administration and support	57	54
Management	9	6
	<u>143</u>	<u>136</u>
	<u><u>143</u></u>	<u><u>136</u></u>

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

Notes to the financial statements
for the year ended 31 August 2018

9. Staff costs (continued)

d. Higher paid staff

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

	12 months ended 31 August 2018 No.	8 months ended 31 August 2017 No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	1

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

e. Key management personnel

The key management personnel of the Multi-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 and employer national insurance contributions) received by key management personnel for their services to the Multi-Academy Trust was £329,079 (8 months to 31 August 2017 - £217,928).

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:

	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Chase Terrace Technology College	209,154	137,665

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Multi-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:

		12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Dr Stuart Jones (Executive Director and Trustee)	Remuneration	105,000-110,000	65,000-70,000
	Pension contributions paid	15,000-20,000	10,000-15,000

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £Nil).

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.

13. Intangible fixed assets

	Computer software £
Cost	
At 1 September 2017 and 31 August 2018	15,169
Amortisation	
At 1 September 2017	3,253
Charge for the year	5,006
At 31 August 2018	8,259
Carrying amount	
At 31 August 2018	6,910
At 31 August 2017	11,916

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

Notes to the financial statements
for the year ended 31 August 2018

14. Tangible fixed assets

	Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost				
At 1 September 2017	24,973,202	4,383	17,050	24,994,635
Additions	10,353	10,065	13,736	34,154
At 31 August 2018	<u>24,983,555</u>	<u>14,448</u>	<u>30,786</u>	<u>25,028,789</u>
Depreciation				
At 1 September 2017	258,277	363	2,302	260,942
Charge for the year	432,872	2,466	9,311	444,649
At 31 August 2018	<u>691,149</u>	<u>2,829</u>	<u>11,613</u>	<u>705,591</u>
Net book value				
At 31 August 2018	<u>24,292,406</u>	<u>11,619</u>	<u>19,173</u>	<u>24,323,198</u>
At 31 August 2017	<u>24,714,925</u>	<u>4,020</u>	<u>14,748</u>	<u>24,733,693</u>

15. Debtors

	2018 £	2017 £
Trade debtors	17,496	10,770
VAT recoverable	74,348	31,865
Other debtors	1,263	-
Prepayments and accrued income	98,970	105,537
	<u>192,077</u>	<u>148,172</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	64,415	60,616
Trade creditors	68,449	140,162
Other taxation and social security	30,843	-
Other creditors	103,611	123,843
Accruals and deferred income	68,955	69,191
	<u>336,273</u>	<u>393,812</u>

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

Notes to the financial statements
for the year ended 31 August 2018

16. Creditors: Amounts falling due within one year (continued)

	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	49,705	-
Resources deferred during the year	50,351	49,705
Amounts released from previous years	(49,705)	-
	50,351	49,705

At the balance sheet date the Multi-Academy Trust was holding funds received in advance for educational grants and trips booked for the autumn term 2018.

Other loans

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

	2018	2017
	£	£
Other loans	98,924	163,339

Other loans

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 year ended 31 August 2018

18. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	10,276	100,551	(68,691)	(59,502)	-	(17,366)
Restricted funds						
General Annual Grant (GAG)	72,515	6,035,920	(6,100,744)	(7,691)	-	-
Pupil premium	-	216,786	(216,786)	-	-	-
Start up grant	-	10,000	(10,000)	-	-	-
Other DfE/ESFA grants	-	22,744	(22,744)	-	-	-
Other government grants	-	97,489	(97,489)	-	-	-
Other funding	-	135,351	(135,351)	-	-	-
School fund	-	41,133	-	-	-	41,133
Budget deficit transferred on conversion	(223,625)	-	-	60,286	-	(163,339)
Pension reserve	(1,743,000)	-	(175,000)	-	372,000	(1,546,000)
	<u>(1,894,110)</u>	<u>6,559,423</u>	<u>(6,758,114)</u>	<u>52,595</u>	<u>372,000</u>	<u>(1,668,206)</u>
Restricted fixed asset funds						
	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted Fixed Asset Fund	24,745,609	-	(422,408)	6,907	-	24,330,108
DfE/ESFA capital grants	-	27,247	(27,247)	-	-	-
	<u>24,745,609</u>	<u>27,247</u>	<u>(449,655)</u>	<u>6,907</u>	<u>-</u>	<u>24,330,108</u>
Total restricted funds	<u>22,851,499</u>	<u>6,586,670</u>	<u>(7,207,769)</u>	<u>59,502</u>	<u>372,000</u>	<u>22,661,902</u>
Total of funds	<u>22,861,775</u>	<u>6,687,221</u>	<u>(7,276,460)</u>	<u>-</u>	<u>372,000</u>	<u>22,644,536</u>

18. Statement of funds (continued)

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 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 2018.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Chase Terrace Technology College	(189,351)	(161,884)
Stephen Sutton Multi-Academy Trust	49,779	21,050
Total before fixed asset fund and pension reserve	(139,572)	(140,834)
Restricted fixed asset fund	24,330,108	24,745,609
Pension reserve	(1,546,000)	(1,743,000)
Total	22,644,536	22,861,775

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	(189,351)

The deficit is due in the main to loans being transferred on conversion, but the trust does acknowledge that the school has also incurred an in year deficit. This in year deficit has mainly arisen due to increased costs from supply teachers, home to school transportation and post-16 consortium costs.

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

The loans transferred on conversion are spread over a period of 3 years and this assists the cash flow of repayment. In connection with teachers' costs, additional members of staff have been appointed to mitigate increased costs of supply cover and staffing restructure and reorganisation will ensure that the additional costs seen in 2018 are not repeated in 2019. Additional revenue generation from increased pupil numbers, capital expenditure awards and teachers' pay grants assists the trust to budget for any

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

Notes to the financial statements
for the year ended 31 August 2018

18. Statement of funds (continued)

contingencies in the above areas and the surplus budget set for 2019 includes such costs.

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 2018 £	Total 2017 £
Chase Terrace Technology College	4,626,793	614,233	1,009,486	515,543	6,766,055	4,366,905
Stephen Sutton Multi-Academy Trust	119,794	8,004	20,229	48,759	196,786	129,149
	<u>4,746,587</u>	<u>622,237</u>	<u>1,029,715</u>	<u>564,302</u>	<u>6,962,841</u>	<u>4,496,054</u>

Statement of funds - prior year

	Balance at 14 December 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/(Losses) £	Balance at 31 August 2017 £
General funds						
General Funds	-	55,269	(44,993)	-	-	10,276
Restricted funds						
General Annual Grant (GAG)	-	3,987,748	(3,875,529)	(39,704)	-	72,515
Pupil premium	-	144,838	(144,838)	-	-	-
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)	-	-	-
School fund	-	(223,625)	-	-	-	(223,625)
Pension reserve	-	(1,556,000)	(106,000)	-	(81,000)	(1,743,000)
	<u>-</u>	<u>2,551,008</u>	<u>(4,324,414)</u>	<u>(39,704)</u>	<u>(81,000)</u>	<u>(1,894,110)</u>

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

Notes to the financial statements
for the year ended 31 August 2018

18. Statement of funds (continued)

Restricted fixed asset funds

	Balance at 14 December 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Restricted Fixed Asset Fund	-	24,970,100	(264,195)	39,704	-	24,745,609
DfE/ESFA capital grants	-	18,706	(18,706)	-	-	-
Total restricted funds	-	27,539,814	(4,607,315)	-	(81,000)	22,851,499
Total of funds	-	27,595,083	(4,652,308)	-	(81,000)	22,861,775

19. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Intangible fixed assets	-	-	6,910	6,910
Tangible fixed assets	-	-	24,323,198	24,323,198
Current assets	-	276,034	19,590	295,624
Creditors due within one year	(17,366)	(299,316)	(19,590)	(336,272)
Creditors due in more than one year	-	(98,924)	-	(98,924)
Provisions for liabilities and charges	-	(1,546,000)	-	(1,546,000)
	(17,366)	(1,668,206)	24,330,108	22,644,536

Analysis of net assets between funds - prior year

	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	390,201	15,842	416,319
Creditors due within one year	-	(377,972)	(15,842)	(393,814)
Creditors due in more than one year	-	(163,339)	-	(163,339)
Provisions for liabilities and charges	-	(1,743,000)	-	(1,743,000)
	10,276	(1,894,110)	24,745,609	22,861,775

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

Notes to the financial statements
for the year ended 31 August 2018

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

	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(589,239)	22,942,775
Adjustment for:		
Depreciation charges	444,649	260,942
Amortisation	5,006	3,253
Dividends, interest and rents from investments	(192)	(80)
Increase in debtors	(43,905)	(148,172)
(Decrease)/increase in creditors	(61,668)	557,151
Capital grants from DfE and other capital income	(27,247)	(18,076)
Defined benefit pension scheme obligation inherited	-	1,556,000
Defined benefit pension scheme cost less contributions payable	(163,000)	(102,000)
Defined benefit pension scheme finance cost	338,000	208,000
Adjusted for: fixed assets gift from local authority	-	(24,970,100)
Net cash (used in)/provided by operating activities	(97,596)	289,693

21. Analysis of cash and cash equivalents

	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Cash in hand	103,548	268,145
Total	103,548	268,145

22. Capital commitments

At 31 August 2018 the Multi-Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	38,878	-

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.

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 year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (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 valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £510,445 (2017 - £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).

23. Pension commitments (continued)

Under the definitions set out in FRS 102, the TPS is an unfunded 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 year ended 31 August 2018 was £208,000 (2017 - £130,000), of which employer's contributions totalled £163,000 (2017 - £102,000) and employees' contributions totalled £45,000 (2017 - £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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.80 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1 years	22.1 years
Females	24.4 years	24.4 years
Retiring in 20 years		
Males	24.1 years	24.1 years
Females	26.4 years	26.4 years

	12 months ended	8 months ended
	At 31 August	At 31 August
	2018	2017
	£	£
Sensitivity analysis		
Discount rate -0.5%	402,000	387,000
Salary increase rate +0.5%	101,000	109,000
CPI rate +0.5%	293,000	268,000

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

Notes to the financial statements
for the year ended 31 August 2018

23. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,000,000	874,000
Bonds	271,000	138,000
Property	114,000	92,000
Cash and other liquid assets	43,000	46,000
	<u>1,428,000</u>	<u>1,150,000</u>
Total market value of assets	1,428,000	1,150,000

The actual return on scheme assets was £52,000 (2017 - £41,000).

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

	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Current service cost	(293,000)	(179,000)
Interest income	31,000	19,000
Interest cost	(76,000)	(48,000)
	<u>(338,000)</u>	<u>(208,000)</u>
Total	(338,000)	(208,000)
Actual return on scheme assets	<u>52,000</u>	<u>41,000</u>

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

	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Opening defined benefit obligation	2,893,000	-
Upon conversion	-	2,502,000
Current service cost	293,000	179,000
Interest cost	76,000	48,000
Employee contributions	45,000	28,000
Actuarial (gains)/losses	(320,000)	142,000
Benefits paid	(13,000)	(6,000)
	<u>2,974,000</u>	<u>2,893,000</u>
Closing defined benefit obligation	2,974,000	2,893,000

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

Notes to the financial statements
for the year ended 31 August 2018

23. Pension commitments (continued)

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

	12 months ended 31 August 2018 £	8 months ended 31 August 2017 £
Opening fair value of scheme assets	1,150,000	-
Upon conversion	-	946,000
Interest income	31,000	19,000
Actuarial losses	52,000	61,000
Employer contributions	163,000	102,000
Employee contributions	45,000	28,000
Benefits paid	(13,000)	(6,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	1,428,000	1,150,000
	<hr/> <hr/>	<hr/> <hr/>

24. Operating lease commitments

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	31,667	51,962
Between 1 and 5 years	8,625	40,155
	<hr/>	<hr/>
Total	40,292	92,117
	<hr/> <hr/>	<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

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

