



Star

NURTURING TODAY'S **YOUNG PEOPLE**,
INSPIRING TOMORROW'S **LEADERS**



**ANNUAL REPORT
AND FINANCIAL
STATEMENTS**
YEAR ENDED 31 AUGUST 2019

Contents

	Page
Reference and Administrative Details	2
Trustees' Report	3 – 13
Governance Statement	14 – 21
Statement on Regularity, Propriety and Compliance	22
Statement of Trustees' Responsibilities	23
Independent Auditor's Report on the Financial Statements	24 - 26
Independent Reporting Accountant's Report on Regularity	27 - 28
Statement of Financial Activities incorporating Income & Expenditure Account	29
Balance Sheet	30
Statement of Cash Flows	31
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	32 – 37
Other Notes to the Financial Statements	38 – 62

Abbreviations

STAR – Star Academies	CPI – Consumer Price Index
TIBHS – Tauheedul Islam Boys' High School	DfE – Department for Education
TIGHS – Tauheedul Islam Girls' High School	ESFA – Education and Skills Funding Agency
OBL – Olive School Blackburn	FRS – Financial Reporting Standard
OHA – Olive School Hackney	GAG – General Annual Grant
EBB – Eden Boys' School Bolton	TPS – Teachers' Pension Scheme
EGC – Eden Girls' School Coventry	LGPS – Local Government Pension Scheme
EGW – Eden Girls' School Waltham Forest	SCR – Standard Contribution Rate
EBP – Eden Boys' School Preston	SERPS – State Earnings-Related Pension Scheme
EBM – Eden Boys' School Birmingham	LIGHT – Light Trust
EGS – Eden Girls' School Slough	SHINE – Shine Charity
HLA – Highfield Leadership Academy	SCITT – School-Centred Initial Teacher Training
LLA – Laisterdyke Leadership Academy	NPQ – National Professional Qualification
OBO – Olive School Bolton	
OPR – Olive School Preston	
OBI – Olive School Birmingham	
TLA – Tong Leadership Academy	
MEG – Eden Girls' Leadership Academy, Manchester	
MEB – Eden Boys' Leadership Academy, Manchester	
PTH – Thornbury Primary Leadership Academy	
PHC – High Crag Primary Leadership Academy	
PBA – Barkerend Primary Leadership Academy	
PBL – Bay Leadership Academy	
SLA – Small Heath Leadership Academy	
SBE – Eden Boys' School Birmingham East	
SVA – The Valley Leadership Academy	

Reference and Administrative Details

For the Year Ended 31 August 2019

Members	Kamruddin Isap Kothia, DL (Chair) Faruk Dasu (Light Trust) Harry Catherall Mohamed Isap Rt. Hon Jack Straw The Rt. Hon. Lord Charles Shuttleworth KG, KCVO Martin Ainscough, CBE, DL Sir Michael Wilshaw (appointed 2 April 2019)
Trustees	Kamruddin Isap Kothia, DL (Chair) Carol Costello Faruk Dasu # Harry Devonport Mohamed Isap Afzal Ismail (Resigned April 2019) # Kevin Jaquiss # Hamid Patel CBE Imraan Patel Rt. Hon Jack Straw Fiona Jordan # Members of the Audit Committee
Chief Executive and Accounting Officer	Hamid Patel CBE
Senior Management Team	Executive Director: Capital Programmes – David Holland Executive Director: Communication and Development - Kathryn Chorlton Executive Director: Education – Lisa Crausby Executive Director: Education – Kieran Larkin Executive Director: Quality Assurance – Shirley Gornall Executive Director: Strategy and Operations - Deborah Ashton Executive Director: Director of finance and operations – Amanda Bailey Executive Director: Star Institute – Linda Thompson
Company Name	Star Academies
Principal and Registered Office	Shadsworth Road Blackburn Lancashire BB1 2HT
Company Registration Number	07353849 (England and Wales)
Independent Auditor	Beever and Struthers Chartered Accountants Central Buildings Richmond Terrace Blackburn Lancashire BB1 7AP
Bankers	Lloyds Bank Church Street Blackburn Lancashire BB2 1JQ
Solicitors	Hill Dickinson 1 St Paul's Square Liverpool Merseyside, L3 9SJ

Trustees' Report

For the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Within this year the Trust operated 24 schools (8 primary and 17 secondary schools across the Lancashire, Greater Manchester, West Yorkshire, Midlands and London area). These academies had a combined pupil admission number (PAN) of 15,160 and had a roll of 13,776 in the school census on May 2019.

Within this year the Trust was also preparing for the opening of an additional primary and 2 secondary schools in September 2019, whilst also undertaking due-diligence on the sponsor-led academy that joined the Trust during 2018-19. The Trust received approval for an additional 2 schools within Wave 13 of the Free Schools programme and continued discussions regarding the future sponsorship of further academies. In addition to this, the Trust has continued to manage the Leadership training programme and Initial Teacher Training.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of Star Academies are also the directors of the charitable company for the purposes of company law. The charitable company is known as Star Academies.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice Star has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim as shown in note 12 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed in accordance with the Articles of Association, they are appointed for four years and may be re-appointed.

In selecting new Trustees, the Trust seeks to identify people who are willing to commit their time and skills for the advancement of the purposes of Star, adding value to the leadership of the Trust and ensuring good governance is secured.

Policies and Procedures Adopted for the Induction and Training of Trustees

Following appointment all new Trustees receive an introduction to their role from the Chair and Chief Executive. This introduction includes the opportunity for tours to school sites and meeting members of a school's Senior Leadership Team.

The Trust has an annual training programme for Trustees. The Trust's Head of Governance ensures new Trustees receive sufficient support and information to enable them to discharge their role. All Trustees are required to sign and adhere to the Code of Conduct held by the Trust.

Trustees' Report

For the Year Ended 31 August 2019

Organisational Structure

The Trustees are responsible for the general control and management of the Trust. The Trustees give their time freely and receive no remuneration or other financial benefits, other than the Trust Chief Executive who also serves as a Trustee. The Trustees act as the governors of Star and are also the directors of the charitable company for the purposes of company law.

The Trustees meet termly and are responsible for all decisions taken in relation to the activities provided by Star. The Trustees have established an Audit Committee that meets termly to ensure the independent checking of financial controls, systems, transactions and risks.

The Trust has delegated some decision making to additional Trustee committees and the local governing bodies of its schools. The Trust has a clear scheme of delegation regarding the delegation of these decisions; this also details the decisions that have been delegated to management to ensure the day to day operational capacity of the Trust.

The Trust, as a Multi-Academy Trust, has a Central Office to support its academies in relation to their business support and academic standards. The Trust Chief Executive is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Trust has a Nomination and Remuneration Committee that has responsibility for agreeing the pay of the Chief Executive. The Committee is supported in this role by External Pay Specialists who have been engaged for this task. Senior Leadership Team pay is set by reference to benchmarking and comparison of pay with other roles in the sector.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force in April 2017, which put in place provisions in the Trade Union Act 2016 requiring relevant public sector employers to publish specified information related to facility time provided to trade union officials.

In line with the regulations, Star Academies is required to publish the following information relating to trade union officials and facility time:

Trade union representatives and full-time equivalents:

Trade union representatives:	0
FTE trade union representatives:	0

Percentage of working hours spent on facility time:

0% of working hours:	0 representatives
1 to 50% of working hours:	0 representatives
51 to 99% of working hours:	0 representatives
100% of working hours:	0 representatives

Total pay bill and facility time costs:

Total pay bill:	£56,994,139
Total cost of facility time:	£0
Percentage of pay spent on facility time:	0%

Paid trade union activities:

Hours spent on paid facility time:	0
Hours spent on paid trade union activities:	0
Percentage of total paid facility time hours spent on paid TU activities:	0%

Trustees' Report

For the Year Ended 31 August 2019

Related Parties and other Connected Charities and Organisations

Light Trust

Light Trust is a non-operational Foundation Body, is a Member of Star Academies and can appoint further Members.

Shine Charity

Shine Charity is not a connected charity to Star Academies. Shine Charity delivers Star Academies corporate social responsibility programme. It aims to:

- To empower young people to make a difference to their communities - local, national and international
- To equip young people with the skills and knowledge to lead social action, contribute to issues they care about and shape decisions that affect them
- To help employers fulfil their corporate social responsibility, connect charities with young people and maximise the community impact of schools

Trustees' Report

For the Year Ended 31 August 2019

Objectives and Activities

Objects and Aims

Star Academies (Star) is a not-for-profit Multi-Academy trust. The objects of the Trust are to establish, maintain, carry on, manage and develop outstanding schools that promote educational excellence, character development and service to communities.

The Trust believe that every child and every community is unique. It works hard to make sure that each and every pupil in its schools – regardless of their faith, race, gender, background or Starting point – achieves their potential and goes on to university or a career of their choice.

Objectives, Strategies and Activities

Star Academies is a rapidly expanding not for profit Multi-Academy Trust and is one of the UK's leading education providers. Star is a mixed MAT that runs both faith-based and non-faith schools. It is a values-based organisation which works to improve the life chances of young people in areas of social and economic deprivation to help them succeed at the highest levels of education, employment and the professions.

The Trust now has 24 schools in five cluster areas – Lancashire, Greater Manchester, West Yorkshire, the Midlands and London. Schools work together to share expertise and maximise opportunities and experiences for our students. The Trust's corporate learning and development centre – Star Institute – is one of the UK's leading education providers. Established to support and promote school improvement, the Institute aims to build a world class education workforce, not only for the Trust's own schools, but for other schools nationally and beyond.

The Trust has an ambitious vision - **Nurturing today's young people, inspiring tomorrow's leaders**

This vision is wide ranging. It encompasses aspiration, educational excellence, system leadership, social mobility and cohesion.

The Trust aims to:

- Transform the educational achievement of the nation's young people, schools and academies
- Elevate the life chances of young people in areas of social and economic deprivation - from all backgrounds - to help them succeed at the highest levels of education, employment and the professions
- Lead a national drive based on rigour and high expectations designed to improve school standards
- Provide more choice for parents by offering them the chance to send their children to an inspirational school
- Ensure ambition and high aspirations are rewarded through all our schools
- Make a demonstrable impact on social mobility and equality in communities that have called out for change for so long
- Create a diverse network of faith and non-faith schools, ensuring every child has access to a first-rate education that embodies opportunity for all.

Everything the Trust does is in furtherance of these aims. Highlights from 2018/19 are detailed in the Strategic Report.

Public Benefit

In setting the objectives, and planning the activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education.

The key public benefit delivered by Star is the development of high quality education provided within its schools, to the public benefit of all children local to these schools.

Trustees' Report

For the Year Ended 31 August 2019

Strategic Report

Achievements and Performance

Star has achieved the following in the 2018/19 academic year:

Educational Excellence

- Following the release of the 2018 performance tables, Star was named as the highest-performing MAT in England, with a number of its Free schools in the top 5% for progress, attainment and attendance levels. Four of Star's free schools ranked amongst the top 12 in the country for progress and overall performance. Further information regarding performance can be found within the Key Performance Indicator section on page 10.
- Quality assurance visits continue to play a vital role in monitoring and evaluating the standard of each school's provision. Visits have been delivered largely to the set tariff (and any exceptions were because of impending Ofsted inspections). Judgments have generally been consistent with external evaluations. Where there has been a difference, this is largely attributable to a higher Star standard in line with the Trust Quality Standards.
- Progress has also been made in implementing a standardised, Trust-wide curriculum. Trust-wide long term and medium term plans have been provided for E-Bacc subjects to all secondary schools for use from September 2019. Primary phase long term plans, medium term plans and progression maps for core subjects, along with a detailed assessment calendar, have been created and provided to all primary schools and will be used during the 2019/20 academic year.
- The standard of careers provision continues to improve. Secondary schools have completed the Careers and Enterprise Toolkit and are becoming more compliant with the Gatsby Benchmarks. TIGHS was one of only eight schools and colleges in Lancashire to achieve the Gatsby Award, after achieving all eight of the Gatsby Benchmarks.
- The Safeguarding Team has taken a number of steps to improve safeguarding practice across the Trust's schools. A Safeguarding Risk Register is now maintained by the team, identifying risks at a Trust level, which are shared with the Trust's SLT and the Academic Board. All schools that did not have an online safeguarding system are now using Safeguard Online, helping to ensure that all safeguarding issues are logged and followed up on by the appropriate individuals. The Safeguarding Team has developed strong partnerships with Local Authorities (LA) and attended Designated Safeguarding Lead meetings, leading to their involvement in localised projects. They have also represented the Trust well during Ofsted inspections/LA visits.
- The Trust's sponsored academies have benefited from the development of an Inclusion Strategy and toolkit, which is used to identify key areas for improvement. A new Binary Behaviour Policy has also been developed for schools where the culture is not yet securely positive. Attendance and persistent absence is monitored half-termly by the Data Team and there will be a continued focus on these areas, particularly in Star's sponsored academies, during the next academic year.
- Star Institute has also enjoyed considerable success over the course of this academic year. Stage 1 of the School-centred initial teacher training (SCITT) Ofsted took place. Feedback highlighted many strengths, including the strong outcomes of the first cohort, the commitment of partners to a self-improving system, systems for monitoring and evaluating provision and the impact of the range of contrasting placements.
- Star Institute secured a second contract in Blackpool to provide Early Career Teacher and Mentor training for just over half of Blackpool's primary and secondary schools. The programme will also be delivered to Trust schools and selected partners. The Institute also significantly increased its National Leaders in Education (NLE) support, taking on a range of Regional Schools Commissioner deployments in Blackburn and Bradford.

Trustees' Report

For the Year Ended 31 August 2019

- Star Institute has procured GP Strategies to assist in the development of a Trust-wide apprenticeship programme, funded by the apprenticeship levy, across all Trust schools and the Star Central team. As part of this programme, Star Teachers has become a provider of Post Graduate Teacher Apprenticeships.

Operational excellence

- Further recruitment in line with the phased staffing plan took place across teams during the year to ensure Star Central remains able to provide effective support to the growing network of schools. The staffing plan is kept under regular review by the Audit Committee, Policy and Resources Committee and the Board. The Trust's policies and procedures were embedded across all teams in Star Central and effective briefing, supervision and performance management arrangements were put in place.
- The Local Governing Body clerking service has been rolled out successfully to all schools further enhancing support from Star Central to enable schools to focus upon the delivery of education. The General Data Protection Regulation (GDPR) Action Plan has been implemented, ensuring the Trust and its establishments remain fully compliant within the strengthened statutory framework.
- A permanent Procurement Manager was appointed in January 2019 and a three-year procurement strategy is now in place. The initial priority of the role has been compliance and a number of procurements have been completed, including the appointment of an apprenticeship provider to support Star in the use of the levy funding available. During 2019/20, whilst maintaining compliance, the focus will expand to include setting targets for Trust-wide savings from procurement and the management of key accounts.
- A successful transition to commercial and on-line banking and BACS was achieved across Trust establishments, which has streamlined banking and payment processes. New budget planning software was introduced which has been well-received by Heads of Finance in schools with responsibility for budget setting and monitoring.
- Fraud detection and prevention training has been implemented for senior leaders and all staff involved with financial processing across the Trust.
- Regular financial reporting to the Chair, Trustees and Senior Leadership Team was introduced in September 2018 as per the enhanced requirements within the Academies Financial Handbook. Improvements to Capital Programmes Board reporting have been developed and implemented, providing benefits to accounts monitoring and enhanced visibility to the Capital, Estates and ICT teams.
- In line with the development of the Trust's Recruitment and Retention Strategy, the Applicant Tracking System (ATS) and centralisation of recruitment advertising were introduced. The introduction of a new Trust-wide HR system has been a major project this year. The system will be used to process payroll, log sickness and absence, capture any changes to terms of employment and will include an employee self-service function.
- The ICT support service has successfully been brought in-house during the year with minimal disruption to Trust establishments. A number of central ICT roles have been filled to support the delivery of the ICT elements of the capital programme working alongside a new ICT partner. This partnership will be further developed in 2019/20 to support delivery of the five-year ICT strategy. Extensive server rationalisation to reduce the number of servers and therefore costs has been completed during the year. The new broadband solution has been implemented in all schools, successfully increasing resilience and flexibility.

Trustees' Report

For the Year Ended 31 August 2019

- The Capital Projects and Estates Teams have merged successfully with the recruitment of a new Head of Estates, as well as additional recruitment to the team. The main Capital Programme saw the delivery of the permanent solutions for TIBHS and the Eden Manchester schools. Planning was achieved on the temporary solution for The Olive School, Hackney. Framework procurements were undertaken for Eden Boys' Leadership Academy, Birmingham East and The Olive School, Preston via self-delivery. Temporary solutions were delivered for Eden Girls' Leadership Academy, Birmingham and Eden Boys' Leadership Academy, Bradford with the permanent solutions also being designed in liaison with Birmingham City Council and the Department for Education respectively. The Trust also successfully delivered its first School Condition Allocation (SCA) programme.
- Two new schemes were approved as part of the Wave 13 Free Schools application round.

A Strong Star Community

- The Valley Leadership Academy joined the Trust in July 2019. Eden Girls' Leadership Academy, Birmingham; Eden Boys' Leadership Academy, Bradford and The Olive School, Small Heath all opened as new Free schools in September 2019. Two further schools were approved to open in Wave 13 of the Free schools programme – Star Leadership Academy, Rochdale and Star Leadership Academy, Salford. Discussions with the RSCs continued and further potential academy conversions have been identified.
- The Trust's second employee engagement survey was undertaken and action plans were devised to address the key areas of development that were identified.
- The Trust published Starlight, a new termly magazine, to inform stakeholders about the Trust, its latest initiatives and the pupil leadership activities across the wider Star community. Digital issues of the first two editions of Starlight magazine were read 3,500 times.
- The Secondary and Primary Star Pupil Councils were launched during the spring term and, during the 2018-19 academic year, successfully brought together pupils from across Star's diverse network of schools, providing a forum for them to share their views and opinions and bring about positive change in Star schools. The Trust's SLT took pupils' comments and recommendations under advisement after each meeting and, during subsequent meetings, pupils were informed about the actions that would be taken as a result of their feedback. The initiative helped to ensure that pupil voice is at the heart of the Trust and has given pupils a more tangible sense of who we are and what we do.
- Star Central continued to provide a press service to schools to generate positive publicity in the local community. Coverage was summarised in the monthly 'Star in the News' briefing. In 2018-19, 887 articles were published in local and national media.
- The Star Letters recognition scheme was introduced to celebrate pupils and employees who exemplify our STAR values. Star Letters aims to shine a spotlight on the outstanding achievements of pupils and staff and share success stories across the Star community. In the initial months since its launch, 133 pupils and staff received a Star Letter.
- As part of Star's ongoing procurement cycle, the Trust undertook a procurement exercise for signage and print management. A standardised signage range (internal, external and environmental graphics) was implemented across 9 of our schools and work will continue in 2019-20 to ensure that signage is consistent across Star's entire building estate. The Trust also reviewed its print management arrangements, the contract includes the supply of promotional products and a suite of branded Trust merchandise.
- The Faith and Character Education (FCE) Team produced a number of resources to support schools in delivering the FCE programme and also continued to support schools in building partnerships with faith communities.

Trustees' Report

For the Year Ended 31 August 2019

Key Performance Indicators

- At Early Years' Foundation Stage (EYFS) 86% of pupils achieved a Good Level of Development (GLD); with 7 out of our 8 schools having a GLD above the national average of 72%. Within Year 1 94% of pupils passed the phonics check which is an increase from 92% last year and compares to a national average of 82%.
- At Key Stage 1 the percentage of pupils reaching the expected standard in reading and writing is in line with or exceeds the national percentage in all of our schools. Within maths all but one school exceeds the national level.
- At Key Stage 2 attainment (combined reading, writing and maths) is well above the national average at the expected standard and broadly in line at the higher standard. All schools with results improved on their previous year. Strong progress at KS1 to KS2 has continued within Barkerend and Thornbury.
- At Key Stage 4 GCSE we have overall progress at 0.2, with our Free Schools at 1.2 (TIGHS achieving 2.21) to our Academies at -0.58 (The Valley at -1.29). This is a wide variation of over 3 grades per subject per pupil between our highest and lowest performing schools and keeps our focus on transferring the high standards of our Free schools to our Academies.
- At Key Stage 5 TIGHS achieved results at or above the national averages, with Tong broadly in line. Laisterdyke and Bay results were below the national average.
- Barkerend Primary Leadership Academy, The Olive School, Birmingham, The Olive School, Preston and The Olive School, Bolton were inspected by Ofsted for the first time during the 2018-19 academic year. All four schools were graded as 'outstanding' in all areas, with Barkerend Primary Leadership Academy becoming the first sponsored academy in the Trust to achieve Ofsted 'outstanding.'
- High Craggs Primary Leadership Academy also received a positive inspection outcome, being graded as 'good' with outstanding early years' provision, having previously been graded as 'inadequate' in 2015.
- Laisterdyke Leadership Academy, which was in special measures when the Trust took it over, was graded as 'requires improvement'. Whilst this shows that progress has clearly been made following the school's previous inspection outcome, the number of pupils achieving at least a grade 5 in English and Maths declined from 34% in 2017 to 26% in 2018, and there is still a significant amount of work to be done around the issues of attendance, behaviour, pupil outcomes and staff morale.
- Highfield Leadership Academy, which was put into special measures following its Ofsted inspection in October 2014, remained in special measures during its first inspection post-conversion. The inspection report highlighted weaknesses in leadership and management, safeguarding, behaviour, attendance and pupil outcomes. Both the school and the Trust compiled a post-inspection Action Plan, and inspectors felt that leaders and managers were taking effective action towards the removal of special measures during a monitoring visit in June 2019.
- All of Star's Free schools that have been inspected by Ofsted to date have achieved 'outstanding' and 14 schools out of the 17 inspected overall have been graded as 'outstanding'.
- Star schools aim to keep salary costs between 70% and 75% of their GAG income. This has been achieved during 2018/19.

Going Concern

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

Trustees' Report

For the Year Ended 31 August 2019

Financial Review

During the year ended 31 August 2019 STAR has received income of £104,102K (2018: £137,299K) comprising:

- GAG funding for TIBHS, TIGHS, The Olive Schools in Birmingham, Blackburn, Bolton, Preston and Hackney; the Eden Boys' School in Bolton, Birmingham, Birmingham East, Preston and Manchester; the Eden Girls' Schools in Coventry, Waltham Forest, Slough and Manchester; and Highfield, Laisterdyke Tong, Small Heath, Barkerend, High Crag, Thornbury and Bay Leadership Academies;
- Year Zero restricted Start-up funding for Eden Boys' Leadership Academy, Bradford; Eden Girls' Leadership Academy, Birmingham and The Olive Schools in Small Heath and Manchester..
- Capital grants towards the purchase of sites for the schools and the related fit out costs at the permanent and temporary sites;
- National College Scholarship funding and associated candidate fees for the North West Leadership Programme;
- School Condition Allocation covering all Trust schools; and
- School improvement funding for The Valley Leadership Academy.
- Over the year Star expended £96,073K (2018: £76,160K) resulting in net income of £8,029K (2018: £61,139K) leading to reserves carried forward of £248,795 (2018: £248,818K). Of this, a surplus of £14,715K (2018: £10,551K) relates to restricted funds to be spent in future periods, a pension deficit of £25,118K (2018: £12,693K), and £256,061K (2018: £246,828K) which relates to the restricted fixed asset fund which is being carried forward and will be spent in line with the Capital Grant programme. Star has an unrestricted fund carried forward of £3,137K (2018: £4,132K) which will be used within the Academies Charitable objectives.
- During the year, one academy conversion took place, along with the opening of one new free school. Their combined contribution to restricted and unrestricted general income was £7,330K. Their corresponding expenditure during the period since conversion was £7,234K resulting in net income of £96K. For the academy conversions, reserves, fixed assets and LGPS deficits received on conversion are detailed within note 30.
- Due to the timing of the stage payments of the Start-up grants for the additional free schools was carrying forward deferred income of £1,527K (2018: £1,047K) in relation to these grants. These monies will be spent in the following year on the pre-opening costs of these free schools.
- During the year the Accounting Officer has been working with the Central Management team, the business managers and Star's internal and external auditor to implement efficient and quality financial management systems. These systems are continuously under review and will be implemented at each school as they open.
- In summary, as evident in this year's figures, the Trust has achieved significant growth through the acquisition of a sponsor-led academy, the opening of one new free school and the additional year groups taken on by our existing schools. The Trust will continue to see growth in a number of schools over the next 5 years.

Trustees' Report

For the Year Ended 31 August 2019

Reserves Policy

The amount of reserves held are stated in the Financial Review noted above. The level of reserves held at each school at 31 August 2019 is considered to be sufficient and in line with the Trust's reserves policy. The Trust needs to hold reserves for a number of reasons, examples of which are listed below:

- contingency fund to deal with minor adjustments to operational expenditure from some budget headings;
- a planned accumulation of funds to pay for some major construction work or project;
- expenditure held over to the following year to withstand variations in the level of funding to the Trust to balance out variations in funding levels; and
- potential redundancy payments to staff.

In order to achieve this sustainability moving forward, the Trust has implemented a 2% in year reserves policy, which all schools should strive to achieve (2% target in 2018/19 £1,451k, actual £3,169k). The difference is due to the Trust and its schools managing their budgets in a prudent manner and targeting expenditure where it was absolutely required.

Although a 2% in year reserves policy has been set, the Trust has agreed that schools must carry a cash balance equal to at least 1-month's GAG (2019 target: £6,105K, Actual at 31st August 2019: £8,946K). Any excess of this following the end of the financial year will be invested in line with the Treasury Management Policy.

As noted above, the restricted general reserves carried forward is a deficit of £10,403K (2018: £2,142K). This is after accounting for the pension deficit reserve of £25,118K (2018: £12,693K). Excluding the pension deficit reserve and designated funds, the total restricted and unrestricted general funds as at 31 August 2019 are £17,852K (2018: £14,683K).

The Board of Trustees ensure that the Reserves Policy is in accordance with the requirements laid down in the Academies Financial Handbook by the ESFA. The Department for Education expects Trusts to use their allocated funding for the full benefit of current pupils. If Trusts have a substantial surplus, they must have a clear plan for how it will be used to benefit their pupils. It is the policy of The Trust to have reserves which can be used for future education purposes in line with the development plans.

In 2016 Star received a £50K legacy known as "The Gibson Humanities Trust" to be used only for specific areas of expenditure within HLA. This legacy can be used for such purposes up to a period of 50 years at which point certain restrictions will be removed and any balance can be used for the general benefit of HLA. As at 31 August 2019 all of this is held as a restricted fund.

Investment Policy

Due to the majority of free schools being in their first 4 years of operation the Trust has adopted a low risk strategy to investment. As at 31 August 2019 the Trust was holding excess reserves of £3,006K (2018: £5,923K) in a 32-day notice deposit account and £6,000k (2018: £Nil) in a 12 month notice account to optimise the return on these reserves. The management of the 32-day notice deposit account is done by the Trust's central finance team. Star and the schools within have no other investments other than short term deposits received on cash balances.

The Trust's central finance team is currently reviewing this strategy with a view to generate a greater return through low risk investment.

Principal Risks and Uncertainties

The Academy Trust has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy Trust's assets and reputation.

A review of the risks faced by Star was conducted and systems established to mitigate those risks. STAR has identified the major risks it faces and has documented these within its Risk Register; this is reviewed termly by

Trustees' Report

For the Year Ended 31 August 2019

its Trustees. The Trustees are also fully apprised between meetings of any issues that may impact upon the management of risk.

The Audit Committee has ongoing responsibility for the monitoring of risks and has engaged RSM as its Internal Auditors to ensure maintained compliance. An Internal Audit Plan was agreed and undertaken in 2018/19. Further details around the focus of this work is included within the Governance Statement.

These reviews provided recommendations for where the Trust could strengthen some of its systems and internal controls which have been implemented throughout the year. Further reviews will continue into 2018/19 to help identify any other areas in which the Trust may be able to implement an improved control environment.

Outlined below is a description of the principal risk factors which may affect the Academy Trust. Not all factors are within the Academy Trust's control. Other factors besides those listed below may also adversely affect the Academy Trust.

1. Government Funding

The Academy Trust has considerable reliance on continued Government funding through the ESFA. In 2018/19, 99% (2017/18: 99%) of the Academy Trust's revenue was ultimately publicly funded including inherited assets, and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or in the same terms.

This risk is mitigated in a number of ways:

- Funding is derived from a number of direct and indirect contractual arrangements.
- By ensuring that the Academy Trust is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA.

2. Management Override

The Academy Trust is run by the CEO Hamid Patel CBE. He is able to authorise expenditure to levels that are documented within the Financial Handbook of the Trust and has control of many aspects of the Trust.

This risk is mitigated in a number of ways:

- The Board reviews management accounts at regular intervals.
- The Managers of each individual school are qualified professionals, who will be resistant to override.

Fundraising

The Trust has a nominated senior leader who is responsible for ensuring that charitable giving by pupils, staff and families is appropriate and only allows fundraising activities if:

- The charity is registered with the UK's Charity Commission.
- The charity and the cause demonstrates no political, religious or cultural discrimination.
- The charity's values are consistent with fundamental British values of democracy, rule of law, individual liberty and mutual respect, and tolerance of those with different faiths and beliefs.
- There is no compulsion for pupils, staff and families to participate in any fundraising activities.
- If the monies raised are to be split across a number of charities the basis of the split must be notified in advance of the fundraising activity.
- Pupils and staff organising fundraising are adequately inducted on the appropriate procedures.
- Learning is not disrupted by the fundraising.
- All charitable giving is entered onto the Charitable Giving Record and is reviewed and approved by the nominated senior leader.
- Evidence is sought to ensure charitable funds have been paid to the relevant charity.

Trustees' Report

For the Year Ended 31 August 2019

Plans for Future Periods

Star will seek to grow as a Multi-Academy Trust and continue to work with communities across the country within five geographical clusters (Lancashire, Greater Manchester, West Yorkshire, West-Midlands and London) to open Free Schools and manage sponsor-led academies. Within these schools the Trust will work to ensure the high performance of its students and that the schools meet the needs of those communities.

In delivering these plans Star opened three new free schools in September 2019, Eden Boys' Leadership Academy, Bradford; Eden Girls' Leadership Academy, Birmingham and The Olive School, Small Heath. The Olive School, Manchester is expected to open in September 2020 and Star Leadership Academies in both Rochdale and Salford are expected to open in September 2021 dependent upon the agreement of sites with the ESFA. Applications to open 6 further Free Schools of which 5 are non-faith Free Schools were submitted to the DfE in November 2019.

The Trust has been approved to manage sponsor-led academy schools. The Trust is currently undertaking due diligence on the possible sponsorship of a large all through school in Birmingham and there are a number of other early stage potential sponsorships.

Funds Held as Custodian Trustee on Behalf of Others

Star holds no funds on behalf of others.

Auditor

Insofar as the trustees are aware:

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

Beever and Struthers are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 16th December and signed on the Board's behalf by:



Kamruddin Isap Kothia, DL
Chair of Trustees
16th December 2019

Governance Statement

For the Year Ended 31 August 2019

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Star Academies 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 Chief Executive, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Star Academies 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 **Members** have formally met once during the year. Attendance during the year at meetings of the Members was as follows: -

Member	Meeting attended	Out of a possible
Kamruddin Isap Kothia, DL (Chair)	1	1
Faruk Dasu (Light Trust)	0	1
Mohamed Isap	0	1
Harry Catherall	1	1
Rt. Hon Jack Straw	0	1
The Rt. Hon. Lord Charles Shuttleworth KG, KCVO	0	1
Martin Ainscough, CBE, DL	1	1
Sir Michael Wilshaw (appointed 2 April 2019)	1	1

The **Board of Trustees** have formally met four 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
Kamruddin Isap Kothia, DL (Chair)	4	4
Carol Costello	3	4
Faruk Dasu	2	4
Harry Devonport	3	4
Mohamed Isap	4	4
Afzal Ismail (Resigned April 2019)	2	3
Kevin Jaquiss	3	4
Hamid Patel CBE	4	4
Imraan Patel	4	4
Rt. Hon Jack Straw	2	4
Fiona Jordan	4	4

In line with the Trust's scheme of delegation detailed oversight of financial management has been delegated to the Policy and Resources Committee, which is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure sound management of the Trust's business resources, including proper planning, monitoring and probity. The committee met 3 times during the year.

Governance Statement

For the Year Ended 31 August 2019

Where Trustees have tendered apologies during the year this has been due to work commitments.

The **Audit Committee** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure regulatory compliance, financial probity and manage risk. The appointment of Internal Auditors was subject to a competitive tender during the year and RSM were re-appointed.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Kevin Jaquiss (Chair)	3	3
Faruk Dasu	3	3
Afzal Ismail (Resigned April 2019)	0	2
Deborah Hale (Independent Member)	2	3

The **Policy and Resources Committee** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure sound management of the Trust's business resources, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Mohamed Isap (Chair)	3	3
Carol Costello	3	3
Imraan Patel	3	3
Sheraz Akhtar	1	1

The **Academic Board** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure high standards in the quality of teaching and learning within Trust schools.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Harry Devonport (Chair)	4	4
Hamid Patel CBE	2	4
Cath Hitchen (Associate Member)	3	4
Rt. Hon. Jack Straw	1	4

Two Committee Advisors have commenced work on the Academic Board during the year to further strengthen the work of the Committee. As Committee Advisors there are no voting rights with regards to decisions.

Governance Statement

For the Year Ended 31 August 2019

The ***Nomination and Remuneration Committee*** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the oversight of Governance for the Trust.

Trustee	Meetings attended	Out of a possible
Kamruddin Isap Kothia, DL (Chair)	3	3
Faruk Dasu	3	3
Harry Devonport	2	3
Mohamed Isap	1	3

The Trust has a ***Faith and Character Education (FCE) Committee*** to assist the board of Trustees by enabling more detailed consideration to be given to the oversight of the Faith and Character Education for the Muslim faith schools within the Trust. The Committee is supported by 6 Committee Advisors who have no voting rights with regards to decisions.

Trustee	Meetings attended	Out of a possible
Faruk Dasu (Chair)	3	3
Hamid Patel CBE	3	3

The Trust has a ***Star Institute Board*** to assist the board of Trustees by enabling more detailed consideration to the best means of ensuring high standards in the delivery of learning and development by Star Institute.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Hamid Patel CBE (Chair)	3	3
Mohamed Isap	1	3
Fiona Jordan	3	3

Governance Statement

For the Year Ended 31 August 2019

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- **Improving educational standards**

The Accounting Officer has improved value for money in improving educational standards in the following ways:

1. Refining the education model to be applied across all Trust schools aimed at:
 - maximising pupil performance in public examinations
 - securing intellectual and academic rigour in student development
 - ensuring an emphasis on leadership and personal development
 - ensuring that the model maximises efficiency in the deployment of teaching and other resources
2. Refreshing the Quality Assurance framework so that it is focused at areas of greatest risk. This has ensured that resources are carefully targeted on addressing underperformance and maximising improvement. Additional freedoms and flexibilities are provided to high performers to encourage innovation and free up resource to target on areas of risk and need.
3. Delivering high quality Continuing Professional Development (CPD) to individual and groups of schools focusing on common areas of improvement and interest aimed at improving the quality of leadership and teaching in the school group.
4. Investing in high quality on-boarding and induction for sponsored academies joining the Trust during the academic year. Experience has shown that investment in these activities as a sponsored academy joins the Trust pays both short and long term dividends in accelerating educational and operational performance.

- **Robust governance and oversight of Multi Academy Trust finances**

The Trust has established robust guidance within the Trust's Financial Management Handbook. The Trust has also developed a Financial Procedures Manual to ensure segregation of duties, uniformity and consistency across all schools within the Trust. The Trust benefits from the provision of suitably qualified finance staff including the Executive Director: Finance and Operations and Head of Finance. The Head of Finance and their team hold regular meetings with all schools within the Trust.

The Trust Senior Management Accountant provides high level support to the schools through meetings and visits with the school-based Finance Business Partner team. The Finance Business Partners have accountability for two to three schools and complete regular compliance and health checks reviewing key policies, systems and procedures, with reports presented on compliance to the Principal as well as the Senior Management Accountant. Further sample checks are completed by the Senior Management Accountant and reported to the Head of Finance for the Trust.

RSM have been commissioned as the Internal Auditors for the Trust, with 8 internal audits carried out during 2018-19. The internal audit reports highlighted the strong practices in place at the schools as well as a number of low risk recommendations. Any recommendations from the internal audits have been actioned at both the school level and across the Trust. The internal audit reports were presented to both Local Governing Bodies for schools as well as the Audit Committee for the Trust. A 3 year internal audit plan is in place to cover a vast programme of areas during a period of growth for the MAT. The Trust also receives support throughout the year from its external auditors on compliance and accounting practices.

Governance Statement

For the Year Ended 31 August 2019

The Local Governing Body of each school receives detailed financial information for their termly meetings and the Local Governing Body is consulted with prior to the approval the budget plan annually. They are mindful of the need to balance expenditure against income to ensure the sustainability of their respective schools and to ensure the Trust remains a 'going concern'. The Members of the Trust meet with the external auditors annually to review and scrutinise the annual accounts and our external auditors' management report and to approve the annual accounts.

The Policy and Resources Committee acts on behalf of the Board of Trustees by ensuring sound management of the Trust's business resources and provides detailed financial monitoring at their termly meetings.

The Head of Finance reports back the financial position at a school and Trust level to the Accounting Officer, on a monthly basis. In addition, a formal monthly report is prepared for the trustees.

- **Better Purchasing**

The Trust ensures a continual focus on best value for money and clearly understands the importance of the efficient and effective use of its resources. Our schools and Trust promote fair competition through quotations and tenders, in accordance with its financial regulations, to ensure that goods and services are secured in the most economic and effective way. Where possible, the Trust has secured single supplier contracts, through competitive tender, for areas where a single supplier is appropriate for our schools i.e. insurance, payroll, ICT software licences and internal audit. This has considerably reduced the cost of this provision to schools. For 2018-19, the Trust has re-tendered a number of contracts, these include SIMS and SIMS support, student transport and the managed apprenticeship service.

The budget holders review and sign off every purchase order request and regularly challenge these for efficiency and effectiveness. In turn the Local Governing Body regularly reviews the functions of the school, challenging how and why services are provided as appropriate. At wider Trust level, the Policy and Resources Committee monitor centralised purchasing contracts ensuring best value is achieved and procurement practices are robust and compliant. Benchmarking exercises are carried out for cost comparisons and to ensure value for money.

- **Maximising income generation**

The Trust is mindful of the need to generate additional funds to maximise income generation. As more of our schools are moving into their permanent sites, the Trust is looking at plans to utilise the premises to generate lettings income as well as to ensure the community benefits from the extended services provided by carefully vetted voluntary and community support groups as well as providing an income stream for the schools.

The schools ran a number of fund raising events throughout the year, both for charity and to generate income for their respective schools. The income generated for the schools is used to help support the wider curriculum and give further opportunities to all children that are not possible through the schools' budget allocation.

- **Reviewing controls and managing risks**

Business Continuity Plans, Risk Management Policies and Risk Registers have been devised at both the Trust and school level. These have been approved by the Local Governing Bodies with the Risk Register reviewed termly.

The Principal and Finance Business Partner review budget monitoring reports, considering expenditure against each budget cost centre monthly and address any significant variances against budget. These budget monitoring reports are submitted to the central finance team for scrutiny. The Local Governing Body also reviews and checks these reports on a termly basis and monthly reports are provided to the Board of Trustees.

The Board of Trustees reviews and approves the financial regulations and scheme of delegation detailing the finance related systems and procedures and other key financial policies. There is full segregation of duties within each school office.

Governance Statement

For the Year Ended 31 August 2019

- **Lessons Learned**

Service level agreements and contracts are under review annually to continually look at best value and efficiency savings. There is a greater emphasis on centrally procured contracts by calling off existing frameworks, to ensure full compliance and best value for money is achieved. A three-year procurement strategy has been developed by the new Procurement Manager and has been reviewed and approved by the Trust Accounting Officer and the Policy and Resources Committee.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

Governance Statement

For the Year Ended 31 August 2019

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint RSM as their internal auditors.

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

- Key Operational Controls
- Strategic Planning and Performance Management
- Asset Management
- BACs System
- Compliance with the Academies Financial Handbook
- Governance Handbook Compliance
- Data Quality – Attendance and Safeguarding
- GDPR Framework – Post Implementation Review

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

The reviews that were undertaken provided recommendations for where the Trust could strengthen some of its systems and internal controls which have been implemented throughout the year. Further reviews will continue into 2019/20 to help identify any other areas in which the Trust may be able to implement an improved control environment.

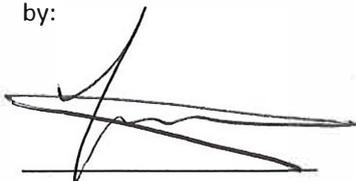
Review of Effectiveness

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

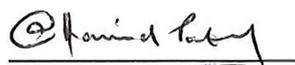
- the work of the Internal Auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

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



Kamruddin Isap Kothia, DL
Chair of Trustees



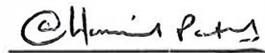
Hamid Patel CBE
Accounting Officer

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

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

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 2018.

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



Hamid Patel CBE
Accounting Officer
16th December 2019

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2019

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that 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 in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 16th December 2019 and signed on its behalf by:



Kamruddin Isap Kothia, DL
Chair of Trustees

Independent Auditors' Report on the Financial Statements to the Members of Star Academies

For the Year Ended 31 August 2019

Opinion

We have audited the financial statements of Star Academies for the year ended 31 August 2019 which comprise the Statement of Financial Activities including Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies (note 1). The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019 issued by the ESFA.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditors' Report on the Financial Statements to the Members of Star Academies

For the Year Ended 31 August 2019

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the trustees' report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 23, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report on the Financial Statements to the Members of Star Academies

For the Year Ended 31 August 2019

Auditor's responsibilities for the audit of the financial statements

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Mark Bradley BA FCA (Senior Statutory Auditor)
For and on behalf of Beever and Struthers

Chartered Accountants and Statutory Auditors
Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

16/12/19.....

Independent Reporting Accountant's Assurance Report on Regularity to Star Academies and the Education and Skills Funding Agency

For the Year Ended 31 August 2019

In accordance with the terms of our engagement letter dated 2 December 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Star Academies during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Star Academies' accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Star Academies' funding agreement with the Secretary of State for Education dated 1 November 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to Star Academies and the Education and Skills Funding Agency

For the Year Ended 31 August 2019

The work undertaken to draw our conclusion includes:

- Review that the activities are in keeping with the Academy Trust's framework and charitable objectives; and
- Testing undertaken on a sample basis to review whether the Academy Trust's expenditure is in accordance with the Funding Agreement; and
- Other testing in accordance with the guidance issued in the Academies Accounts Direction 2018 to 2019.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mark Bradley BA FCA (Reporting Accountant)
For and on behalf of **Beever and Struthers**

Chartered Accountants and Statutory Auditors
Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

16/12/19

**Statement of Financial Activities for the Year Ended 31 August 2019
(including Income and Expenditure Account and Statement of Total
Recognised Gains and Losses)**

For the Year Ended 31 August 2019

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Incoming and endowments from:						
Donations, legacies and capital grants	3	15	206	8,497	8,718	42,841
Transfer from local authority on conversion	30	-	(973)	6,723	5,750	24,117
Charitable activities:						
Funding for the Academy Trust's educational operations	4	-	89,254	-	89,254	70,085
Teaching schools	4,31	-	134	-	134	142
Other trading activities	5	179	-	-	179	75
Investments	6	67	-	-	67	39
Total		261	88,621	15,220	104,102	137,299
Expenditure on:						
Charitable activities:						
Academy Trust's educational operations	7	15	88,847	7,081	95,943	76,015
Teaching schools	7,31	-	130	-	130	145
Total	7	15	88,977	7,081	96,073	76,160
Net income/(expenditure)		246	(356)	8,139	8,029	61,139
Transfers between funds	18	(1,241)	147	1,094	-	-
Other recognised (losses)/gains						
Actuarial (losses)/gains on defined benefit pension schemes	18,27	-	(8,052)	-	(8,052)	2,592
Net movement in funds		(995)	(8,261)	9,233	(23)	63,731
Reconciliation of funds						
Funds brought forward at 1 Sept 2018	18	4,132	(2,142)	246,828	248,818	185,087
Funds carried forward at 31 August 2019	18	3,137	(10,403)	256,061	248,795	248,818

The Statement of Financial Activities includes all gains and losses in the period and therefore a statement of total recognised gains and losses has not been prepared.

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

The comparative Statement of Financial Activities is shown in note 2.

Balance Sheet

For the Year Ended 31 August 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
FIXED ASSETS					
Intangible Assets	13		6		21
Tangible Assets	14		244,825		199,459
			244,831		199,480
CURRENT ASSETS					
Investments	15	6,000		-	
Debtors	16	20,135		52,743	
Cash at Bank and in Hand		17,614		17,627	
		43,749		70,370	
LIABILITIES					
Creditors: Amounts Falling Due Within One Year	17	(14,667)		(8,339)	
NET CURRENT ASSETS			29,082		62,031
NET ASSETS EXCLUDING PENSION LIABILITY			273,913		261,511
Defined Benefit Pension Scheme Liability	27		(25,118)		(12,693)
TOTAL NET ASSETS			248,795		248,818
FUNDS OF THE ACADEMY TRUST:					
Restricted Funds					
Fixed asset funds	18		256,061		246,828
Restricted income funds	18		14,715		10,551
Pension reserve	18		(25,118)		(12,693)
Total Restricted Funds			245,658		244,686
Unrestricted income funds	18		3,137		4,132
TOTAL FUNDS			248,795		248,818

The financial statements on pages 29 to 61 were approved by the Board of Trustees and authorised for issue on 16th December 2019 and are signed on their behalf by

Kamruddin Isap Kothia, DL
Chair of Trustees



Company number: 07353849

Statement of Cash Flows
For the Year Ended 31 August 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash from operating activities	22	7,243	4,590
Cash flows used in investing activities	23	(7,256)	345
Change in cash and cash equivalents in the reporting period		(13)	4,935
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2018	24	17,627	12,692
Cash and cash equivalents at 31 August 2019		17,614	17,627

Notes to the Financial Statements

For the Year Ended 31 August 2019

1. Statement of Accounting Policies

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

Basis of Preparation

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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

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

Income

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

- **Grants**

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

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

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

Notes to the Financial Statements

For the Year Ended 31 August 2019

1. Statement of Accounting Policies (continued)

The trust is benefiting from the ESFA's Free School Building Programme for the construction of Tauheedul Islam Boys' High School, Olive School Hackney, Eden Girls' School Waltham Forest, Eden Girls' School Slough, Olive School Bolton, Olive School Preston, Olive School Birmingham, Eden Girls' School Leadership Academy, Manchester, Eden Boys' School Leadership Academy, Manchester and Eden Boys' School Birmingham East. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the trust controls (through ownership, lease or licence) the site where the development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

As prescribed by the Academy Accounts Direction 2018 to 2019, Start-up grants have been apportioned in line with the expenditure being incurred.

- **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.

- **Legacies**

Legacies are recognised on a receivable basis (where any conditions attached to the legacy are either within the control of the Academy Trust or have been met) where the receipt is probable and the amount can be reliably measured.

- **Other Income**

Other income, including courses provided to management staff at other schools, the provision of teacher training and the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust goods has provided the goods or services.

- **Transfer on Conversion**

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

- **Gifted Property**

The value of gifted property provided to the Academy Trust is recognised at the cost that they are purchased at by the ESFA in the period that entitlement to the grant is confirmed and planning permission has either been granted or when the title over the property has been transferred to the Academy Trust. Where the title has been transferred, the property has been accounted for within fixed assets and the corresponding income is shown within capital grant income within the restricted fixed asset fund. Where the title has not transferred but planning permission has been granted, the property has not been included within fixed assets but instead grant income has been recognised along with the corresponding debtor.

Notes to the Financial Statements

For the Year Ended 31 August 2019

1. Statement of Accounting Policies (continued)

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.

- **Costs of Raising Funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

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 life, as follows:

Purchased computer software	25% per annum
-----------------------------	---------------

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of any 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 and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	0.8% to 3% per annum (buildings only when brought into use)
Leasehold land and buildings	0.8% to 2.5% per annum depending upon lease term
Leasehold improvements	0.8% to 60% per annum depending upon lease term
Computer equipment	25% per annum
Fixtures, fittings and equipment	20% per annum

Notes to the Financial Statements

For the Year Ended 31 August 2019

1. Statement of Accounting Policies (continued)

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

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

Liabilities

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

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered 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.

Notes to the Financial Statements

For the Year Ended 31 August 2019

1. Statement of Accounting Policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Notes to the Financial Statements

For the Year Ended 31 August 2019

1. Statement of Accounting Policies (continued)

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 27, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Conversion to Academy Trust

The conversion from a state maintained school to an Academy Trust involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from each school to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the charitable company. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in donations and capital grants as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 30.

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 29.

Notes to the Financial Statements

For the Year Ended 31 August 2019

2. Comparative SOFA

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018
	£000	£000	£000	£000
Incoming and endowments from:				
Donations, legacies and capital grants	20	180	42,641	42,841
Transfer from local authority on conversion	58	(5,880)	29,939	24,117
Charitable activities:				
Funding for the Academy Trust's educational operations	-	70,085	-	70,085
Teaching schools	-	142	-	142
Other trading activities	75	-	-	75
Investments	39	-	-	39
Total	192	64,527	72,580	137,299
Expenditure on:				
Charitable activities:				
Academy Trust's educational operations	20	69,634	6,361	76,015
Teaching schools	-	145	-	145
Total	20	69,779	6,361	76,160
Net income	172	(5,252)	66,219	61,139
Transfers between funds	(798)	221	577	-
Other recognised gains				
Actuarial gains on defined benefit pension schemes	-	2,592	-	2,592
Net movement in funds	(626)	(2,439)	66,796	63,731
Reconciliation of funds				
Funds brought forward at 1 Sept 2017	4,758	297	180,032	185,087
Funds carried forward at 31 August 2018	4,132	(2,142)	246,828	248,818

Notes to the Financial Statements

For the Year Ended 31 August 2019

3. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Capital grants	-	-	6,721	6,721	42,641
Donated fixed assets	-	-	1,776	1,776	-
Other donations	15	206	-	221	200
	15	206	8,497	8,718	42,841

4. Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE / ESFA grants				
General Annual Grant (GAG)	-	74,480	74,480	58,156
Start Up Grants	-	973	973	1,562
Other DfE / ESFA grants	-	8,913	8,913	6,204
Teaching School	-	35	35	30
National College Grants	-	99	99	112
	-	84,500	84,500	66,064
Other Government grants				
Local Authority grants	-	907	907	686
	-	-	-	686
Other income from the Academy Trust's educational operations	-	3,981	3,981	3,477
	-	89,388	89,388	70,227

5. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Hire of facilities	179	-	179	75
	179	-	179	75

Notes to the Financial Statements

For the Year Ended 31 August 2019

6. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	67	-	67	39
	67	-	67	39

7. Expenditure

	Staff Costs £000	-Non Pay Premises £000	Expenditure- Other Costs £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	48,299	7,081	6,009	61,389	49,444
Allocated support costs	14,906	8,148	11,500	34,554	26,571
Teaching school	111	-	19	130	145
	63,316	15,229	17,528	96,073	76,160

Net incoming resources for the year include:

	Total 2019 £000	Total 2018 £000
Operating lease rentals	3,146	2,855
Depreciation (note 14)	7,069	6,053
(Profit)/Loss on disposal of fixed assets	(2)	267
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations) (note 13)	15	43
Fees payable to auditor for:		
– Audit	45	45
– Other services	26	13
Compensation payments	15	-

Included within expenditure are the following transactions.

	Total £	Individual items above £5,000 Amount £000	Reason
Compensation payments	15	15	Irrecoverable bursary fees and associated compensation

Notes to the Financial Statements

For the Year Ended 31 August 2019

8. Charitable activities

	Total 2019 £000	Total 2018 £000
Direct costs – educational operations	61,389	49,444
Support costs – educational operations	34,554	26,571
Teaching school costs	130	145
	96,073	76,160

	Total 2019 £000	Total 2018 £000
Allocated Support Costs		
Support staff costs	14,906	11,501
Premises costs	8,148	6,489
Other Support Costs	11,400	8,508
Governance costs	100	73
	34,554	26,571

9. Staff

a. Staff Costs

Staff costs during the year were:	Total 2019 £000	Total 2018 £000
Wages and salaries	49,284	38,559
Social security costs	5,086	4,031
Operating costs of defined benefit pension schemes	6,066	4,506

	60,671	47,096
Supply staff costs	2,390	1,924
Staff restructuring costs	490	318
	63,316	49,338

Staff restructuring costs comprise:

Redundancy payments	298	199
Severance payments	192	119
	490	318

Notes to the Financial Statements

For the Year Ended 31 August 2019

9. Staff (continued)

b. Non-Statutory/Non-Contractual Staff Severance Payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £191,870(2018: £27,000). Individually, the payments were £25,393, £20,624, £20,000, £17,147, £15,000, £15,000, £15,000, £14,478, £14,478, £8,776, £5,131, £4,756, £4,300, £3,107, £2,112, £2,026, £2,021, £1,112, £852 and £557 (2018: £27,000).

c. Staff Numbers

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

	2019	2018
	No.	No.
Charitable Activities		
Teachers	722	641
Teaching support	520	451
<hr/>		
Total teachers and teaching support	1,242	1,092
Administration and support	640	615
Management	116	118
<hr/>		
	1,998	1,825
<hr/>		

The average full time equivalent number of employees is 1,473 (2018: 1,420).

d. Higher Paid Staff

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

	2019	2018
	No.	No.
£60,001 - £70,000	31	28
£70,001 - £80,000	14	11
£80,001 - £90,000	14	14
£90,001 - £100,000	9	8
£100,001 - £110,000	4	6
£110,001 - £120,000	4	2
£120,001 - £130,000	1	1
£130,001 - £140,000	1	-
£140,001 - £150,000	2	1
£160,001 - £170,000	1	-
£220,001 - £230,000	-	1
£230,001 - £240,000	1	-
<hr/>		

Fifty-seven (2018: Forty-nine) of the above employees participated in the Teachers' Pension Scheme. Sixteen (2018: fifteen) other employees participated in the Local Government Pension Scheme. During the year ended 31 August 2019, employer's pension contributions for these staff amounted to £679,402 (2018: £617,406).

Notes to the Financial Statements

For the Year Ended 31 August 2019

9. Staff (continued)

e. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,005,428 (2018: £974,731).

10. Central services

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

- | | |
|---|---|
| <ul style="list-style-type: none"> • Financial Services • Human Resources • Facilities and Estates • Governance • Business Support • ICT Strategy and Support • Admissions • Capital Programmes • Communications | <ul style="list-style-type: none"> • Projects • Leadership Specialism • Safeguarding • Data and Performance • Curriculum and Assessment • School Improvement and Educational Development • External Quality Assurance • Inclusion |
|---|---|

The Academy Trust charges each school for these services based on a percentage of their GAG. There may also be additional charges made to some of the academies for specific levels of support. An example of this could be staffing issues at the new schools which may be covered by staff from the central services. The actual amounts charged during the year were as follows:

	2019	2018
	£000	£000
TIBHS	183	178
TIGHS	193	192
OBL	133	135
OHA	217	186
EBB	179	161
EGC	195	175
EGW	201	181
EBP	168	134
EBM	169	135
EGS	172	137
HLA	289	301
LLA	316	325
OPR	61	47
OBI	97	80
TLA	395	531
OBO	57	57
MEB	90	50
MEG	90	50
SLA	387	270
PTH	147	62
PHC	98	42
PBA	113	48
PBL	257	76
SBE	69	-
	4,276	3,553

Notes to the Financial Statements

For the Year Ended 31 August 2019

11. Related Party Transactions – Trustees’ remuneration and expenses

One trustee has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive only receives remuneration in respect of the services he provides undertaking the role of CEO under his contract of employment, and not in respect of his role as trustee. The value of trustees’ remuneration and other benefits was as follows:

Hamid Patel CBE (CEO and trustee):
 Remuneration £235,000 - £240,000 (2018: £220,000 - £225,000)
 Employer’s pension contributions paid £nil (2018: £nil)

The aggregate trustee remuneration in the year is £236,371 (2018: £220,976).
 During the year ended 31 August 2019, travel and subsistence expenses totalling £322 (2018: £484) were reimbursed or paid directly to 1 trustee (2018: 1).

Other related party transactions involving the trustees are set out in note 28.

12. Trustees’ and Officers’ insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance providers cover up to £5,000,000 on any one claim, and the cost for the year ended 31 August 2019 was £17,500 (2018: £8,400). The cost of this insurance is included in the total insurance cost.

13. Intangible fixed assets

	Computer Software £000	Total 2019 £000
Cost		
At 1 September 2018	540	540
At 31 August 2019	540	540
Amortisation		
At 1 September 2018	519	519
Charged in year	15	15
At 31 August 2019	534	534
Net Book Value		
At 31 August 2019	6	6
At 31 August 2018	21	21

Notes to the Financial Statements

For the Year Ended 31 August 2019

14. Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Leasehold Improvements £000	Assets in the Course of Construction £000	Furniture, Fixtures and Equipment £000	Computer Equipment £000	Total 2019 £000
Cost							
At 1 September 2018	135,186	45,409	2,476	18,376	6,064	7,109	214,620
Additions	1,976	-	599	40,196	677	1,712	45,160
Transferred on conversion/transfer (note 30)	6,892	-	-	-	230	153	7,275
Reclassifications	-	14,168	-	(14,168)	-	-	-
At 31 August 2019	144,054	59,577	3,075	44,404	6,971	8,974	267,055
Depreciation							
At 1 September 2018	5,591	1,614	1,371	-	2,528	4,057	15,161
Charged in year	3,041	1,173	214	-	1,129	1,512	7,069
Reclassifications	-	(15)	15	-	-	-	-
At 31 August 2019	8,632	2,772	1,600	-	3,657	5,569	22,230
Net Book Value							
At 31 August 2019	135,422	56,805	1,475	44,404	3,314	3,405	244,825
At 31 August 2018	129,595	43,795	1,105	18,376	3,536	3,052	199,459

15. Investment

	2019 £000	2018 £000
Current asset investment	6,000	-
	6,000	-

Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Debtors

	2019	2018
	£000	£000
Trade debtors	1,229	374
VAT recoverable	4,921	1,846
Other debtors	11,439	46,398
Prepayments and accrued income	2,546	4,125
	20,135	52,743
	20,135	52,743

17. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	3,744	2,925
Other taxation and social security	67	46
Other creditors	1,691	1,457
Accruals and deferred income	9,165	3,911
	14,667	8,339
	14,667	8,339

Deferred income

	2019
	£000
Deferred income at 1 September 2018	1,047
Released from previous years	(1,047)
Resources deferred in the year	1,527
Deferred income at 31 August 2019	1,527

The deferred income held at 31 August 2019 consists of Start Up Grants for Academies which have not yet opened, and other grants received including funding received for 2019/20 Universal Free School Meals.

Notes to the Financial Statements

For the Year Ended 31 August 2019

18. Funds

	Balance at 1 September 2018 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	10,501	74,480	(69,222)	(1,094)	14,665
Start Up Grant	-	974	(974)	-	-
Pupil Premium	-	4,824	(4,824)	-	-
Pension reserve	12,693	(973)	(3,400)	(8,052)	(25,118)
Other DfE / ESFA grants	-	5,129	(5,129)	-	-
Other income / expenditure	-	4,057	(5,299)	1,241	-
Legacies	50	-	-	-	50
	(2,142)	88,491	(88,847)	(7,905)	(10,403)
Restricted fixed asset funds					
Transferred on conversion	87,670	6,723	(2,911)	-	91,482
DfE / ESFA Capital grants	158,021	8,497	(3,794)	(358)	162,366
Capital expenditure from GAG	1,137	-	(376)	1,452	2,212
	246,828	15,220	(7,081)	1,094	256,061
Total Restricted Funds	244,686	103,711	(95,928)	(6,811)	245,658
Unrestricted funds					
Unrestricted funds	4,132	261	(15)	(1,241)	3,137
Total Funds	248,818	103,972	(95,943)	(8,052)	248,795

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2019. The carried forward GAG will be used towards the future operations of the free school as allocated below.

The pension fund is in deficit at the year-end of £25,118,000 (2018: £12,693,000). There are repayment plans in place for to repay these deficits over the timeframes provided by Lancashire Council Pension Fund, West Yorkshire Pension Fund and West Midlands Pension Fund. Contributions are reviewed periodically by the actuary to keep the scheme in surplus.

The unrestricted funds can be used for any purpose as the trustees see fit within the charitable objectives.

Notes to the Financial Statements

For the Year Ended 31 August 2019

18. Funds (continued)

The transfer from the restricted fund to the restricted fixed asset fund is the net balance from accounting for fixed asset acquisitions purchased out of GAG and non-fixed asset expenditure purchased out of Capital Grant funding such as rental costs for temporary accommodation. The transfer from the unrestricted fund to the restricted fund represents the use of unrestricted funds to fund a deficit on restricted activities.

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£000	£000
Central Services	2,819	4,210
TIBHS	823	708
TIGHS	2,301	2,382
OBL	1,083	857
OHA	1,175	570
EBB	982	644
EGC	1,034	784
EGW	784	580
EBP	559	233
EBM	1,200	842
EGS	436	240
HLA	278	462
LLA	364	337
OPR	119	43
OBI	296	203
TLA	1,167	1,139
OBO	146	7
MEG	557	131
MEB	516	59
SLA	264	102
PTH	159	21
PHC	134	57
PBA	143	69
PBL	261	3
SBE	270	-
SVA	(18)	-
Total before fixed assets and pension reserve	17,852	14,683
Restricted fixed asset fund	256,061	246,828
Pension reserve	(25,118)	(12,693)
Total	248,795	248,818

Notes to the Financial Statements

For the Year Ended 31 August 2019

18. Funds (continued)

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation and Impairment) £000	Total 2019 £000	Total 2018 £000
TIBHS	1,923	391	47	1,034	3,395	2,934
TIGHS	2,865	521	60	1,024	4,470	4,105
OBL	1,530	325	50	567	2,472	2,236
OHA	2,102	509	103	1,873	4,587	3,383
EBB	1,943	346	65	727	3,081	2,589
EGC	1,867	522	114	832	3,335	2,741
EGW	2,357	307	135	1,013	3,812	3,148
EBP	1,703	286	79	660	2,728	2,136
EBM	1,633	252	55	781	2,721	2,074
EGS	1,778	409	130	729	3,046	2,453
HLA	3,110	625	80	1,887	5,702	5,404
LLA	3,853	695	55	1,280	5,883	5,445
OBO	624	148	27	572	1,371	1,106
OPR	663	170	39	457	1,329	1,021
OBI	1,013	289	112	474	1,888	1,351
TLA	4,316	765	102	2,681	7,864	8,005
MEG	768	175	46	411	1,400	748
MEB	812	169	33	372	1,386	776
SLA	4,086	1,036	264	1,579	6,965	4,691
PTH	1,944	240	75	714	2,973	1,222
PHC	1,436	176	45	518	2,175	859
PBA	1,512	248	29	550	2,339	885
PBL	2,966	668	67	1,169	4,870	1,329
Central Services	623	5,624	528	(2,595)	4,180	6,886
SBE	686	181	28	273	1,168	-
SVA	278	83	2	89	452	-
	48,391	15,160	2,370	19,671	85,592	67,527

Notes to the Financial Statements

For the Year Ended 31 August 2019

18. Funds (continued)

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

	Balance at 1 September 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	7,239	58,154	(54,315)	(577)	10,501
Start Up Grant	-	1,562	(1,562)	-	-
Pupil Premium	143	3,651	(3,794)	-	-
Pension reserve	(7,135)	(5,880)	(2,270)	2,592	(12,693)
Other DfE / ESFA grants	-	3,381	(3,381)	-	-
Other income / expenditure	-	3,659	(4,457)	798	-
Legacies	50	-	-	-	50
	297	64,527	(69,779)	2,813	(2,142)
Restricted fixed asset funds					
Transferred on conversion	60,090	29,939	(2,359)	-	87,670
DfE / ESFA Capital grants	119,195	42,641	(3,780)	(35)	158,021
Capital expenditure from GAG	747	-	(222)	612	1,137
	180,032	72,580	(6,361)	577	246,828
Total Restricted Funds	180,329	137,107	(76,140)	3,390	244,686
Unrestricted funds					
Unrestricted funds	4,758	192	(20)	(798)	4,132
Total Funds	185,087	137,299	(76,160)	2,592	248,818

Notes to the Financial Statements

For the Year Ended 31 August 2019

19. Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	6	6
Tangible fixed assets	-	-	244,825	244,825
Investments	-	6,000	-	6,000
Current assets	3,688	19,338	14,723	37,749
Current liabilities	(551)	(10,623)	(3,493)	(14,667)
Pension scheme liability	-	(25,118)	-	(25,118)
Total net assets	3,137	(10,403)	256,061	248,795

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	21	21
Tangible fixed assets	-	-	199,459	199,459
Current assets	4,683	16,001	49,686	70,370
Current liabilities	(551)	(5,450)	(2,338)	(8,339)
Pension scheme liability	-	(12,693)	-	(12,693)
Total net assets	4,132	(2,142)	246,828	248,818

20. Capital commitments

At 31 August 2019, the Academy Trust had the following capital commitments:

	2019 £000	2018 £000
Contracted for, but not provided in the financial statements	2,028	10,518

All capital commitments are fully supported by Capital Grant programmes.

Notes to the Financial Statements

For the Year Ended 31 August 2019

21. Commitments under operating leases

Operating leases

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

	2019	2018
	£000	£000
Amounts due within one year	3,243	2,795
Amounts due between one and five years	9,752	8,787
Amounts due after five years	21,794	23,878
	34,789	35,460

22. Reconciliation of net income to net cash inflow from operating activities

	2019	2018
	£000	£000
Net income for the reporting period (as per the statement of financial activities)	8,029	61,139
Adjusted for:		
Amortisation (note 13)	15	43
Depreciation (note 14)	7,069	6,053
(Profit)/loss on the sale of fixed assets	(2)	267
Capital grants from DfE and other capital income (note 3)	(6,721)	(42,641)
Fixed assets transferred on conversion	(7,275)	(29,803)
Interest receivable (note 6)	(67)	(39)
Defined benefit pension scheme obligation inherited (note 27)	973	5,880
Defined benefit pension cost less contributions payable (note 27)	3,077	1,999
Defined benefit pension scheme finance cost (note 27)	323	271
(Increase)/decrease in debtors	(1,215)	2,363
Increase/(decrease) in creditors	3,037	(942)
	7,243	4,590

23. Cash flows from investing activities

	2019	2018
	£000	£000
Dividends, interest and rents from investments	67	39
Purchase of tangible fixed assets	(41,867)	(6,115)
Purchase of investments	(6,000)	-
Capital grants from DfE / ESFA	40,544	6,421
	(7,256)	345

Notes to the Financial Statements

For the Year Ended 31 August 2019

24. Analysis of cash and cash equivalents

	At 31 August 2019 £000	At 31 August 2018 £000
Cash in hand and at bank	17,614	17,627
Total cash and bank equivalents	<u>17,614</u>	<u>17,627</u>

25. Contingent Liabilities

The Academy Trust had no contingent liabilities at 31 August 2019.

26. 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.

Notes to the Financial Statements

For the Year Ended 31 August 2019

27. Pension and Similar Obligations

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

The latest actuarial valuation of the TPS and of the LGPS relates to the year ended 31 March 2016.

Contributions amounting to £324,058 were payable to the schemes at 31 August 2019 (2018: £705,578) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

Notes to the Financial Statements

For the Year Ended 31 August 2019

27. Pension and Similar Obligations (continued)

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £4,050,895 (2018: £2,985,333).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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 (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £2,839,129 (2018: £2,164,223), of which employer's contributions totalled £2,014,882 (2018: £1,521,008) and employees' contributions totalled £824,247 (2018: £643,215). The agreed contribution rates for future years are between 8.3% and 22.4% for employers and between 5.5% and 12.5% for employees depending upon income.

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

The Academy Trust's fund, within the LGPS is in deficit at the year end of £25,118,000 (2018: 12,693,000). This deficit is mainly made up of the pension deficits within the academy convertors. Upon conversion SVA introduced a deficit of £973,000. There are repayment plans in place for to repay these deficits over the timeframes provided by Lancashire Council Pension Fund, West Yorkshire Pension Fund and West Midlands Pension Fund. Contributions are reviewed periodically by the actuary to keep the scheme in surplus. During the year ended 31 August 2019, Star collectively paid £129,490 (2018: £166,642) of deficit repayments.

Notes to the Financial Statements

For the Year Ended 31 August 2019

27. Pension and Similar Obligations (continued)

Principal Actuarial Assumptions

At 31 August 2019:	LCPF	WYPF	WMPF
Rate of increase in salaries	3.50%	3.35%	3.65%
Rate of increase for pensions in payment / inflation	2.10%	2.10%	2.15%
Discount rate for scheme liabilities	1.80%	1.90%	1.90%
Inflation assumption (CPI)	2.00%	2.10%	2.15%
Commutation of pensions to lump sums	50%	50%	50%

At 31 August 2018:

Rate of increase in salaries	3.60%	3.50%	3.80%
Rate of increase for pensions in payment / inflation	2.20%	2.00%	2.30%
Discount rate for scheme liabilities	2.80%	2.80%	2.65%
Inflation assumption (CPI)	2.10%	2.00%	2.30%
Commutation of pensions to lump sums	50%	50%	50%

Sensitivity Analysis - LCPF

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	23,936	23,368	24,519	24,028	24,356
Assets	(11,772)	(11,772)	(11,772)	(11,772)	(11,772)
Deficit	12,164	11,596	12,747	12,256	12,584
Projected Service Cost for next year	3,594	3,484	3,710	3,597	3,662
Projected Net Interest Cost for next year	208	209	219	210	216

Sensitivity Analysis – WYPF (LLA)

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	3,886	3,800	3,937	3,922	4,016
Projected Service Cost for next year	345	336	354	345	358

Sensitivity Analysis – WYPF (TLA)

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	10,191	9,967	10,331	10,279	10,531
Projected Service Cost for next year	601	586	616	601	624

Notes to the Financial Statements

For the Year Ended 31 August 2019

27. Pension and Similar Obligations (continued)

Sensitivity Analysis – WYPF (PTH, PHC and PBA)

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate £000	Sensitivity 2 +0.1% p.a inflation £000	Sensitivity 3 +0.1% p.a pay growth £000	Sensitivity 4 1 year increase in life expectancy £000
Liabilities	8,735	8,532	8,874	8,803	9,026
Projected Service Cost for next year	991	886	937	911	945

Sensitivity Analysis – WMPF

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate £000	Sensitivity 2 +0.1% p.a inflation £000	Sensitivity 3 +0.1% p.a pay growth £000	Sensitivity 4 1 year increase in life expectancy £000
Liabilities	3,374	3,631	3,823	3,751	3,869
Projected Service Cost for next year	363	353	373	363	376

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

At 31 August 2019:	LCPF	WYPF	WMPF
Retiring today			
Males	22.8	22.2	20.9
Females	25.5	25.4	23.2
Retiring in 20 years			
Males	25.1	23.2	22.6
Females	28.2	27.2	25.1
At 31 August 2018:			
Retiring today			
Males	22.7	22.1	21.9
Females	25.4	25.3	24.4
Retiring in 20 years			
Males	25.0	23.1	24.1
Females	28.0	27.1	26.7

Notes to the Financial Statements

For the Year Ended 31 August 2019

27. Pension and Similar Obligations (continued)

The Academy Trust's share of the assets in the scheme were:

Fair Value at 31 August 2019:	LCPF	WYPF	WMPF
Equities	5,627	10,059	378
Government Bonds	-	1,362	59
Other Bonds	188	584	24
Property	1,036	571	51
Cash and other liquid assets	212	246	23
Other	4,709	142	93
Total market value of assets	11,772	12,964	628

Fair Value at 31 August 2018:	LCPF	WYPF	WMPF
Equities	3,621	8,365	-
Government Bonds	281	471	-
Other Bonds	50	1,211	-
Property	759	392	-
Cash and other liquid assets	74	247	-
Other	3,465	527	-
Total market value of assets	8,250	11,213	-

The actual return on scheme assets was £837,000 (2018: £447,000).

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost (net of employee contributions)	(1,759)	(1,999)
Past service cost	(1,277)	-
Interest income	586	358
Interest cost	(909)	(596)
Administrative expenses	(41)	(33)
Total operating charge	(3,400)	(2,270)

Notes to the Financial Statements

For the Year Ended 31 August 2019

27. Pension and Similar Obligations (continued)

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

	2019	2018
	£000	£000
At 1 September 2018	32,156	18,415
Conversion of academy trusts	1,900	11,319
Current service cost	3,934	3,278
Interest cost	909	596
Employee contributions	860	609
Actuarial (gain)/loss	9,801	(2,145)
Benefits paid	(355)	84
Past service cost	1,277	-
	50,482	32,156

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

	2019	2018
	£000	£000
At 1 September 2018	19,463	11,280
Conversion of academy trusts	927	5,439
Interest income	586	358
Actuarial gain	1,749	447
Employer contributions	2,175	1,279
Employee contributions	860	609
Benefits (paid)/received	(355)	84
Administration costs	(41)	(33)
	25,364	19,463

28. Related Party Transactions

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

The following related party transactions took place in the period of account:

Expenditure Related Party Transaction

Z Dasu who is the spouse of F Dasu, a trustee of Star, is employed at TIGHS. Z Dasu's appointment was made in open competition and F Dasu was not involved in the decision making process regarding appointment. Z Dasu is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

Z Dasu has been employed at TIGHS since 2009, before F Dasu became a Trustee of Star.

Notes to the Financial Statements

For the Year Ended 31 August 2019

28. Related Party Transactions (continued)

UK Kothia who is the son of KI Kothia, the Chair of trustees at Star, is employed at TIBHS. UK Kothia's appointment was made in open competition and KI Kothia was not involved in the decision making process regarding appointment. UK Kothia is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a trustee.

The Academy Trust received a series of Leadership Masterclasses from Sir Michael Wilshaw, a Member of the Trust, at a value totalling £9,000 (2018: £nil) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil). The Academy Trust made the purchase at arm's length following a competitive procurement exercise in accordance with its financial regulations. The element above £2,500 has been provided at no more than cost and Sir Michael Wilshaw has provided a statement of assurance confirming this.

The Academy Trust entered into a service level agreement in December 2018 with Blackburn Youth Zone (registered charity no 1135949) to provide access and facilitate participation for Star Academies and its Blackburn schools to benefit from targeted services and projects to improve health and wellbeing, skills and aspirations. The Rt. Hon Jack Straw, a Member and Trustee of the Trust is also a Trustee of Blackburn Youth Zone. The value of services provided totalled £16,644 (2018: £nil) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil). The Academy Trust made the purchase at arm's length following a competitive procurement exercise in accordance with its financial regulations.

In entering into the transactions listed above the Academy Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

29. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the Academy Trust received £84,230 (2018: £78,530) and disbursed £84,230 (2018: £78,530) from the fund.

30. Conversion to an academy status/academy transfers into the Trust

During the year ended 31 August 2019 one academy joined the Academy Trust. The Valley Leadership Academy converted from being a maintained school to academy status. At the dates of conversion/transfer to the Trust, the operations and assets and liabilities were transferred for £nil consideration. There were no budget surpluses transferred with the academy.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

Notes to the Financial Statements

For the Year Ended 31 August 2019

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000
Tangible fixed assets				
– Freehold land and buildings	-	-	6,340	6,340
– Other tangible fixed assets	-	-	383	383
LGPS pension deficit	-	(973)	-	(973)
Total net assets	-	(973)	6,723	5,750

The individual academy conversion transactions are listed below.

30. Conversion to an academy status/academy transfers into the Trust (continued)

The Valley Leadership Academy

On 1 April 2019, The Valley Leadership Academy converted to academy status and joined Star Academies. The conversion included freehold land and buildings from 1 April 2019.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000
Tangible fixed assets				
– Freehold land and buildings	-	-	6,340	6,340
– Other tangible fixed assets	-	-	383	383
LGPS pension deficit	-	(973)	-	(973)
Total net assets	-	(973)	6,723	5,750

Notes to the Financial Statements
For the Year Ended 31 August 2019

31. Teaching school trading account

	2019	2019	2019	2018	2018	2018
	£000	£000	£000	£000	£000	£000
Income						
Direct Income						
Fee income		35			33	
Grants		99			109	
Total Income		99	134		109	142
Expenditure						
Direct costs						
Direct staff costs	93			72		
Other direct costs	-			48		
Total direct costs	93	93		120		
Other costs						
Support staff costs	18			18		
Other indirect costs	19			7		
Total other costs	37	37		25		
Total Expenditure			(130)			(145)
Surplus/(Deficit) from all sources			4			(3)
Teaching school balances at 1 September 2018			13			16
Teaching school balances at 31 August 2019			17			13

