



Star

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



**ANNUAL REPORT
AND FINANCIAL
STATEMENTS**
YEAR ENDED 31 AUGUST 2020

Contents

	Page
Reference and Administrative Details	2
Trustees' Report	3 – 16
Governance Statement	17 – 23
Statement on Regularity, Propriety and Compliance	24
Statement of Trustees' Responsibilities	25
Independent Auditor's Report on the Financial Statements	26 - 28
Independent Reporting Accountant's Report on Regularity	29 - 30
Statement of Financial Activities incorporating Income & Expenditure Account	31
Balance Sheet	32
Statement of Cash Flows	33
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	34 – 38
Other Notes to the Financial Statements	39 – 63

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 Craggs 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	
PSH – Olive Small Heath	
SGB – Eden Girls' Leadership Academy, Birmingham	
SBR – Eden Boys' Leadership Academy, Bradford	

**Reference and Administrative Details****For the Year Ended 31 August 2020**

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
Trustees	Kamruddin Isap Kothia, DL (Chair) Carol Costello Faruk Dasu # Harry Devonport Mohamed Isap 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: 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 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Within this year the Trust operated 28 schools (9 primary and 19 secondary schools across the Lancashire, Greater Manchester, West Yorkshire, Midlands and London area). These academies had a combined pupil admission number (PAN) of 16,738 and had a roll of 15,362 in the school census on January 2020.

Within this year the Trust was also undertaking due-diligence on the large all-through sponsor-led academy, Starbank, that joined the Trust in October 2020. Business cases for the two schools approved in Wave 13 of the free schools' programme – Salford and Rochdale – have now been approved and work continues to secure their opening although no target dates have yet been agreed. Applications were progressed to interview, and outcomes pending for a further four free schools. The Trust has also 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 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.

Trustees' Report

For the Year Ended 31 August 2020

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.

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. Star Academies operates a Joint Consultation & Negotiating Committee (JCNC) in respect of trade union matters.

In line with the regulations, Star Academies is required to publish the following information for the period 1 April 2019 to 31 March 2020 relating to trade union officials and facility time:

Relevant Union Officials: Number of employees who were relevant union officials during the period	0
Full-time employee number	0

Percentage of working hours spent on facility time:

0%	0
1 to 50%	0
51 to 99%	0
100%	0

Percentage of the pay bill spent on facility time:

Total cost of facility time	£0
Total pay bill	£65,676,419
Percentage of pay spent on facility time	0%

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
---------------------------------------------------------------------------------------------	----

Trustees' Report

For the Year Ended 31 August 2020

Related Parties and other Connected Charities and Organisations

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

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

Engagement with Employees (including disabled persons)

Star Academies have taken the following actions this year to introduce, maintain and develop arrangements aimed at engaging with its employees:

- Star Academies uses a broad range of internal communications channels for employee engagement. Regular communications include weekly and monthly staff bulletins and a termly magazine. Online channels, including Microsoft Teams, are used for communications and collaboration, alongside more informal tools such as email, instant messaging and Skype. An annual programme of staff events and training take place via a range of mediums, including physical events, eLearning platforms, webinars and video conferencing. Throughout the coronavirus pandemic, the Trust's Chief Executive has sent regular communications to employees to keep them abreast of the latest developments and Star's civic response to the pandemic. Around 400 colleagues who made an exceptional contribution to the Star family during the pandemic were recognised by the Chief Executive with a Stars of Hope Award. The Trust also has a comprehensive suite of policies and procedures on matters that affect employees during their employment and has an annually updated training and development plan which enables managers and employees to be trained on their effective implementation.
- We have a Trade Union Recognition Agreement with recognized trade unions in the education sector and consult employees and their representatives so that their views can be considered when making decisions which affect their interests, at a Trust level through the Joint Consultation & Negotiating Committee (JCNC), which meets on a termly basis during the academic year.
In addition, at an individual school level we consult on issues that affect all staff at that establishment, for example, a number of restructure proposals have been implemented in the previous 12 months, as well as when schools join the Trust under an Academisation order. We apply the statutory timescales required for consultation which are dependent upon the number of employees affected. Our intention is always to seek to reach a consensus with employees and their representatives wherever possible about proposals that affect them;
- We encourage the involvement of employees in the Trust's performance, through a performance management appraisal cycle, which seeks to align employee's targets with the aims and objectives of the Trust. Schools and Central Trust Teams apply Key Performance Indicators to measure their performance against a range of targets set at Trust and National levels. We celebrate outstanding employee contributions through an annual awards ceremony and regularly recognise outstanding individual employee contributions through an employee recognition scheme, known as Star Letters.
- We achieve a common awareness on the part of all employees of the factors affecting the performance of the Trust through effective communication channels as set out above. We also undertake an annual employee engagement survey which measures staff feedback against a number of areas of the Trust's activity, including the effectiveness of its leadership;

Trustees' Report

For the Year Ended 31 August 2020

- Promoting equality of opportunity is at the heart of the Trust's mission. The Trust builds equality considerations into its employment policies from the outset, it has a policy on the fair recruitment and selection of candidate for roles with the Trust and guarantees an interview to any disabled applicant who meets the essential requirements of the role. We have an equality statement within all of our recruitment advertisements. Equal Opportunities monitoring information that is voluntarily provided at the application stage is anonymised and used by the Trust to measure diversity within the application pool and workforce to ensure that we are meeting our obligations under the Equality Act 2010.

Recruiting managers are trained to apply the Trust's equality principles. The Trust and its schools have a range of policies and procedures to advance equality of opportunity between people who share a protected characteristic and those who do not. These include our governance and accountability framework, our equalities and related policies and training for staff and governors.

Engagement with Suppliers, Customers and others in a business relationship with the Trust

Star Academies has an established Procurement Department and procedures in place. This includes the holding and maintenance of a contracts database and corresponding three-year procurement plan.

Key developments during 2019/20:

- the use of more bespoke and tailored contracts/service level agreements to meet the demands of the Trust and ensure fairness to the suppliers in knowing our needs and how to deliver successfully.
- the tailoring of tenders into smaller regional lots to help encourage SME participation and achieve value for money at a more local level as our experience had shown that larger national scale contracts were not always able to provide the service level needs required.

Contract oversight, undertaken by the Procurement Department or Contract Managers, requires accountability meetings with Supplier account managers for performance discussions including monitoring of contract KPIs. This relationship building engagement also allows us to seek quick resolutions to any issues that are presented and build trust between the parties. Accountability meeting frequency is dependent upon the risk and value associated with a contract and can range anywhere between monthly and annually. The impact of Covid-19 during the year has highlighted the value in establishing strong contractual relationships, for example:

- our stationery provider has supported the Trust with a range of other COVID-19 needs such as masks and shields.
- to ensure good use of public money and support our contracted suppliers through this difficult time, we have negotiated appropriate pay where services were unable to be delivered, for example school transport. These reflected the lack of the service provided whilst supporting the supplier to ensure continuity of the contract longer term.

Trustees' Report

For the Year Ended 31 August 2020

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, high-achieving Multi Academy Trust. Running a diverse network of primary and secondary schools, Star is a values-based organisation, committed to enhancing social mobility. The Trust's efforts are consistently geared towards raising the aspirations of children and young people in areas of social and economic deprivation in order to improve their life chances and help them succeed at the highest levels in education, employment and their professions.

Star's Corporate Strategy 2016-2022 sets out an ambitious programme for the development of the Trust up to 2022 – the 10th anniversary of the Trust's inception. The Corporate Strategy forms the foundation of the Trust's planning framework. It is complemented by school 5-year plans along with 5-year plans for specific Trust-wide service areas. These set out the medium-term priorities that schools and Trust-wide services must deliver if the Trust's overall aims and objectives are to be achieved. In turn, these 5-year plans are developed in detail in school and Trust Annual Operating Statements. These set out the priorities for each year that will take the Trust towards its medium-term goals.

In 2019-2020, the Trust, in common with all public sector organisations, was severely affected by the COVID-19 pandemic. The protracted closure of schools had a significant impact on the Trust's capacity to deliver on its targets. Priority work was reshaped and rescheduled to enable education to continue remotely. Delays to some projects were inevitable. The Trust's central team had to adapt quickly to new ways of working, meeting and communicating.

Star Academies is committed to working within the changing parameters of redefined normality to secure the best possible experiences and outcomes for young people.

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 2020

Strategic Report

Achievements and Performance

Star has achieved the following in the 2019/20 academic year:

Educational Excellence

Following the release of the 2019 performance tables, Star was named as the highest-performing MAT in England for the second consecutive year, with a number of its free schools in the top 5% for progress, attainment and absence levels. Four of Star's free schools ranked amongst the top 14 in the country for progress and overall performance. Star was recognised as MAT of the Year 2019 at the inaugural National Schools Awards held at the Schools and Academies Show. Further information regarding performance can be found within the Key Performance Indicator section on page 11.

Quality assurance visits were suspended in mid-March 2020 when school closures were announced. Prior to that point, all visits had been conducted in accordance with the tariff, using the new rolling report methodology that focused on deep dives in subjects jointly agreed as points of focus by the quality assurer and schools.

The implementation of a standardised Trust-wide curriculum has been progressed. Conferences for senior and middle leaders held in autumn 2019 focused on the linkage between intent, implementation and impact in the development of an ambitious knowledge-rich curriculum. Trust-wide long term and medium-term plans in EBacc subjects were implemented in a phased manner in all secondary schools from September 2019. Long-term and medium-term plans for EBacc subjects at Key Stage 4 have been developed and are being rolled out from September 2020. The primary curriculum has been successfully developed, with planning being provided in foundation subjects to complement long term plans, medium term plans and progression maps that had already been developed for core subjects. Star points scores have been agreed and are being used to gauge pupils' achievement as they progress through the primary curriculum.

COVID-19 has brought into sharp relief the need to ensure that all our schools are successful in supporting pupils' holistic development, in school or remotely. The Safeguarding Team has developed a Mental Health and Wellbeing Policy and work has begun with Wellspring Academies Trust, focused on supporting pupils with SEND and boosting mental health provision in schools. During lockdown, the work of the Safeguarding Team focused on monitoring and supporting the wellbeing of pupils who were at home, as well as ensuring that Star Hub arrangements, some of which involved direct work with non-Star schools, were safe and secure.

The binary behaviour system had been developed in sponsored academies prior to lockdown. As schools fully reopen, arrangements have been designed to enable the removal from class, complemented by restorative work, to support pupils who cannot meet behavioural expectations, including those related to behaviour that may risk spreading coronavirus. Establishing positive behaviour and culture is a theme within the Star Ambitions programmes.

The Trust has received weekly updates on attendance and persistent absence, when schools were in full session and during opening to identified groups. Attendance at several schools is notably high but in some of the sponsored academies absence remains a barrier to achievement for a significant number of pupils.

The Data Team has further enhanced the Trust Performance Dashboard. In addition, the team developed a dashboard that provided weekly updates on attendance of key groups and the status of hygiene supplies across schools. Schools and central staff are utilising a range of Microsoft 365 applications including online Microsoft Power BI service to access their data dashboards.

Star Institute has had a highly successful year. Star Teachers, the Trust's School Centred Initial Teacher Training arm, was judged to be outstanding following the second phase of its inspection in autumn term 2019. Ninety trainees have been recruited to train in 2020-2021, doubling the size of the outgoing cohort. Star Teachers

Trustees' Report

For the Year Ended 31 August 2020

continues to provide Post Graduate Teacher Apprenticeships. A new SCITT hub is being established in the West Midlands to operate from September 2020. The Early Career Teacher (ECT) training has been well received and meets the needs of teachers in their first five years of training. Accreditation for this programme has not yet been secured.

The Trust's work to develop high quality blended learning has been accelerated by COVID. CPD has been delivered via a range of online platforms to equip teachers with the skills to deliver learning online. The aim is for pupils learning at home or in school to be taught simultaneously, thus enabling continuity of education during further local lockdowns or partial closures.

Operational Excellence

Under the Trust's new Policy Framework review cycle, batches of policies are considered each term and adaptations made. This system has led to a more manageable workload for those involved in policy writing and oversight, as well as for policy users in schools.

Staffing restructures have been conducted in a timely way at Tong Leadership Academy, High Craggs Primary Leadership Academy and The Valley Leadership Academy. Throughout this sensitive work, positive working relationships have been maintained with the professional associations and Star's reputation as a caring employer of choice has been maintained.

During the year, over three hundred vacancies have been advertised and filled. Centralised recruitment of school senior leaders has been a successful initiative, enabling standardisation of rigorous processes. The move to online recruitment necessitated by COVID-19 has been very successful, with candidates' tasks successfully adapted for remote completion and clear guidance and support provided to panellists.

COVID-19 required the rapid reconsideration of operations. The closure of central office meant that all staff had to quickly adapt to home working. A positive consequence of this move was the acceleration of progress towards a paperless environment. Paper-free governors' meetings, conducted virtually, have been well attended and business-focused. Removing the need for the printing and distribution of packs and cutting the requirement for travel have undoubtedly been beneficial. Online meetings will continue for at least the first two terms of the new academic year.

Financial services have adapted seamlessly to paper-free online working. The budget setting process was accomplished smoothly. Payroll has operated without any problems and the employee self-service function of iTrent is operating successfully.

More effective management of the complaints process, and early intervention to resolve issues, has led to a reduction in the number of complaints progressing to stage 2 of the complaint procedure. The Trust takes complaints seriously and effective processes are being put into place to help the organisation to learn from the concerns raised.

The ICT Team's response to the challenge of COVID-19 was rapid and enabled work across the Trust to continue smoothly. A swiftly orchestrated training programme in the use of MS Teams equipped teachers to deliver remote lessons and central colleagues to maintain business operations. Anticipating the global shortage in digital devices, the team ordered new kit early and oversaw its timely delivery to schools. A service management tool has been implemented to enable the team to manage requests for their support with technical issues. Good progress has been made on the asset tagging programme.

In autumn 2019, TIBHS, Eden Girls' Leadership Academy Manchester and Eden Boys' Leadership Academy Manchester moved into their impressive new buildings. Progress on building work has been affected by COVID-19; nonetheless Olive Birmingham, Olive Hackney, Eden Boys' Leadership Academy Bradford and Eden Girls'



Trustees' Report

For the Year Ended 31 August 2020

Leadership Academy Birmingham are due for handover in 2020-2021. The self-delivered permanent site for Olive Preston will be ready for occupation in spring 2021.

The Trust is on track in its implementation of a five-year programme of building condition surveys and asset management plans which underpin prioritisation of maintenance work. A comprehensive computer aided facilities management system has been implemented for monitoring compliance with health and safety requirements. This provides a detailed central overview, enabling effective and efficient response when problems are detected. The safety of school sites with regard to COVID-19 has been a key focus of work since lockdown. Extensive work has been undertaken to provide schools with comprehensive risk assessment frameworks. The estates team has supported schools' procurement of PPE and sanitiser, monitored stocks and provided training materials for use with cleaning teams. They also reviewed catering contracts as Star Hubs were established and streamlined the delivery model to ensure that all children attending on site when schools were partially open were fed, along with the implementation of the free school meals voucher system.

A Strong Star Community

Two highly successful senior and middle leaders' conferences in September and November 2019 set the academic year off on a positive footing by providing leaders with opportunities to explore the implementation of the Trust's priorities, particularly with regard to the development and delivery of a vibrant, knowledge-rich curriculum. Due to the pervasive influence of the pandemic, the year did not continue as originally planned and schools were not able to follow through from the launch of the high-status Star Readers and Star Diplomas initiatives because of lockdown. However, the sense of community that was apparent at these leadership events has remained and strengthened.

The inaugural Star Awards held in March 2020 celebrated in style the significant achievements of pupils, staff and governors across Star schools. It was a fantastic occasion, showcasing talent, reaffirming values and uniting the Star family. Recognition of individuals has also been seen through the extension of the Staff Thanks and Recognition Scheme. A further initiative to recognise exceptional achievements during the pandemic resulted in around 400 members of staff from schools' and central teams receiving Stars of Hope letters from the CEO.

Even in the darkest days of lockdown, there has been much to celebrate as the Trust created opportunities to make a positive difference to communities in need of support. The Coronavirus Appeal has been a significant piece of work in 2020 that will have a lasting legacy. The communications team developed dedicated websites for the appeal and for Shine Charity, along with a far-reaching social media campaign. A special edition of the *Starlight* magazine detailed the impressive work of Star schools in raising funds, preparing and distributing meals, food packs, hygiene packs and PPE. This was civic leadership on an impressive scale, with over £300,000 worth of donations from individuals and retailers already put to good use in disadvantaged communities.

Over 1,000 entries were received for the Stars of Hope art and poetry competitions that ran during Easter 2020 and focused on giving thanks to key workers and finding hope for the future. The resulting virtual art gallery and published poetry anthology are affirmations of the creativity and positivity of Star's young people.

Star's Reopening Schools Toolkit, whose dedicated website has been accessed by over 20,000 school leaders and education professionals, marks the Trust's collaborative working with other sector leaders in multi-academy trusts and local authorities. The site provided advice to schools in preparation for their wider reopening in June and has been updated as leaders grapple with the challenges of full September reopening.

StarLine, providing guidance for parents, and StarLive, providing specialist online lectures are further evidence of the Trust's outward-facing approach in support of parents within and beyond the Star family. Again, excellent communication was evident including development of dedicated website, Facebook group, social media campaign and production of StarLive YouTube series.

Trustees' Report

For the Year Ended 31 August 2020

Key Performance Indicators

All of Star's free schools that have been inspected by Ofsted to date have achieved 'outstanding.'

Fourteen schools out of the 18 inspected overall have been graded as 'outstanding,' consolidating the Trust's reputation for excellence.

All faith schools inspected so far have been graded outstanding in their section 48 inspections.

Inspection activity has been substantially curtailed in 2019-20

Tong Leadership Academy received its section 5 inspection in November 2019. The school's overall effectiveness was judged to require improvement; nonetheless, a number of aspects of the school's provision were regarded as being good. These included behaviour and attitudes; personal development; leadership and management; sixth-form provision. The school's improvement since becoming a sponsored academy was praised by inspectors. The predecessor school had been judged to be inadequate.

Prior to school closures, Highfield Leadership Academy received a monitoring inspection at which leaders were judged to be taking effective action towards the removal of special measures. Section 48 inspections conducted by Association of Muslim Schools UK at Olive School Preston, Olive School Bolton and Olive School Birmingham resulted in outstanding grades being awarded to all three.

Further inspections were anticipated but did not occur due to Ofsted's inspection schedule being paused due to the lockdown measures applied during the COVID-19 pandemic. These including at Eden Girls' Leadership Academy Manchester and Eden Boys' Leadership Academy Manchester, both of which free schools have now been open for three years. These schools will receive their first section 5 inspections when Ofsted resumes routine activity after January 2021.

The Trust's foremost improvement priority for 2019/20 was improving pupil outcomes, especially in the sponsored academies which have long legacies of weak academic performance. The Government's decision to cancel public examinations for summer 2020 was inevitable given the scale of the pandemic lockdown. The methodology subsequently adopted by Ofqual to award pupils with grades that are determined largely on the basis of modelling from schools' previous two years' performance, means that 2020 outcomes will not improve as the Trust had planned.

Star schools aim to keep salary costs between 70% and 75% of their GAG income. This has been achieved during 2019/20.

Promoting the success of the company

The Directors have promoted the success of the charity, to achieve its charitable goals, for the benefit of its stakeholders as a whole and in doing so have given regard to:

- the likely consequences of any decision in the long term – All decisions are taken with a view of maintaining or improving the long term educational, operational and financial performance of the Academy
- the interests of the company's employees – refer to page 5
- the need to foster the company's business relationships with suppliers, customers and others – refer to page 6
- the impact of the company's operations on the community and the environment – refer to page 10 - A Strong Star Community, SECR on page 16 and comment on going paperless on page 9
- the desirability of the company maintaining a reputation for high standards of business conduct – Refer to Governance Statement on page 18 detailing the Academic and Institute Board's purpose of maintaining high standards
- the need to act fairly between members of the company

Trustees' Report

For the Year Ended 31 August 2020

Going Concern

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

Financial Review

During the year ended 31 August 2020 Star has received income of £152,305K (2019: £104,102K) comprising:

- GAG funding for TIBHS, TIGHS, The Olive Schools in Birmingham, Blackburn, Bolton, Preston, Small Heath and Hackney; the Eden Boys' School in Bolton, Birmingham, Birmingham East, Preston, Bradford and Manchester; the Eden Girls' Schools in Coventry, Waltham Forest, Slough, Birmingham and Manchester; and Highfield, Laisterdyke, Tong, Valley, Small Heath, Barkerend, High Craggs, Thornbury and Bay Leadership Academies;
- Year Zero restricted Start-up funding Star Leadership Academies in Rochdale and Salford.
- 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 £111,548K (2019: £96,073K) resulting in net income of £40,757K (2019: £8,029K) leading to reserves carried forward of £285,428K (2019: £248,795K). Of which, a surplus of £18,598K (2019: £14,715K) relates to restricted funds to be spent in future periods, a pension deficit of £33,384K (2019: £25,118K), and £298,927K (2019: £256,061K) which relates to the restricted fixed asset fund which is being carried forward and will be spent in line with the Capital Grant programme. The £42,866k increase in restricted fixed asset fund is largely attributable to two capital programs, donated assets and a school conversion resulting in the recognition of land and building. Star has an unrestricted fund carried forward of £1,287K (2019: £3,137K) which will be used within the Academies Charitable objectives.

Due to the timing of the stage payments of the Start-up grants for the additional free schools Star had received income of £961K as at 31 August 2020 (2019: £1,527K) and was carrying forward deferred income of £92K (2019: £0K) 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 continued growth through additional year groups taken on by our existing schools. Whilst work was undertaken on the acquisition of a sponsor-led academy the conversion was delayed, in part due to Covid-19 pandemic. However, this occurred shortly after the year-end and the 2022 Corporate Strategy remains ambitious with the Trust continuing to aim for further growth year on year.

Trustees' Report

For the Year Ended 31 August 2020

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 2020 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. 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. 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 £14,786K (2019: £10,403K). This is after accounting for the pension deficit reserve of £33,384K (2019: £25,118K). Excluding the pension deficit reserve and designated funds, the total restricted and unrestricted general funds as at 31 August 2020 are £19,885K (2019: £17,852K).

The Board of Trustees ensure that the Reserves Policy is in accordance with the requirements laid down in the Academies Financial Handbook 2019 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 2020 £50K is held as a designated 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 2020 the Trust was holding excess reserves of £9,007K (2019: nil due to £6,000K held in a 32-day notice deposit account) in a 95-day notice deposit account to optimise the return on these reserves. The management of the 95-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 2020

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 2019/20. 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 2019/20 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 2019/20, 99% (2018/19: 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 2019 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.

Trustees' Report

For the Year Ended 31 August 2020

- 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 appropriately spent.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	2019/20
Energy consumption used to calculate emissions (kWh)	21,751,494
Scope 1 emissions in metric tonnes CO2e	
Gas consumption	2,800.47
Owned transport – mini-buses	11.01
Total Scope 1	2,811.48
Scope 2 emissions in metric tonnes CO2e	
Purchased electricity	1,456.10
Scope 3 emissions in metric tonnes CO2e	
Business travel in employee owned vehicles	55.94
Total gross emissions in metric tonnes CO2e	4,323.52
Intensity ratio Tonnes CO2e per pupil	0.28

Quantification and reporting methodology

The Trust has followed the 2019 HM Government Environmental Reporting Guidelines. The Trust has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Three key measures taken to improve energy efficiency

The Trust switched our electricity supplier to a 100% renewable energy source for the period of 20/21 and 21/22

The Trust has surveyed the estate with a view to applying for SALIX and decarbonisation funding to reduce the schools individual carbon output

The Trust is reviewing the estate and implementing an LED replacement project to reduce electricity usage

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Trustees' Report

For the Year Ended 31 August 2020

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 business cases for the two schools approved in Wave 13 of the free schools' programme – Salford and Rochdale – have now been approved and work continues to secure their opening although no target dates have yet been agreed. Applications were progressed to interview, and outcomes pending for a further four free schools.

The Trust has been approved to manage sponsor-led academy schools. During the year the Trust was undertaking due diligence on the sponsorship of a large all through school in Birmingham that occurred shortly after the year-end, 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 2020

Governance Statement

For the Year Ended 31 August 2020

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.

As trustees, we have reviewed and taken account of the guidance in DfE’s Governance Handbook and competency framework for governance.

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

The **Board of Trustees** have formally met five 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)	5	5
Carol Costello	4	5
Faruk Dasu	5	5
Harry Devonport	4	5
Mohamed Isap	4	5
Kevin Jaquiss	5	5
Fiona Jordan	3	5
Hamid Patel CBE	5	5
Imraan Patel	3	5
Rt. Hon Jack Straw	2	5

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

Governance Statement

For the Year Ended 31 August 2020

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 appointed Internal Auditors are RSM.

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
Deborah Hale (Independent Member)	3	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	2	3
Sheraz Akhtar (Co-opted Member)	3	3

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. The Committee is supported by 2 Committee Advisors who have no voting rights with regards to decisions.

Attendance at meetings in the year was as follows: -

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

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.

Attendance at meetings in the year was as follows: -

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

Governance Statement

For the Year Ended 31 August 2020

The Trust has a ***Faith and Character Education 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.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Faruk Dasu (Chair)	2	2
Hamid Patel CBE	2	2

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)	1	1
Mohamed Isap	0	1
Fiona Jordan	1	1

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.

Governance Statement

For the Year Ended 31 August 2020

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 5 internal audits carried out during 2019-20. 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.

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 2019-20, the Trust has re-tendered a number of contracts, these include uniforms, books, paper and cleaning consumables.

Governance Statement

For the Year Ended 31 August 2020

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 fundraising events earlier in the academic 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.

- **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.

Governance Statement

For the Year Ended 31 August 2020

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 2019 to 31 August 2020 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 2019 to 31 August 2020 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.

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:

- Academies Financial Handbook Compliance
- Budget Management and General Ledger
- Data Quality – Census Returns
- Governance Handbook Compliance
- Procurement and Purchasing Framework Advisory 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 2020/21 to help identify any other areas in which the Trust may be able to implement an improved control environment.

Governance Statement

For the Year Ended 31 August 2020

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 2020 and signed on its behalf by:



Kamruddin Isap Kothia, DL

Chair of Trustees



Hamid Patel CBE

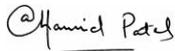
Accounting Officer

Statement on Regularity, Propriety and Compliance For the Year Ended 31 August 2020

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 2019.

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 2019.

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 2020

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2020

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 2019 and the Academies Accounts Direction 2019 to 2020
- 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 2020 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 2020

Opinion

We have audited the financial statements of Star Academies for the year ended 31 August 2020 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 2019 to 2020 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 2020 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 2019 and Academies Accounts Direction 2019 to 2020 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 2020

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 25, 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 2020

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

17th December 2020

.....

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

For the Year Ended 31 August 2020

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 2019 to 2020, 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 2019 to 31 August 2020 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 2019, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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.

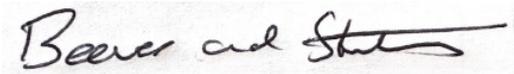
The work undertaken to draw our conclusion includes:

- 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 2019 to 2020.

**Independent Reporting Accountant's Assurance Report on Regularity to Star
Academies and the Education and Skills Funding Agency
For the Year Ended 31 August 2020**

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 2019 to 31 August 2020 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

17th December 2020
.....

Statement of Financial Activities for the Year Ended 31 August 2020
(including Income and Expenditure Account and Statement of Total
Recognised Gains and Losses)
For the Year Ended 31 August 2020

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000	Total 2019 £000
Incoming and endowments from:						
Donations, legacies and capital grants	3	14	132	31,913	32,059	8,718
Transfer from local authority on conversion	30	-	(111)	17,844	17,733	5,750
Charitable activities:						
Funding for the Academy Trust's educational operations	4	-	102,267	-	102,267	89,254
Teaching schools	4,32	-	100	-	100	134
Other trading activities	5	58	-	-	58	179
Investments	6	88	-	-	88	67
Total		160	102,388	49,757	152,305	104,102
Expenditure on:						
Charitable activities:						
Academy Trust's educational operations	7	14	102,689	8,743	111,446	95,943
Teaching schools	7,32	-	102	-	102	130
Total	7	14	102,791	8,743	111,548	96,073
Net income/(expenditure)		146	(403)	41,014	40,757	8,029
Transfers between funds	18	(1,996)	144	1,852	-	-
Other recognised losses						
Actuarial losses on defined benefit pension schemes	18,27	-	(4,124)	-	(4,124)	(8,052)
Net movement in funds		(1,850)	(4,383)	42,866	36,633	(23)
Reconciliation of funds						
Funds brought forward at 1 Sept 2019	18	3,137	(10,403)	256,061	248,795	248,818
Funds carried forward at 31 August 2020	18	1,287	(14,786)	298,927	285,428	248,795

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 2020

	Notes	2020 £000	2020 £000	2019 £000	2019 £000
FIXED ASSETS					
Intangible Assets	13		-		6
Tangible Assets	14		275,453		244,825
			275,453		244,831
CURRENT ASSETS					
Investments	15	9,007		6,000	
Debtors	16	25,659		20,135	
Cash at Bank and in Hand		21,619		17,614	
			56,285	43,749	
LIABILITIES					
Creditors: Amounts Falling Due Within One Year	17	(12,926)		(14,667)	
NET CURRENT ASSETS			43,359		29,082
NET ASSETS EXCLUDING PENSION LIABILITY					
			318,812		273,913
Defined Benefit Pension Scheme Liability	27		(33,384)		(25,118)
TOTAL NET ASSETS			285,428		248,795
FUNDS OF THE ACADEMY TRUST:					
Restricted Funds					
Fixed asset funds	18		298,927		256,061
Restricted income funds	18		18,598		14,715
Pension reserve	18		(33,384)		(25,118)
Total Restricted Funds			284,141		245,658
Unrestricted income funds	18		1,287		3,137
TOTAL FUNDS			285,428		248,795

The financial statements on pages 31 to 63 were approved by the Board of Trustees and authorised for issue on 16th December 2020 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 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
Net cash from operating activities	22	10,401	7,243
Cash flows used in investing activities	23	(6,396)	(7,256)
Change in cash and cash equivalents in the reporting period		<u>4,005</u>	<u>(13)</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2019	24	17,614	17,627
Cash and cash equivalents at 31 August 2020	24	<u>21,619</u>	<u>17,614</u>

Notes to the Financial Statements

For the Year Ended 31 August 2020

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 2019 (FRS 102)), the Academies Accounts Direction 2019 to 2020 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.

The trust is benefiting from the ESFA's Free School Building Programme for the construction of Eden Girls' School Waltham Forest, Olive School Bolton, Olive School Preston, Olive School Birmingham, 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.

Notes to the Financial Statements

For the Year Ended 31 August 2020

1. Statement of Accounting Policies (continued)

As prescribed by the Academy Accounts Direction 2019 to 2020, 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 been 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.

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.

Notes to the Financial Statements

For the Year Ended 31 August 2020

1. Statement of Accounting Policies (continued)

- **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

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.

Notes to the Financial Statements

For the Year Ended 31 August 2020

1. Statement of Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

For the Year Ended 31 August 2020

1. Statement of Accounting Policies (continued)

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.

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 2020

2. Comparative SOFA

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

Notes to the Financial Statements

For the Year Ended 31 August 2020

3. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000	Total 2019 £000
Capital grants	-	-	28,450	28,450	6,721
Donated fixed assets	-	-	3,463	3,463	1,776
Other donations	14	132	-	146	221
	14	132	31,913	32,059	8,718

4. Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
DfE / ESFA grants				
General Annual Grant (GAG)	-	87,329	87,329	74,480
Start Up Grants	-	961	961	973
Other DfE / ESFA grants	-	9,335	9,335	8,913
Teaching School	-	85	85	35
National College Grants	-	15	15	99
	-	97,725	97,725	84,500
Other Government grants				
Local Authority grants	-	1,587	1,587	907
Other income from the Academy Trust's educational operations	-	3,055	3,055	3,981
	-	102,367	102,367	89,388

The Academy received £244,825 FSM Covid-19 funding

5. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Hire of facilities	58	-	58	179
	58	-	58	179

Notes to the Financial Statements

For the Year Ended 31 August 2020

6. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Short term deposits	88	-	88	67
	88	-	88	67

7. Expenditure

	Staff Costs £000	-Non Pay Premises £000	Expenditure- Other Costs £000	Total 2020 £000	Total 2019 £000
Academy's educational operations:					
Direct costs	58,245	8,743	5,410	72,398	61,389
Allocated support costs	17,217	9,135	12,696	39,048	34,554
Teaching school	77	-	25	102	130
	75,539	17,878	18,131	111,548	96,073

Net incoming resources for the year include:

	Total 2020 £000	Total 2019 £000
Operating lease rentals	3,002	3,146
Depreciation (note 14)	8,737	7,069
(Profit)/Loss on disposal of fixed assets	-	(2)
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations) (note 13)	6	15
Fees payable to auditor for:		
– Audit	52	45
– Other services	17	26
Compensation payments	-	15
Legal costs	155	82

Notes to the Financial Statements

For the Year Ended 31 August 2020

8. Charitable activities

	Total 2020 £000	Total 2019 £000
Direct costs – educational operations	72,398	61,389
Support costs – educational operations	39,048	34,554
Teaching school costs	102	130
	111,548	96,073

	Total 2020 £000	Total 2019 £000
Allocated Support Costs		
Support staff costs	17,191	14,906
Premises costs	9,135	8,148
Other Support Costs	12,642	11,400
Governance costs	80	100
	39,048	34,554

9. Staff

a. Staff Costs

Staff costs during the year were:	Total 2020 £000	Total 2019 £000
Wages and salaries	57,488	49,284
Social security costs	5,807	5,086
Operating costs of defined benefit pension schemes	9,099	6,301
	72,394	60,671
Supply staff costs	2,382	2,390
Staff restructuring costs	763	490
	75,539	63,316

Staff restructuring costs comprise:

Redundancy payments	725	298
Severance payments	38	192
	763	490

Notes to the Financial Statements

For the Year Ended 31 August 2020

9. Staff (continued)

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £28,269 (2019: £191,870). Individually, the payments were £7,016, £4,796, £42, £9,356, and £7,059 (2019: 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).

c. Staff Numbers

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

	2020	2019
	No.	No.
Charitable Activities		
Teachers	838	722
Teaching support	530	520
<hr/>		
Total teachers and teaching support	1,368	1,242
Administration and support	808	640
Management	125	116
<hr/>		
	2,301	1,998
<hr/>		

The average full-time equivalent number of employees is 1,742 (2019: 1,473).

d. Higher Paid Staff

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

	2020	2019
	No.	No.
£60,001 - £70,000	38	31
£70,001 - £80,000	21	14
£80,001 - £90,000	8	14
£90,001 - £100,000	14	9
£100,001 - £110,000	5	4
£110,001 - £120,000	4	4
£120,001 - £130,000	1	1
£130,001 - £140,000	1	1
£140,001 - £150,000	1	2
£160,001 - £170,000	-	1
£230,001 - £240,000	-	1
£250,001 - £260,000	1	-
<hr/>		

Seventy-five (2019: Fifty-seven) of the above employees participated in the Teachers' Pension Scheme. Fourteen (2019: sixteen) other employees participated in the Local Government Pension Scheme. During the year ended 31 August 2020, employer's pension contributions for these staff amounted to £1,401,500 (2019: £679,402).

Notes to the Financial Statements

For the Year Ended 31 August 2020

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 £1,198,051 (2019: £1,005,428).

Notes to the Financial Statements

For the Year Ended 31 August 2020

10. Central services

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

- Financial Services
- Human Resources
- Facilities and Estates
- Governance
- Business Support
- ICT Strategy and Support
- Admissions
- Capital Programmes
- Communications
- 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:

	2020	2019
	£000	£000
TIBHS	199	183
TIGHS	203	193
OBL	136	133
OHA	214	217
EBB	186	179
EGC	203	195
EGW	210	201
EBP	190	168
EBM	192	169
EGS	192	172
HLA	262	289
LLA	325	316
OPR	73	61
OBI	120	97
TLA	322	395
OBO	73	57
MEB	131	90
MEG	131	90
SLA	377	387
PTH	143	147
PHC	93	98
PBA	118	113
PBL	241	257
SBE	111	69
PSH	123	-
SBR	43	-
SGB	95	-
SVA	102	-
	4,808	4,276

Notes to the Financial Statements

For the Year Ended 31 August 2020

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 £250,000 - £255,000 (2019: £235,000 - £240,000)

Employer’s pension contributions paid £nil (2019: £nil)

The aggregate trustee remuneration in the year is £250,382 (2019: £236,371).

During the year ended 31 August 2020, travel and subsistence expenses totalling £144 (2019: £322) were reimbursed or paid directly to 1 trustee (2019: 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 2020 was £7,635 (2019: £17,500). The cost of this insurance is included in the total insurance cost.

13. Intangible fixed assets

	Computer Software £000	Total 2020 £000
Cost		
At 1 September 2019	540	540
At 31 August 2020	540	540
Amortisation		
At 1 September 2019	534	534
Charged in year	6	6
At 31 August 2020	540	540
Net Book Value		
At 31 August 2020	-	-
At 31 August 2019	6	6

Notes to the Financial Statements

For the Year Ended 31 August 2020

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 2020 £000
Cost							
At 1 September 2019	144,054	59,577	3,075	44,404	6,971	8,974	267,055
Additions	1,490	4,989	244	11,741	644	2,413	21,521
Transferred on conversion/transfer (note 30)	-	17,635	-	-	99	110	17,844
Reclassifications	(238)	29,282	-	(29,044)	-	-	-
At 31 August 2020	145,306	111,483	3,319	27,101	7,714	11,497	306,420
Depreciation							
At 1 September 2019	8,632	2,772	1,600	-	3,657	5,569	22,230
Charged in year	3,489	2,166	157	-	1,118	1,807	8,737
At 31 August 2020	12,121	4,938	1,757	-	4,775	7,376	30,967
Net Book Value							
At 31 August 2020	133,185	106,545	1,562	27,101	2,939	4,121	275,453
At 31 August 2019	135,422	56,805	1,475	44,404	3,314	3,405	244,825

15. Investment

	2020 £000	2019 £000
Current asset investment	9,007	6,000
	9,007	6,000

Notes to the Financial Statements

For the Year Ended 31 August 2020

16. Debtors

	2020	2019
	£000	£000
Trade debtors	575	1,229
VAT recoverable	1,152	4,921
Other debtors	21,666	11,439
Prepayments and accrued income	2,266	2,546
	25,659	20,135
	25,659	20,135

17. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	2,778	3,744
Other taxation and social security	1,409	67
Other creditors	2,275	1,691
Accruals and deferred income	6,464	9,165
	12,926	14,667
	12,926	14,667

Deferred income

	2020
	£000
Deferred income at 1 September 2019	1,527
Released from previous years	(1,527)
Resources deferred in the year	1,604
	1,604
Deferred income at 31 August 2020	1,604

The deferred income held at 31 August 2020 consists of Start Up Grants for Academies which have not yet opened, and other grants received including funding received for 2020/21 Universal Free School Meals.

Notes to the Financial Statements

For the Year Ended 31 August 2020

18. Funds

	Balance at 1 September 2019 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	14,665	87,329	(81,594)	(1,852)	18,548
Start Up Grant	-	961	(961)	-	-
Pupil Premium	-	5,615	(5,615)	-	-
Pension reserve	(25,118)	(111)	(4,031)	(4,124)	(33,384)
Other DfE / ESFA grants	-	5,407	(5,407)	-	-
Other income / expenditure	-	3,187	(5,183)	1,996	-
Legacies	50	-	-	-	50
	(10,403)	102,388	(102,791)	(3,980)	(14,786)
Restricted fixed asset funds					
Transferred on conversion	91,482	17,844	(185)	-	109,141
DfE / ESFA Capital grants	162,367	31,913	(7,961)	(407)	185,912
Capital expenditure from GAG	2,212	-	(597)	2,259	3,874
	256,061	49,757	(8,743)	1,852	298,927
Total Restricted Funds	245,658	152,145	(111,534)	(2,128)	284,141
Unrestricted funds					
Unrestricted funds	3,137	160	(14)	(1,996)	1,287
Total Funds	248,795	152,305	(111,548)	(4,124)	285,428

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 2020. 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 £33,384,000 (2019: £25,118,000). 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 2020

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 2020 were allocated as follows:

	2020 £000	2019 £000
Central Services	574	2,819
TIBHS	811	823
TIGHS	2,390	2,301
OBL	1,345	1,083
OHA	1,633	1,175
EBB	1,097	982
EGC	1,533	1,034
EGW	926	784
EBP	1,067	559
EBM	1,809	1,200
EGS	746	436
HLA	(7)	278
LLA	578	364
OPR	207	119
OBI	373	296
TLA	236	1,167
OBO	307	146
MEG	539	557
MEB	860	516
SLA	851	264
PTH	217	159
PHC	188	134
PBA	287	143
PBL	(29)	261
SBE	765	270
SVA	(404)	(18)
PSH	643	-
SBR	51	-
SGB	292	-
Total before fixed assets and pension reserve	19,885	17,852
Restricted fixed asset fund	298,927	256,061
Pension reserve	(33,384)	(25,118)
Total	285,428	248,795

Notes to the Financial Statements

For the Year Ended 31 August 2020

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 2020 £000	Total 2019 £000
TIBHS	2,022	559	35	1,212	3,828	3,395
TIGHS	2,984	534	43	991	4,552	4,470
OBL	1,608	366	48	503	2,525	2,472
OHA	2,487	541	120	1,694	4,842	4,587
EBB	2,111	380	55	723	3,269	3,081
EGC	1,973	359	114	863	3,309	3,335
EGW	2,573	367	132	971	4,043	3,812
EBP	2,009	301	80	704	3,094	2,728
EBM	2,000	300	53	776	3,129	2,721
EGS	2,053	475	130	739	3,397	3,046
HLA	3,184	354	87	2,091	5,716	5,702
LLA	3,749	754	31	1,311	5,845	5,883
OBO	789	180	20	679	1,668	1,371
OPR	791	222	52	484	1,549	1,329
OBI	1,413	299	64	534	2,310	1,888
TLA	4,237	1,357	99	2,589	8,282	7,864
MEG	1,585	323	64	547	2,519	1,400
MEB	1,448	217	62	456	2,183	1,386
SLA	4,045	793	171	1,590	6,599	6,965
PTH	2,003	262	53	674	2,992	2,973
PHC	1,418	198	20	499	2,135	2,175
PBA	1,571	269	5	584	2,429	2,339
PBL	3,258	644	105	1,187	5,194	4,870
Central Services	1,225	6,000	444	(3,636)	4,033	4,180
SBE	1,252	209	30	402	1,893	1,168
SVA	1,707	452	44	879	3,082	452
PSH	1,133	224	36	409	1,802	-
SBR	493	162	37	237	929	-
SGB	1,122	193	37	274	1,626	-
	58,244	17,294	2,271	20,965	98,774	85,592

Notes to the Financial Statements

For the Year Ended 31 August 2020

18. Funds (continued)

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

	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	103,792	(95,943)	(8,052)	248,795

Notes to the Financial Statements

For the Year Ended 31 August 2020

19. Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	275,453	275,453
Investments	-	9,007	-	9,007
Current assets	1,287	18,730	27,261	47,278
Current liabilities	-	(9,139)	(3,787)	(12,926)
Pension scheme liability	-	(33,384)	-	(33,384)
Total net assets	1,287	(14,786)	298,927	285,428

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

20. Capital commitments

At 31 August 2020, the Academy Trust had the following capital commitments:

	2020 £000	2019 £000
Contracted for, but not provided in the financial statements	9,548	2,028

All capital commitments are fully supported by Capital Grant programmes.

Notes to the Financial Statements

For the Year Ended 31 August 2020

21. Commitments under operating leases

Operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020	2019
	£000	£000
Amounts due within one year	2,972	3,243
Amounts due between one and five years	10,687	9,752
Amounts due after five years	22,741	21,794
	36,400	34,789

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

	2020	2019
	£000	£000
Net income for the reporting period (as per the statement of financial activities)	40,757	8,029
Adjusted for:		
Amortisation (note 13)	6	15
Depreciation (note 14)	8,737	7,069
(Profit)/loss on the sale of fixed assets	-	(2)
Capital grants from DfE and other capital income (note 3)	(28,450)	(6,721)
Fixed assets transferred on conversion	(17,844)	(7,275)
Interest receivable (note 6)	(88)	(67)
Defined benefit pension scheme obligation inherited (note 27)	111	973
Defined benefit pension cost less contributions payable (note 27)	3,096	3,077
Defined benefit pension scheme finance cost (note 27)	935	323
Decrease/(Increase) in debtors	4,882	(1,215)
(Decrease)/ Increase in creditors	(1,741)	3,037
	10,401	7,243

23. Cash flows from investing activities

	2020	2019
	£000	£000
Dividends, interest and rents from investments	88	67
Purchase of tangible fixed assets	(21,521)	(41,867)
Purchase of investments	(3,007)	(6,000)
Capital grants from DfE / ESFA	18,044	40,544
	(6,396)	(7,256)

Notes to the Financial Statements

For the Year Ended 31 August 2020

24. Analysis of cash and cash equivalents

	At 31 August 2020 £000	At 31 August 2019 £000
Cash in hand and at bank	21,619	17,614
Total cash and bank equivalents	21,619	17,614

25. Contingent Liabilities

The Academy Trust had no contingent liabilities at 31 August 2020.

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.

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 £1,157,444 were payable to the schemes at 31 August 2020 (2019: £324,058) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary – these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department of Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

Notes to the Financial Statements

For the Year Ended 31 August 2020

- Employer contribution rates set at 23.68% (2019: 16.48%) of pensionable pay (including 0.08% administration levy)
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,000 million, giving a notional past service deficit of £22,000 million
- The SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £6,858,128 (2019: £4,050,895).

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 2020 was £3,184,426 (2019: £2,839,129), of which employer's contributions totalled £2,214,029 (2019: £2,014,882) and employees' contributions totalled £970,397 (2019: £824,247). The agreed contribution rates for future years are between 12.3% and 23.0% 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 £33,384,000 (2019: £25,118,000). This deficit is mainly made up of the pension deficits within the academy convertors. Upon conversion PSH introduced a deficit of £111,000. There are repayment plans in place for to repay these deficits over the timeframes provided by West Midlands Pension Fund. Contributions are reviewed periodically by the actuary to keep the scheme in surplus. During the year ended 31 August 20, Star collectively paid £300,096 of deficit repayments.

Notes to the Financial Statements

For the Year Ended 31 August 2020

27. Pension and Similar Obligations (continued)

Principal Actuarial Assumptions

At 31 August 2020:	LCPF	WYPF	WMPF
Rate of increase in salaries	3.80%	3.45%	3.25%
Rate of increase for pensions in payment / inflation	2.40%	2.20%	2.25%
Discount rate for scheme liabilities	1.80%	1.70%	1.60%
Inflation assumption (CPI)	2.30%	2.20%	2.25%
Commutation of pensions to lump sums	50%	50%	50%

At 31 August 2019:

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%

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	33,838	33,009	34,689	33,941	34,800
Assets	(17,088)	(17,088)	(17,088)	(17,088)	(17,088)
Deficit	16,750	15,921	17,601	16,853	17,712
Projected Service Cost for next year	4,049	3,916	4,188	4,049	4,181
Projected Net Interest Cost for next year	285	285	301	287	303

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	4,769	4,650	4,874	4,788	4,945
Projected Service Cost for next year	420	406	434	420	438

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	10,414	10,122	10,654	10,466	10,789
Projected Service Cost for next year	645	622	668	645	671

Notes to the Financial Statements

For the Year Ended 31 August 2020

27. Pension and Similar Obligations (continued)

Sensitivity Analysis – WYPF (PTH, PHC and PBA)

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	9,980	9,701	10,210	10,030	10,339
Projected Service Cost for next year	842	810	875	842	877

Sensitivity Analysis – WMPF

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	4,516	4,401	4,616	4,533	4,693
Projected Service Cost for next year	415	404	426	415	431

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 2020:	LCPF	WYPF	WMPF
Retiring today			
Males	22.3	21.8	21.9
Females	25.0	24.6	24.1
Retiring in 20 years			
Males	23.8	22.5	23.8
Females	26.8	25.7	26.0
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

Notes to the Financial Statements

For the Year Ended 31 August 2020

27. Pension and Similar Obligations (continued)

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

Fair Value at 31 August 2020:	LCPF	WYPF	WMPF
Equities	9,435	7,792	579
Government Bonds	1,176	-	112
Other Bonds	606	1,179	40
Property	520	2,324	78
Cash and other liquid assets	206	308	68
Other	182	5,485	154
Total market value of assets	12,125	17,088	1,031

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

The actual return on scheme assets was £0 (2019: £837,000).

Amounts recognised in the statement of financial activities

	2020	2019
	£000	£000
Current service cost (net of employee contributions)	(3,388)	(1,759)
Past service cost	(144)	(1,277)
Interest income	497	586
Interest cost	(935)	(909)
Administrative expenses	(61)	(41)
Total operating charge	(4,031)	(3,400)

Notes to the Financial Statements

For the Year Ended 31 August 2020

27. Pension and Similar Obligations (continued)

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

	2020	2019
	£000	£000
At 1 September 2019	50,482	32,156
Conversion of academy trusts	111	1,900
Current service cost	5,953	3,934
Interest cost	936	909
Employee contributions	967	860
Actuarial (gain)/loss	5,719	9,801
Benefits paid	(745)	(355)
Past service cost	205	1,277
	63,628	50,482

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

	2020	2019
	£000	£000
At 1 September 2019	25,364	19,463
Conversion of academy trusts	1	927
Interest income	497	586
Actuarial gain	1,595	1,749
Employer contributions	2,626	2,175
Employee contributions	967	860
Benefits (paid)/received	(745)	(355)
Administration costs	(61)	(41)
	30,244	25,364

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 2020

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 (2019: £9,000) during the period. There were no amounts outstanding at 31 August 2020 (2019: £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 £25,000(2019: £16,644) during the period. There were no amounts outstanding at 31 August 2020 (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 2019.

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 2020 the Academy Trust received £71,893, (2019: £84,230) and disbursed £84,230 (2019: £84,230) from the fund.

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

During the year ended 31 August 2020 one academy joined the Academy Trust. Olive Small Heath 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 2020

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

Olive Small Heath

On 1st September 2019, Olive Small Heath converted to academy status and joined Star Academies. The conversion included freehold land and buildings from 1st September 2019.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000
Tangible fixed assets				
– Freehold land and buildings	-	-	17,635	17,635
– Other tangible fixed assets	-	-	209	209
LGPS pension deficit	-	(111)	-	(111)
Total net assets	-	(111)	17,844	17,733

31. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash	17,614	4,005	21,619
	17,614	4,005	21,619
Total	17,614	4,005	21,619

Notes to the Financial Statements

For the Year Ended 31 August 2020

32. Teaching school trading account

	2020	2020	2020	2019	2019	2019
	£000	£000	£000	£000	£000	£000
Income						
Direct Income						
Fee income		85			35	
Grants		15			99	
Total Income			100			134
Expenditure						
Direct costs						
Direct staff costs	73			93		
Other direct costs	3			-		
Total direct costs		76			93	
Other costs						
Support staff costs	-			18		
Other indirect costs	26			19		
Total other costs		26			37	
Total Expenditure			(102)			(130)
(Deficit) /Surplus from all sources			(2)			4
Teaching school balances at 1 September 2019			17			13
Teaching school balances at 31 August 2020			15			17

