

The Stephenson Studio School Trust
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 August 2019

Company Registration No. 07662709

The Stephenson Studio School Trust
Reference and Administrative Details

Members	W Devitt G Tacey N Leigh P Elliott	deceased 16 November 2018
Governors (Trustees)	W Devitt V Gould K Hobbs R Kelly S Kibble N Leigh C Nicholls S Page J Russell P Scales G Tacey G Tompkins D Whitmore K Wood	appointed 14 December 2011 appointed 12 December 2018 appointed 21 September 2016 appointed 14 December 2011 reappointed as co-optee 9 December 2015 appointed 1 August 2013 appointed 8 June 2011 appointed 7 December 2016 appointed 12 December 2018 appointed 11 December 2019 appointed 9 December 2015 appointed 8 June 2011 deceased 16 November 2018 appointed 13 September 2017 appointed 18 September 2019 appointed 7 December 2016 resigned 12 December 2018
Chair	R Kelly	
Accounting Officer	K Hobbs	appointed 21 September 2016
Company Secretary	S Royle	
Clerk	C Duro	Appointed 1 July 2015
Committee Members		
Curriculum and Standards		R Kelly, K Hobbs, S Kibble, P Scales, S Page
Finance and Resources		S Kibble, N Leigh, G Tacey, K Hobbs, V Gould
Audit		W Devitt, R Kelly, P Scales, V Gould
Remuneration		N Leigh, S Kibble, R Kelly, W Devitt

Principal and Registered Office: The Stephenson Studio School Trust
C/O Stephenson College
Thornborough Road
Coalville
LE67 3TN

Company Registration Number: 07662709

The Stephenson Studio School Trust
Reference and Administrative Details

Professional advisors:

Independent Auditor:
RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham
B2 5AF

Bankers:
Lloyds Bank plc
PO Box 908
125 Colmore Row
Birmingham
B3 2DS

Solicitors:
Marrons
1 Meridian South
Meridian Business Park
Leicester
LE19 1WY

Internal Auditor:
Mazars LLP
45 Church Street
Birmingham
B3 2RT

Shakespeare Martineau LLP
No. 1 Colmore Square
Birmingham
B4 6AA

The Stephenson Studio School Trust Governors' Report

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2019. The annual report serves the purpose of both a trustees report and a directors report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Stephenson Studio School 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 Stephenson Studio School Trust.

The Governors act as trustees for charitable activities of The Stephenson Studio School Trust Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Stephenson Studio School.

Details of the Governors who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

Every member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Academy Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

Governors' indemnities

The Charitable Company has purchased Governors and Officers insurance, details of which can be found in note 11 of the accounts.

Principal activities

The Trust's object is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Method of recruitment and appointment or election of governors

The Studio School Trust has the capacity to have as governors:

- Up to six Sponsor Governors
- Any Staff Governors
- A minimum of one Parent Governor
- The Headteacher (deemed Principal and Accounting Officer)
- Whilst additional governor(s) can be appointed by the Secretary of State, the Secretary of State has not exercised this right for The Stephenson Studio School Trust.

The total number of governors (including the Headteacher) who are employees of The Stephenson Studio School Trust must not exceed one third of the total number of governors.

The Parent Governors are nominated by parents of registered pupils at the school.

Policies and procedures adopted for the induction and training of governors

New governor training takes place through meetings held with the Clerk to the Board of Governors.

The Stephenson Studio School Trust Governors' Report (Continued)

Organisational structure

Under Section 94 of the Articles of Association, the business of The Stephenson Studio School Trust is managed by the Governors, the Governing Body and its makeup is defined by the Articles of Association.

The Governing Body's primary role is to approve the strategic direction and objectives of The Stephenson Studio School and monitor its progress towards those objectives. To do this effectively, the Governing Body has formed the following four committees: Curriculum & Standards, Finance & Resources, Audit and Remuneration.

The makeup and function of the committees are as stated in the standing orders of the Governing Body.

The Governors have delegated to the Headteacher the internal organisation, management and control of the school (including implementation of all policies approved by the Governors and for the teaching and curriculum of the school).

Keith Hobbs was Headteacher for the period ending 31 August 2019.

Arrangements for setting pay and remuneration of key management personnel

The Remuneration Committee, on behalf of the Board of Trustees, will determine the Head Teacher's salary upon appointment, in accordance with the School's pay range for Head Teachers. For other key management/leadership roles upon appointment new post-holders will be placed on a 5 point scale within the pay range for leadership roles. Subject to satisfactory performance, employees will receive an annual increment to the maximum scale point of their relevant pay range. A review of performance will take into consideration appraisal outcomes, whether objectives have been met and an assessment of performance against the appropriate Head Teacher/Teacher Standards.

Risk management

The Governors have assessed the major risks to which The Stephenson Studio School is currently exposed and ensure that steps are taken to mitigate risks. This is done through the committees and includes educational risks such as The Stephenson Studio School not achieving the planned educational outcomes and maintenance and improvement on previous examination results, whole or partial building loss, financial and operational risks, including budget risks and health and safety reviews and safeguarding students. Some significant risks such as public and employee liability are covered by The Stephenson Studio School's insurance policy. Governors have directed the creation of a formal risk register that will be reviewed at least annually.

Connected organisations, including related party relationships

The Stephenson Studio School has strong connections with Stephenson College. When The Stephenson Studio School was created in September 2011, Stephenson College was the lead sponsor of the Studio School. The Chair of Governors and the Principal of the College sit on the Governing Body of the School.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the Stephenson Studio School is to advance for public benefit the provision of education in the United Kingdom. In doing so it meets the requirements of the Funding Agreement signed by the Secretary of State for Education.

Objectives, Strategies and Activities

The Stephenson Studio School's Mission is: excellence and enterprise in learning.

Our strategic objectives are arranged around four themes: Quality, Efficiency, Community and Enterprise

The Stephenson Studio School Trust Governors' Report (Continued)

Quality

Through strong leadership, governance and a commitment to the Stephenson Way for teaching and learning our students will achieve excellence. Our school will ensure that students are surprised by what they can achieve and access appropriate progression routes.

Efficiency

We will empower our colleagues to create a culture of efficiency and achievement. Delivering the approved budget to meet the requirements of the school and deliver continued financial stability combined with a robust risk management process. The school will be the school of choice and student numbers will exceed growth expectations.

Community

We are committed to ensuring that the Stephenson Studio School delivers the very highest standards in all that it does. Our school will create a culture of high aspiration amongst all members of its community and enable all students to become lifelong learners and be the best that they can be. The Studio School model has been developed in partnership with local and national employers, the country's leading education agencies and partners from up and down the country.

Enterprise

We will create a culture where all stakeholders are able to develop, implement and learn from ideas required to shape the future. Promoting a business-like ethos and culture of high aspirations and expectations for both staff and students whilst simultaneously developing learners employability skills within the CREATE framework, maturing a growth mind-set within all learners in developing the 'whole person'. Developing young people who are not only confident enough to take risks but who are also adaptable and able to transfer their skills and knowledge in an uncertain world.

Core values and behaviours

Our core values are reflected in everything that we do and we encourage our students, stakeholders and partners to hold us accountable to these values.

We will:

- Promote high aspirations and expectations within a dynamic and exciting learning environment
- Foster a culture to support efficiency and achievement
- Be a safe environment where everyone can overcome challenges and strive for success
- Celebrate innovation, resilience, determination and enterprise

Our values and behaviours are equally important to us and we are committed to:

- Leading by example
- Promoting individual liberty
- Accepting responsibility and being accountable for our actions
- Ensuring mutual respect and tolerance for all is non-negotiable, regardless of gender, faith, belief and sexuality

Public benefit

The Stephenson Studio School Trust recognises its legal requirement to be able to demonstrate that its aims are for the public benefit; in this case specifically the school has as its main charitable purpose the advancement of education.

Achievements and Performance

In the year up to the 31 August 2019 the following (provisional) results were achieved by the School:

- 86 students were on the school roll in the year ended 31 August 2019

The Stephenson Studio School Trust Governors' Report (Continued)

The unvalidated results for key stage 4 Students for 2019 are:

Cohort information for pupils at the end of key stage 4

Number of pupils at the end of Key Stage 4 was 86

Progress 8

Progress 8 score: -1.55

Attainment 8

Average attainment 8 score per pupil: 19.4

GCSE and equivalent achievements of pupils at the end of key stage 4

Grade 5 or above in English and maths: 6%

Grade 4 or above in English and maths: 11%

Destinations (for students who completed school in 2017)

87%

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that The Stephenson Studio School 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.

Key Performance Indicators - Financial Review

During the year ended 31 August 2019, the School received income of £821,000 (2017/18: £968,000) from DfE in respect of General Annual Grant and other Government funding, £32,000 (2017/18: £6,000) in the form of DfE capital grants and £182,000 (2017/18: £216,000) other income, giving a total income of £1,035,000 (2017/18: £1,190,000) for the year. Expenditure for the year amounted to £1,123,000 (2017/18: £1,192,000).

At 31 August 2019 the net book value of fixed assets was £65,000 (2017/18: £71,000) and movements in tangible fixed assets are shown in note 12 to the financial statements.

The School held fund balances, including pension funds, at 31 August 2019 of £235,000 (2017/18: £373,000) comprising of surplus of nil (2017/18: surplus £13,000) of restricted general funds, surplus of £104,000 (2017/18: surplus £114,000) of restricted fixed assets and £265,000 (2017/18: £246,000) of unrestricted general funds.

Financial and risk management objectives and policies

The Governors aim to minimise financial risk as part of their overall responsibilities for risk management. The measures used by the Governors to manage financial risk are included in the separate Governance Statement on page 11.

Principal risks and uncertainties

The School continues to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the School's assets and reputation.

Based on the strategic plan, the audit committee undertakes a comprehensive review of the risks to which the School is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the School.

The Stephenson Studio School Trust Governors' Report (Continued)

The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.

A risk register is maintained at the School level which is reviewed and presented at each meeting of the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the School and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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

Liquidity risk

The School manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Student recruitment risk

The School is at risk if it fails to recruit sufficient learners to make it viable.

Reserves policy

The School seeks to maximise returns from its investments, minimise risk and maintain flexibility and access to funds. Free reserves at the period end totalled £265k.

Investment policy

The Stephenson Studio School Trust has no current plans to move surplus funds into separate investment funds.

Plans for Future Periods

The Sponsor is considering merger which leaves potential for a change in the future sponsorship of the school. This is expected to strengthen the position of the school.

The future plans for the Studio School include focusing on:

- Strengthening the excellent links with local businesses.
- Embedding core projects that develop student contribution to their community.
- Increase roll numbers by promoting positive relationships within the community.

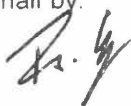
Auditors

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Governing Board at its meeting on 11 December 2019 and signed on its behalf by:



Robert Kelly
Chair

11 December 2019

The Stephenson Studio School Trust Governance Statement

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that The Stephenson Studio School Trust has effective and appropriate systems of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Headteacher, 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 The Stephenson Studio School Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met five times during the year. Attendance during the year at all meetings was as follows:

Governor	Meetings attended	Out of possible
W Devitt	2	4
V Gould	2	3
G Tompkins	0	4
R Kelly	3	4
S Kibble	4	4
K Hobbs	4	4
N Leigh	4	4
G Tacey	0	1
P Scales	3	4
C Nicholls	4	4
K Wood	0	1
S Page	2	2

The Curriculum and Standards committee is a committee of the main governing body. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
R Kelly	3	3
K Hobbs	3	3
S Kibble	3	3
P Scales	3	3
S Page	2	2

The Finance and Resources Committee is also a committee of the main governing body. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
V Gould	2	3
S Kibble	3	3
K Hobbs	3	3
N Leigh	3	3
G Tacey	0	0
G Tompkins	0	3

The Stephenson Studio School Trust
Governance Statement (Continued)

The Audit Committee is also a committee of the main governing body. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
K Hobbs	3	3
W Devitt	3	3
R Kelly	3	3
P Scales	3	3

The Remuneration Committee is also a committee of the main governing body. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
N Leigh	1	1
S Kibble	0	1
R Kelly	1	1
W Devitt	0	1

On behalf of all of the staff, students and governors of the Stephenson Studio School we would like to take this opportunity to show our gratitude for the involvement of Mr G Tacey in the setting up of the Stephenson Studio School Trust and to recognise his continued service throughout his time as Governor of the School between June 2011 and November 2018.

Governance reviews

The strength of governance was reflected on during the working party in May 2019. Governors agreed governance remained strong and new governance key performance indicators were set. The impact of governance was validated in the June 2018 Ofsted inspection which found "Members of the governing body understand their duties and responsibilities in relation to governance. Governors provide robust challenge to the senior leaders to hold them to account. They ask searching questions to ensure that senior leaders' actions to improve the provision are appropriate and have the necessary impact. To ensure the accuracy of the information that senior leaders provide them with, governors undertake their own visits to the school. They speak with staff, observe staff training and meet with pupils. Governors have a precise understanding of the quality of the school's provision and know how the provision must improve further. Governors have ensured that senior leaders have received appropriate external support to enable them to bring about the necessary improvements. Governors have rightly focused on ensuring that senior leaders develop their own leadership skills so that they can implement further improvements by themselves. Governors have a precise understanding of the effectiveness with which senior leaders use additional government funding to support the welfare and progress of disadvantaged pupils and pupils who have SEN and/or disabilities. Governors know that the progress that these pupils make is now beginning to improve because of the support that they receive. Governors understand their duty to keep pupils safe. The governor responsible for safeguarding undertakes rigorous checks to ensure that the school's procedures for keeping pupils safe are effective".

Review of Value for Money

As accounting officer the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year demonstrated by:

- Driving growth in student numbers.
- Staffing restructure to meet School needs within a balanced budget.
- Securing in kind sponsor support.

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 Studio School 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 The Stephenson Studio School Trust for the year ended 31 August 2019 and up to the date of approval of The Stephenson Studio School Trust's annual report and financial statements.

Capacity to handle risk

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

The Stephenson Studio School Trust Governance Statement (Continued)

The risk and control framework

The Studio School 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 Governing Body;
- regular reviews by the Finance and Resources 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;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and have appointed Mazars LLP to perform agreed procedures. The Audit Committee are responsible for giving advice on financial matters and use Mazars LLP to perform a range of checks on the Studio School Trust's financial systems and systems of control to gain assurance.

Review of effectiveness

As Accounting Officer, the Headteacher 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 agreed procedures performed by Mazars LLP
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the managers within The Studio School 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 plan to ensure continuous improvement of the systems in place.

Approved by order of the members of the Governing Body on 11 December 2019 and signed on its behalf by:



Robert Kelly
Chair



Keith Hobbs
Accounting Officer

The Stephenson Studio School Trust
Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Stephenson Studio School Trust I have considered my responsibility to notify the Studio School Trust's Governing Body and the Education & Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between The Stephenson Studio School Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and The Stephenson Studio School Trust Governing Body are able to identify any irregular or improper use of funds by The Stephenson Studio School Trust or material non-compliance with the terms and conditions of funding under The Stephenson Studio School Trust funding agreement and the Academies Financial Handbook 2018.

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



Keith Hobbs
Accounting Officer
11 December 2019

The Stephenson Studio School Trust Statement of Governors Responsibilities

The governors (who act as trustees for charitable activities of The Stephenson Studio School Trust Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Directory 2018 to 2019;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The governors 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 governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The governors 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 Governing Body on 11 December 2019 and signed on its behalf by:



Robert Kelly
Chair

Opinion

We have audited the financial statements of The Stephenson Studio School Trust (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 governors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Independent Auditors' Report to the Members of the Stephenson Studio School Trust for the year ended 31 August 2019

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 Governors' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Governors' Report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Governors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Governors' report.

Responsibilities of Governors

As explained more fully in the Statement of Governors' responsibilities set out on page 13, the governors (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors are responsible for assessing the charitable company'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 governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditors' Report to the Members of the Stephenson Studio School
Trust for the year ended 31 August 2019

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Oxtoby (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Date 19 December 2019

The Stephenson Studio School Trust

Statement of Financial Activities (including Income and Expenditure Account)
for the year ended 31 August 2019

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000
Income from:									
Donations and capital grants	3	32	13		45	6	-	6	12
Charitable activities:									
Funding for the academy trust's educational operations	4	162	821	-	983	205	968	-	1,173
Other trading activities	5	4	-	-	4	4	-	-	4
Investments	6	3	-	-	3	1	-	-	1
Total		<u>201</u>	<u>834</u>	<u>-</u>	<u>1,035</u>	<u>216</u>	<u>968</u>	<u>6</u>	<u>1,190</u>
Expenditure on:									
Charitable activities:									
Academy trust educational operations	7	182	931	10	1,123	169	1,010	13	1,192
Total		<u>182</u>	<u>931</u>	<u>10</u>	<u>1,123</u>	<u>169</u>	<u>1,010</u>	<u>13</u>	<u>1,192</u>
Net income / (expenditure)		19	(97)	(10)	(88)	47	(42)	(7)	(2)
Transfers between funds	16	-	-	-	-	-	-	-	-
Other recognised gains / (losses):									
Remeasurement of net defined benefit obligations	25	-	(50)	-	(50)	-	34	-	34
Net movement in funds		<u>19</u>	<u>(147)</u>	<u>(10)</u>	<u>(138)</u>	<u>47</u>	<u>(8)</u>	<u>(7)</u>	<u>32</u>
Reconciliation of funds									
Total funds brought forward		246	13	114	373	199	21	121	341
Total funds carried forward		<u>265</u>	<u>(134)</u>	<u>104</u>	<u>235</u>	<u>246</u>	<u>13</u>	<u>114</u>	<u>373</u>

The Stephenson Studio School Trust

Balance Sheet

for the year ended 31 August 2019

		2019	2019	2018	2018
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	12		65		71
Current assets					
Debtors	13	30		46	
Cash at bank and in hand		<u>345</u>		<u>402</u>	
		375		448	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(71)</u>		<u>(75)</u>	
Net current assets			<u>304</u>		<u>373</u>
Total assets less current liabilities			369		444
Defined benefit pension scheme liability	25		<u>(134)</u>		<u>(71)</u>
Total assets			<u><u>235</u></u>		<u><u>373</u></u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	16	104		114	
. Restricted income fund	16	-		84	
. Pension reserve	16	<u>(134)</u>		<u>(71)</u>	
Total restricted funds			(30)		127
Unrestricted income funds	16		<u>265</u>		<u>246</u>
Total funds			<u><u>235</u></u>		<u><u>373</u></u>

The financial statements on pages 17 to 36 were approved by the governors, and authorised for issue on 11 December 2019 and are signed on their behalf by:



Robert Kelly
Chair

The Stephenson Studio School Trust

Balance Sheet

for the year ended 31 August 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash used in operating activities	20	(56)	(67)
Cash flows (used in) / from investing activities	21	(1)	3
Net decrease in cash and cash equivalents in the reporting period		<u>(57)</u>	<u>(64)</u>
Cash and cash equivalents at 1 September 2018		402	466
Cash and cash equivalents at the 31 August 2019	22	<u>345</u>	<u>402</u>

The Stephenson Studio School Trust

Notes to the Financial Statements

for the year ended 31 August 2019 (continued)

1 Statement of Accounting Policies

General Information

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 Stephenson Studio School 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 (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2015) 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 (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Stephenson Studio School Trust meets the definition of a public benefit entity under FRS 102.

The Financial Statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these Financial Statements are rounded to the nearest £1,000 except where otherwise indicated.

Going Concern

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

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.

The Stephenson Studio School Trust

Notes to the Financial Statements

for the year ended 31 August 2019 (continued)

1 Statement of Accounting Policies (continued)

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

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Charitable Activities**

These are costs incurred on the Studio School 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.

The Stephenson Studio School Trust

Notes to the Financial Statements

for the year ended 31 August 2019 (continued)

1 Statement of Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £200 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost 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 directly 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 less residual value on a straight-line basis over its expected useful life, as follows:

• Leasehold property improvements	Over the life of the lease
• Fixtures, fittings and equipment	5 years
• ICT hardware	3 years

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 Studio School Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased Assets

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

The Stephenson Studio School Trust

Notes to the Financial Statements

for the year ended 31 August 2019 (continued)

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 notes 17 and 18. 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.

The Stephenson Studio School Trust

Notes to the Financial Statements

for the year ended 31 August 2019 (continued)

1 Statement of Accounting Policies (continued)

Taxation

The Studio School 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 part 11, chapter 3 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 Studio School Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Studio School 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 25, 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 Studio School 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.

The Stephenson Studio School Trust

Notes to the Financial Statements

for the year ended 31 August 2019 (continued)

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 Studio School Trust at the discretion of the trustees.

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

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

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 academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

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 Studio School 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 25, will impact the carrying amount of the pensions 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.

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Studio School Trust has not exceeded these limits during the year ended 31 August 2019.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Capital Grants	-	13	13	6
Donations	32	-	32	6
	<u>32</u>	<u>13</u>	<u>45</u>	<u>12</u>

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE / ESFA grants				
General Annual Grant (GAG)	-	785	785	938
Start Up Grants	-	-	-	-
Other DfE/ESFA grants	138	36	174	187
Miscellaneous income	24	-	24	48
	<u>162</u>	<u>821</u>	<u>983</u>	<u>1,173</u>

5 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Miscellaneous income	4	-	4	4
	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	3	-	3	1
	<u>3</u>	<u>-</u>	<u>3</u>	<u>1</u>

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

7 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
	£000	Premises £000	Other £000	2019 £000	2018 £000
Academy's educational operations:					
· Direct costs	632	-	35	667	719
· Allocated support costs	27	207	222	456	473
	<u>659</u>	<u>207</u>	<u>257</u>	<u>1,123</u>	<u>1,192</u>

Net (income)/expenditure for the period includes:

	2019 £000	2018 £000
Operating lease rentals	108	108
Depreciation	10	13
Net interest on defined pension liability (Note 25)	2	3
Fees payable to auditor for:		
- audit	11	10
- other services	-	-
	<u>-</u>	<u>-</u>

8 Charitable Activities

	Total 2019 £000	Total 2018 £000
Direct costs – educational operations	667	719
Support costs – educational operations	456	473
	<u>1,123</u>	<u>1,192</u>

Analysis of support costs

	Total 2019 £000	Total 2018 £000
Support staff costs	27	32
Depreciation	10	13
Technology costs	3	3
Premises costs	197	193
Other support costs	206	220
Governance costs	13	12
Total support costs	<u>456</u>	<u>473</u>

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

9 Staff

a. Staff costs

Staff costs during the period were:

	Total 2019 £000	Total 2018 £000
Wages and salaries	457	544
Social security costs	45	52
Operating costs of defined benefit pension schemes	81	113
	<u>583</u>	<u>709</u>
Supply staff costs	9	3
Staff training	2	3
Staff restructuring costs	65	1
	<u>659</u>	<u>716</u>
Staff restructuring costs comprise:		
Redundancy payments	65	1
	<u>65</u>	<u>1</u>

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs was a non-statutory/non-contractual severance payment totalling £9,247 (2018: £nil).

c. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	Persons 2019 No.	FTE 2019 No.	Persons 2018 No.	FTE 2018 No.
Teachers	8	6	11	7
Administration and support	7	4	9	7
Management	4	4	4	4
	<u>19</u>	<u>14</u>	<u>24</u>	<u>18</u>

d. Higher paid staff

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

	2019 No.	2018 No.
£70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

9 Staff (continued)

e. Key management personnel

The key management personnel of the Studio School Trust comprises the directors, trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Studio School Trust was £246,000 (2018: £261,000).

10 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Studio School Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

K Hobbs (principal and trustee appointed 21 September 2016):

- . Remuneration received of £73,838 (2018: £71,236)
- . Employer's pension contributions paid of £12,168 (2018: £11,740)

S Page (staff trustee appointed 12 December 2018):

- . Remuneration received of £5,980 (2018: £nil)
- . Employer's pension contributions paid of £1,226

L Mullaney (staff trustee resigned 9 July 2018):

- . Remuneration received of £nil (2018: £15,524)
- . Employer's pension contributions paid £nil (2018: £2,651)

During the period ended 31 August 2019, travel and subsistence expenses totalling £58 were reimbursed or paid directly to one trustee (2018: £79).

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2019 for the Management Liability Policy is £906 (2018: £584).

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

12 Tangible Fixed Assets

	Long Leasehold Property Improvements	Computers and Equipment	Total
	£000	£000	£000
Cost			
At 1 September 2018	115	211	326
Additions	-	4	4
Disposals	-	-	-
At 31 August 2019	<u>115</u>	<u>215</u>	<u>330</u>
Depreciation			
At 1 September 2018	50	205	255
Charged in year	7	3	10
Disposals	-	-	-
At 31 August 2019	<u>57</u>	<u>208</u>	<u>265</u>
Net book values			
At 31 August 2018	65	6	71
At 31 August 2019	<u>58</u>	<u>7</u>	<u>65</u>

13 Debtors

	2019	2018
	£000	£000
VAT recoverable	6	7
Other debtors	-	-
Prepayments and accrued income	<u>24</u>	<u>39</u>
	<u>30</u>	<u>46</u>

14 Creditors: Amounts Falling due within one year

	2019	2018
	£000	£000
Trade creditors	3	3
Due to Stephenson College	12	11
Other taxation and social security	7	13
Other creditors	-	-
Accruals and deferred income	<u>49</u>	<u>48</u>
	<u>71</u>	<u>75</u>

	2019	2018
	£000	£000
Deferred income at 1 September 2018	16	11
Released from previous years	(5)	-
Resources deferred in the year	<u>9</u>	<u>5</u>
Deferred Income at 31 August 2019	<u>20</u>	<u>16</u>

At the balance sheet date The Studio School Trust was holding funds received from bursary payments not yet spent and rates income relating to future periods.

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

15 Financial Instruments

The Studio School Trust has the following financial instruments:

	2019 £000	2018 £000
Financial assets		
Debt instruments measured at amortised cost	-	-
	<u>-</u>	<u>-</u>
Financial liabilities		
Financial liabilities measured at amortised cost	37	53
	<u>37</u>	<u>53</u>

16 Funds

	Balance at 1 Sept 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	47	785	(832)	-	-
Start Up Grant	19	-	(19)	-	-
Other grants	18	49	(67)	-	-
Pension reserve	(71)	-	(13)	(50)	(134)
	<u>13</u>	<u>834</u>	<u>(931)</u>	<u>(50)</u>	<u>(134)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	114	-	(10)	-	104
	<u>114</u>	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>104</u>
Total restricted funds	<u>127</u>	<u>834</u>	<u>(941)</u>	<u>(50)</u>	<u>(30)</u>
Total unrestricted funds	<u>246</u>	<u>201</u>	<u>(182)</u>	<u>-</u>	<u>265</u>
Total funds	<u>373</u>	<u>1,035</u>	<u>(1,123)</u>	<u>(50)</u>	<u>235</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the Studio School Trust. The Studio School Trust is allowed to carry forward up to 12% of the current GAG. Of any carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Studio School Trust but any balance over 2% must be used for capital purposes or the upkeep and improvement of premises.

The Start Up grant must be used to meet the start-up costs of the school. Costs incurred for this purpose have been set off against this income.

Other restricted grants comprise income received in relation to pupil premium to support pupils in care or in receipt of free school meals. Additionally the devolved capital grant has been used for the maintenance of the property.

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

16 Funds (continued)

The DfE/ESFA capital grants are provided by the Government for specific capital projects.

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

	Balance at 1 Sept 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	60	938	(951)	-	47
Start Up Grant	19			-	19
Other grants	18	30	(30)	-	18
Pension reserve	(76)	-	(29)	34	(71)
	<u>21</u>	<u>968</u>	<u>(1,010)</u>	<u>34</u>	<u>13</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	121	6	(13)	-	114
	<u>121</u>	<u>6</u>	<u>(13)</u>	<u>-</u>	<u>114</u>
Total restricted funds	<u>142</u>	<u>974</u>	<u>(1,023)</u>	<u>34</u>	<u>127</u>
Total unrestricted funds	<u>199</u>	<u>216</u>	<u>(169)</u>	<u>-</u>	<u>246</u>
Total funds	<u>341</u>	<u>1,190</u>	<u>(1,192)</u>	<u>34</u>	<u>373</u>

17 Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	65	65
Current assets	265	71	39	375
Current liabilities	-	(71)	-	(71)
Pension scheme liability	-	(134)	-	(134)
Total net assets	<u>265</u>	<u>(134)</u>	<u>104</u>	<u>235</u>

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

17 Analysis of Net Assets between Funds (continued)

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £0	Total Funds £000
Tangible fixed assets	-	-	71	71
Current assets	246	159	43	448
Current liabilities	-	(75)	-	(75)
Pension scheme liability	-	(71)	-	(71)
Total net assets	246	13	114	373

18 Capital Commitments

There were no capital commitments, contracted but not provided for, present at year end (2018: £nil).

19 Commitments under operating leases

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

	2019 £000	2018 £000
Amounts due within one year	132	108
Amounts due between one and five years	528	432
Amounts due after five years	396	432
	1,056	972

20 Reconciliation of Net income/(expenditure) to Net Cash Flow from Operating Activities

	2019 £000	2018 £000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	(88)	(2)
Adjusted for:		
Depreciation charges (note 12)	10	13
Capital grants from DfE and other capital income	-	(6)
Interest receivable (note 6)	(3)	(1)
Defined benefit pension scheme cost less contributions payable (note 25)	13	29
Decrease/(Increase) in debtors	16	(14)
Decrease in creditors	(4)	(86)
Net cash (used in) by Operating Activities	(56)	(67)

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

21 Cash Flows from Investing Activities

	2019	2018
	£000	£000
Dividends, interest and rents from investments	3	1
Purchase of tangible fixed assets	(4)	(4)
Capital grants from DfE/ESFA	-	6
Net cash (used in) / provided by investing activities	(1)	3

22 Analysis of cash and cash equivalents

	At 31 August 2019	At 31 August 2018
	£000	£000
Cash in hand and at bank	345	402
Total cash and cash equivalents	345	402

23 Contingent Liabilities

There were no contingent liabilities present at year end.

24 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.

25 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 Leicestershire County Council. Both are multi-employer defined benefit pension schemes.

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

Contributions amounting to £6,769 were payable to the schemes at 31 August 2019 (2018:£10,007) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer.

25 Pension and Similar Obligations (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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 review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the period amounted to £58,000 (2018: £62,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2019 was £13,000 (2018: £28,000), of which employer's contributions totalled £10,000 (2018: £22,000) and employees' contributions totalled £3,000 (2018: £6,000). The agreed contribution rates have increased from 20.09 per cent to 20.79 per cent from 1 April 2019 for employers. For employees the rates vary between 5.5 and 12.5 per cent.

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 Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

25 Pension and Similar Obligations (continued)
Local Government Pension Scheme (continued)

Principal Actuarial Assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.30%	3.30%
Rate of increase for pensions in payment/inflation	2.30%	2.30%
Discount rate for scheme liabilities	1.90%	2.80%
Commutation of pensions to lump sums	50.00%	50.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality:

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.4	24.3
<i>Retiring in 20 years</i>		
Males	22.2	23.8
Females	24.7	26.2

The academy's share of the assets in the scheme were:

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equity instruments	127	122
Debt instruments	68	53
Property	18	18
Cash	7	4
Total fair value of assets	219	196

The actual return on scheme assets was £13,000 (2018: £8,000).

Amounts recognised in the Statement of Financial Activities in respect of the plan are as follows:

	2019 £000	2018 £000
Current service cost (less employer costs)	7	26
Past service cost	4	-
Net interest cost	2	3
	13	29

The Stephenson Studio School Trust
Notes to the Financial Statements
for the year ended 31 August 2019 (continued)

25 Pension and Similar Obligations (continued)

Amounts recognised in Other Recognised gains/(losses)

Return on pension plan assets	7	4
Changes in assumptions underlying the present value of plan liabilities	(57)	30
Amount recognised in Other Comprehensive Income	<u>(50)</u>	<u>34</u>

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

	2019 £000	2018 £000
At 1 September	267	238
Current service cost	17	48
Past service cost	4	-
Interest cost	8	7
Employee contributions	3	6
Benefits paid	(3)	(2)
Changes in financial, demographic and other assumptions	57	(30)
At 31 August	<u>353</u>	<u>267</u>

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

	2019 £000	2018 £000
At 1 September	196	162
Interest income	6	4
Return on plan assets (excluding net interest on the net defined pension liability)	7	4
Benefits paid	(3)	(2)
Employer contributions	10	22
Employee contributions	3	6
At 31 August	<u>219</u>	<u>196</u>

26 Related Party Transactions

During the period the Studio School Trust was charged an amount of £368,000 (2018: £425,000) from Stephenson College, in respect of school link, accommodation and other costs. During the year the Studio School received £32,000 (2018: £6,000) in sponsorship income from the Stephenson College. At 31 August 2019 there was an amount of £12,000 (2018: £11,000) due to Stephenson College and included within creditors.

Transactions with key management personnel

Key management compensation disclosure is given in Note 9.

Independent Reporting Accountant's Assurance Report on Regularity to the Stephenson Studio School Trust and the Education and Skills Funding Agency
for the year ended 31 August 2019

Conclusion

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

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

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Annex B: Regularity Reporting. We are independent of The Stephenson Studio School Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of The Stephenson Studio School Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of The Stephenson Studio School Trust's funding agreement with the Secretary of State for Education dated 31 August 2011 and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of The Stephenson Studio School Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise.

Independent Reporting Accountant's Assurance Report on Regularity to the Stephenson Studio School Trust and the Education and Skills Funding Agency
for the year ended 31 August 2019

It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

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



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19 Dec 2019