

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 August 2022

Company Registration No. 07662709

The Stephenson Studio School Trust
Reference and Administrative Details

Members

W Devitt
R Kelly
G Thomas

Governors (Trustees)

C Brown
L Foster Resigned 27 June 2022
A Gedge Resigned 7th November 2022
V Gould
K Hobbs
R Kelly
C King
P Scales Resigned 1 August 2022
D Whitemore

Chair
Accounting Officer
Company Secretary

R Kelly
K Hobbs Resigned 10 October 2021
S Royle Appointed 1 April 2022
R Eaton Resigned 14 June 2022
E Scotford Appointed interim 01 August 2022
M Semak

Clerk

Committee Members

Audit C King, P Scales, D Whitemore
Curriculum and Standards L Foster, A Gedge, K Hobbs, P Scales, C King
Finance and Resources L Foster, A Gedge, V Gould, K Hobbs
Remuneration A Gedge, R Kelly, D Whitemore

**Principal and Registered
Office:**

The Stephenson Studio School Trust
C/O The SMB Group
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
Rivermead House
7 Lewis Court
Grove Park
Leicester
LE19 1SD

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

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

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

Internal Auditor:
Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

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 2022. The annual report serves the purpose of both a trustee's report and a director's report under company law.

The Stephenson Studio School Trust ("The Academy Trust") operates an academy for pupils aged 15 to 18 serving a catchment area in Coalville. It has a pupil capacity of 100 and had a roll of 89 in October 2021.

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 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

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.

Governors' indemnities

The Charitable Company has purchased Governors and Officers insurance, details of which can be found in note 9 of the accounts.

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.

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 Stephenson Studio School Trust Governors' Report (continued)

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. The Governing body has decided to cover all items at the main Board meeting, which will meet at least 6 times per annum from 2022-23 year. These items will include Curriculum & Standards, Finance and Resources, Audit and Remuneration individually as appropriate, which previously met separately to the board of trustee's in 2021-22.

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 2022.

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.

Connected organisations, including related party relationships

The sponsor of the School, Stephenson College, dissolved on the 31 January 2020 following a merger with Brooksby Melton College. Brooksby Melton College was permitted by the Secretary of State for Education to change its name to The SMB Group, from the date of merger. The SMB Group successfully applied to become the sponsor of The Stephenson Studio School Trust from the date of merger.

The Stephenson Studio School has strong connections with the Sponsor, Stephenson College and subsequently The SMB Group. 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 SMB Group 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.

Vision

Nurturing, inspiring and discovering brighter futures one person at a time.

We develop the whole person through small class sizes, personalised experience, unique curriculum and a vocational pathway, with exposure to the world of work.

Promoting a happy and safe environment, rewarding success, building resilience and self-belief.

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.

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 commit to;

- Be the best version of ourselves in everything we do
- Take responsibility; do the right thing with kindness
- Embrace difference
- Challenge ourselves and have fun.

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.

In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

Achievements and Performance

Headlines:

- Students make exceptional progress in their literacy at Stephenson Studio School
- Students make exceptional progress in developing skills that lead to them making a successful transition to Post 16 learning
- Students make rapid progress in core subjects

Key Performance Indicators

The following are our core values:

1. All students should secure appropriate destinations
2. All students should make at least good progress
3. Students should make good progress towards achieving their FFT50 estimates

2022 Year 11 Contextual Data

There were 39 pupils in the Y11 cohort.

| | Year 11 | |
|-----------------------------------|---------|------------|
| | Numbers | Percentage |
| SEND Support | 24 | 60% |
| EHCP & TUF | 6 | 18% |
| Total SEND/EHCP/TUF Students | 30 | 77% |
| ASD | 5 | 13% |
| EAL | 1 | 3% |
| PP | 19 | 49% |
| More than 10% UA | 9 | 23% |
| Students previously out of school | 13 | 33% |
| High NEET Risk | 14 | 36% |
| Current LAC | 1 | 3% |
| Current SGO/Adopted | 4 | 10% |
| CIN/CP Students | 5 | 13% |

^ Mobility – 20 students (51%) joined the school after the start of year 10. Of which, 7 students (18%) joined in year 11.

Securing Appropriate Destinations

Stephenson Studio School provides students with more challenging circumstances, the tools and knowledge to progress on to meaningful Post 16 destinations.

- (a) Base-line prediction of NEET, given the characteristics of NEET students defined by the DfE, was 36%.

The Stephenson Studio School Trust
Governors' Report (continued)

- (b) 34 out of the 39 students (87%) have secured a destination for their next phase of learning that we know about.

| | |
|--------------------------|------|
| Education | 65% |
| Apprenticeship | 5% |
| Employment with training | 30% |
| Possible NEET | 0% * |

* This data is correct November 2022, however for this figure to count in the performance tables, this will need to be rechecked as a sustained destination after 6 months of leaving school. (We have concerns that 2 students (5%) may not be able to sustain their current destination.)

- (c) 9 (23%) of those staying in education will be moving through to SMB, which is our biggest destination provider, followed by Loughborough College 7 (18%)
- (d) Of the 5 students currently projected to be NEET, two have moved out of area and families are difficult to reach. One has CAMHs involvement. One is EHCP and likely to be in provision.
- (e) Our NEET figure will still be higher than Leicestershire and Nationally. This is partly because of the nature of our cohort (1 student = 2.6%. To match local average only 1 student could be NEET).

Making Good Progress from Starting Points

- Approximately 45% of year 11 leavers joined the school after the start of year 10
- The school is exploring new ways to capture progress from starting points given that so many students join the school after the beginning of year 10, and many in year 11.

Securing Good Achievement

- English - 31% of students achieved a 4+ against a target of 31%. 3% of students achieved a 5+ against a target of 10%. 33% of students achieved or exceeded their target.
- Maths - 18% of students achieved a 4+ against a target of 28%. 3% of students achieved a 5+ against a target of 5%. 36% of students achieved or exceeded their target.
- Science - 23% of students achieved a 4+ against a target of 21%. 5% of students achieved a 5+ against a target of 5%. 36% of students achieved or exceeded their target. (This figure increases to 49% if L1 BTEC Science Grade is included)
- Business - 15% of students achieved a L2 qualification against a target of 15%. 61% of students achieved L1+ against a target of 100%. 51% of students achieved or exceeded their target.
- Vocational Study - 0% of students achieved a L2 qualification against a target of 30%. 18% of students achieved L1+ against a target of 100%. 0% of students achieved or exceeded their target.

Going concern

The Trustees are currently reviewing a number of options regarding the future of the Trust. Early talks with the ESFA regarding joining another Multi Academy Trust have taken place and this favoured option will be pursued over the coming months. Whilst there is therefore some uncertainty over the medium-term future of the Trust at the date of approving these financial statements, the Trustees are of the opinion that there are no circumstances likely to impact on the ability of the Trust to continue to operate in the next 12 months. Trustees have also reviewed the financial forecasts and cash position, which demonstrate that the Trust is able to remain cash positive and service all liabilities as they fall due for a period of at least 12 months from the date of approving these financial statements. In considering all of the above, the Board of Trustees are satisfied that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future for a period of at least 12 months from the date of approving these financial statements and have therefore adopted 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 2022, the School received income of £989,000 (2020/21: £1,316,000) from DfE in respect of General Annual Grant and other Government funding, £11,000 (2020/21: £nil) in the form of DfE capital grants, £80,000 (2020/21 : £nil) in the form of a donation from the schools sponsor and £4,000 (2020/21: £6,000) other income, giving a total income of £1,084,000 (2020/21: £1,322,000) for the year. Expenditure for the year amounted to £1,185,000 (2020/21: £1,210,000).

At 31 August 2022 the net book value of fixed assets was £54,000 (2020/21: £73,000) and movements in tangible fixed assets are shown in note 10 to the financial statements.

The School held fund balances, including pension funds, at 31 August 2022 of £367,000 (2020/21: £120,000) comprising of a deficit of £51,000 (2020/21: deficit £237,000) of restricted general funds, a surplus of £61,000 (2020/21: surplus £73,000) of restricted fixed assets and £357,000 (2020/21: £284,000) 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 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.

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.

The Stephenson Studio School Trust Governors' Report (continued)

Based on the strategic plan, during the year the audit committee undertook 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. This level of scrutiny will continue under the new committee structure. 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 was presented at each meeting of the Audit Committee during the year. 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 Academy Trust's policy is to ensure there are sufficient funds to continue in operation, minimise risk and maintain flexibility and access to funds. Reserves at the period end included £61,000 (2021: £73,000) in a restricted fixed asset reserve, £14,000 (2021: £150,000) in a restricted revenue reserve, £65,000 deficit (2021: £387,000 deficit) in a restricted pension reserve and unrestricted reserves of £357,000 (2021: £284,000). Combined, total reserves stood at £367,000 (2021: £120,000).

Investment policy

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

Plans for Future Periods

The 2022-23 plans for the Studio School include:

- Exploring MAT options to enhance the school improvement offer and capacity to thrive.
- Strengthening the excellent links with local businesses whilst embedding work placement projects that develop student contribution to their community.
- Develop a mechanism to ensure that students who join the school are both; suitable for mainstream education, and have had appropriate information, advice and guidance prior to enrolling.
- Increase roll numbers by promoting positive relationships within the community.

A considerable amount of resource is required to move forward from being a "coasting school" with a "Requires Improvement" grade. Of the current cohort 50% are High Risk NEETs and it is questionable whether 25% of students should actually be in mainstream education. The School is appropriately staffed for the number of students but; there are not enough students coming to the School, and extra resources are required given the additional challenges from the cohort. The sponsor does not have the capacity to support with this resource and therefore, the current Sponsorship arrangements are not sustainable.

Plans for Future Periods (continued)

At the November 2022 Trustees meeting, whilst reviewing a number of options, a decision was made to explore options to join a Multi Academy Trust. Discussions are underway with the DfE, ESFA, LA, and a Multi Academy Trust.

Fundraising

The Academy Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Governors.

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.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 20 December 2022 and signed on the board's behalf by:



Robert Kelly
Chair
20 December 2022

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, in addition to separate meetings for the Audit Committee, Finance and Resources Committee and the Curriculum and Standards Committee which all provided detailed focus upon the Academy's affairs. Attendance during the year at all meetings was as follows:

| Governor | | Meetings attended | Out of a possible |
|--|--|--------------------------|--------------------------|
| C Brown | | 1 | 5 |
| L Foster | Resigned 27 June 2022 | 4 | 4 |
| A Gedge | Resigned 7 th November 2022 | 5 | 5 |
| V Gould | | 4 | 5 |
| K Hobbs (Headteacher & Accounting Officer) | | 5 | 5 |
| R Kelly (Chair) | | 5 | 5 |
| C King | | 3 | 5 |
| P Scales | Resigned 1 August 2022 | 5 | 5 |
| D Whitemore | | 3 | 5 |

The Audit Committee is a committee of the main Board of Governors. Attendance at meetings in the year was as follows:

| Governor | | Meetings attended | Out of a possible |
|-----------------|------------------------|--------------------------|--------------------------|
| C King | | 3 | 3 |
| P Scales | Resigned 1 August 2022 | 3 | 3 |
| D Whitemore | | 2 | 3 |

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 |
|-----------------|--|--------------------------|--------------------------|
| L Foster | Resigned 27 June 2022 | 2 | 3 |
| A Gedge | Resigned 7 th November 2022 | 3 | 3 |
| K Hobbs | | 3 | 3 |
| C King | | 2 | 3 |
| P Scales | Resigned 1 August 2022 | 3 | 3 |

The Stephenson Studio School Trust Governance Statement (continued)

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

| Governor | | Meetings attended | Out of a possible |
|-----------------|--|--------------------------|--------------------------|
| L Foster | Resigned 27 June 2022 | 3 | 3 |
| A Gedge | Resigned 7 th November 2022 | 3 | 3 |
| V Gould | | 2 | 3 |
| K Hobbs | | 3 | 3 |

The Remuneration Committee is a committee of the main Board of Governors. Attendance at meetings in the year was as follows:

| Governor | | Meetings attended | Out of a possible |
|-----------------|--|--------------------------|--------------------------|
| A Gedge | Resigned 7 th November 2022 | 0 | 1 |
| R Kelly | | 1 | 1 |
| D Whitemore | | 1 | 1 |

Governance reviews

The strength of governance was reflected on during the working party in May 2022. Governors began the 2022/23 year following this reflection in agreement that governance remained strong and governance key performance indicators were in place.

The most significant change to governance following the review and skills Audit was a move to the Carver model for governance and the subsequent removal of the committee structure.

The impact of governance had been validated in the May 2022 Ofsted inspection which found; "Trustees and leaders are committed to improving this school. They have pupils' best interests at the heart of the decisions they make. They are aware of areas which need to improve. They have the plans to address these areas. Staff report that leaders are considerate of their workload, and the majority enjoy working at the school."

Conflicts of interest are requested to be raised at all meetings via declaration of interests. In a small Academy trust, following the procurement processes and recruitment processes ensures independence and integrity. A register of interests is also maintained by the Clerk.

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:

- Securing in kind sponsor support.
- Delivering a favourable variance when compared with forecast.
- Investing in assets.

The Stephenson Studio School Trust Governance Statement (continued)

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 2022 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 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 Wylie Bissett to perform agreed procedures. The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- A review of Procurement Processes
- A follow up review on Key Financial Controls

The internal auditor delivered the schedule of work as planned during the year. There were no significant control issues raised during the year. The follow up on key financial controls concluded that the control point raised had been addressed, the review of procurement processes raised two medium control points which are in progress.

On an annual basis, the auditor reports to the board of trustees, through the audit and risk committee on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities. On an annual basis the auditor prepares a summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The Stephenson Studio School Trust
Governance Statement (continued)

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 Wylie Bissett
- 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 20 December 2022 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 2021.

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 2021.

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.

A handwritten signature in black ink, appearing to be 'KH', written in a cursive style.

Keith Hobbs
Accounting Officer
20 December 2022

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 2019 and the Academies Accounts Directory 2021 to 2022;
- 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 20 December 2022 and signed on its behalf by:



Robert Kelly
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STEPHENSON STUDIO SCHOOL TRUST

Opinion

We have audited the financial statements of The Stephenson Studio School Trust (the "charitable company") for the year ended 31st August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. 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 Academies Accounts Direction 2021 to 2022 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 31st August 2022 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 2021 to 2022 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

In auditing the financial statements, we have concluded that the governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the Members of the Stephenson Studio School Trust for the year ended 31 August 2022 (Continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Governors' Report, which includes the Directors' Report and the Strategic 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 and the Strategic Report included within the Governors' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic 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.

Responsibilities of Governors

As explained more fully in the Statement of Governors' responsibilities set out on page 16, 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

Independent Auditors' Report to the Members of the Stephenson Studio School Trust for the year ended 31 August 2022 (Continued)

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Education and Skills Funding Agency's Academy Trust Handbook and Academies Accounts Direction. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the

Independent Auditors' Report to the Members of the Stephenson Studio School Trust for the year ended 31 August 2022 (Continued)

financial statements including the Governors' Report and evaluating relevant advice received from external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Education Inspection Framework under the Education Act 2005 (as amended), Keeping Children Safe in Education under the Education Act 2002, the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the preparation of the 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.

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.

RSM UK Audit LLP

Gareth Jones (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Rivermead House

7 Lewis Court

Grove Park

Leicester

Leicestershire

LE19 1SD

Date: 20/12/2022

The Stephenson Studio School Trust

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 August 2022

| | Notes | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total 2022 £000 | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total 2021 £000 |
|---|-------|-------------------------------|--|--|----------------------------------|-------------------------------|--|--|--------------------|
| Income and endowments from: | | | | | | | | | |
| Donations and capital grants | 2 | 80 | - | 11 | 91 | - | - | - | - |
| Charitable activities: | | | | | | | | | |
| Funding for the academy trust's educational operations | 3 | - | 989 | - | 989 | 14 | 1,302 | - | 1,316 |
| Other trading activities | 4 | 4 | - | - | 4 | 6 | - | - | 6 |
| Total | | <u>84</u> | <u>989</u> | <u>11</u> | <u>1,084</u> | <u>20</u> | <u>1,302</u> | <u>-</u> | <u>1,322</u> |
| Expenditure on: | | | | | | | | | |
| Charitable activities: | | | | | | | | | |
| Academy trust educational operations | 5 | 11 | 1,151 | 23 | 1,185 | 4 | 1,183 | 23 | 1,210 |
| Total | | <u>11</u> | <u>1,151</u> | <u>23</u> | <u>1,185</u> | <u>4</u> | <u>1,183</u> | <u>23</u> | <u>1,210</u> |
| Net income / (expenditure) | | 73 | (162) | (12) | (101) | 16 | 119 | (23) | 112 |
| Transfers between funds | 13 | - | - | - | - | - | - | - | - |
| Other recognised gains / (losses): | | | | | | | | | |
| Actuarial gains/ (losses) on defined benefit obligations | 23 | - | 348 | - | 348 | - | (67) | - | (67) |
| Net movement in funds | | <u>73</u> | <u>186</u> | <u>(12)</u> | <u>247</u> | <u>16</u> | <u>52</u> | <u>(23)</u> | <u>45</u> |
| Reconciliation of funds | | | | | | | | | |
| Total funds brought forward | | 284 | (237) | 73 | 120 | 268 | (289) | 96 | 75 |
| Total funds carried forward | | <u><u>357</u></u> | <u><u>(51)</u></u> | <u><u>61</u></u> | <u><u>367</u></u> | <u><u>284</u></u> | <u><u>(237)</u></u> | <u><u>73</u></u> | <u><u>120</u></u> |

The Stephenson Studio School Trust
Balance Sheet as at 31 August 2022

| | | 2022 | 2022 | 2021 | 2021 |
|--|-------|--------------|--------------------------|--------------|--------------------------|
| | Notes | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible assets | 10 | | 54 | | 73 |
| Current assets | | | | | |
| Debtors | 11 | 93 | | 51 | |
| Cash at bank and in hand | 19 | <u>416</u> | | <u>486</u> | |
| | | 509 | | 537 | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 12 | <u>(131)</u> | | <u>(103)</u> | |
| Net current assets | | | <u>378</u> | | <u>434</u> |
| Total assets less current liabilities | | | 432 | | 507 |
| Net assets excluding pension liability | | | 432 | | 507 |
| Defined benefit pension scheme liability | 23 | | <u>(65)</u> | | <u>(387)</u> |
| Total net assets | | | <u><u>367</u></u> | | <u><u>120</u></u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | | | | | |
| . Restricted fixed asset fund | 13 | 61 | | 73 | |
| . Restricted income fund | 13 | 14 | | 150 | |
| . Pension reserve | 13 | <u>(65)</u> | | <u>(387)</u> | |
| Total restricted funds | | | 10 | | (164) |
| Unrestricted income funds | 13 | | <u>357</u> | | <u>284</u> |
| Total funds | | | <u><u>367</u></u> | | <u><u>120</u></u> |

The financial statements on pages 21 to 39 were approved by the governors, and authorised for issue on 20 December 2022 and are signed on their behalf by:



Robert Kelly
Chair of Governors

The Stephenson Studio School Trust
Statement of Cash Flows for the year ended 31 August 2022

| | Notes | 2022 £000 | 2021 £000 |
|--|-------|----------------------------|--------------|
| Cash flows from operating activities | | | |
| Net cash (used in)/ provided by operating activities | 17 | (77) | 191 |
| Net cash provided by investing activities | 18 | 7 | - |
| Net (decrease)/ increase in cash and cash equivalents in the reporting period | | (70) | 191 |
| Cash and cash equivalents at beginning of year | | 486 | 295 |
| Cash and cash equivalents at end of year | 19 | 416 | 486 |

1 Accounting Policies

General Information

The Stephenson Studio School Trust is a Charitable Company (the 'Academy Trust'). The address of the Trust's principal place of business is given on page 1. The nature of the Academy Trust's operations is set out in the Governors' Report.

Basis of Accounting

The financial statements of the Academy Trust, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of 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 whole £1,000, except where otherwise indicated.

Going Concern

The Trustees are currently reviewing a number of options regarding the future of the Trust. Early talks with the ESFA regarding joining another Multi Academy Trust have taken place and this favoured option will be pursued over the coming months. Whilst there is therefore some uncertainty over the medium term future of the Trust at the date of approving these financial statements, the Trustees are of the opinion that there are no circumstances likely to impact on the ability of the Trust to continue to operate in the next 12 months. Trustees have also reviewed the financial forecasts and cash position, which demonstrate that the Trust is able to remain cash positive and service all liabilities as they fall due for a period of at least 12 months from the date of approving these financial statements. In considering all of the above, the Board of Trustees are satisfied that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future for a period of at least 12 months from the date of approving these financial statements and have therefore adopted the going concern basis 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 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 Stephenson Studio School Trust which amounts to a condition free grant 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 Stephenson 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.

Tangible Fixed Assets

Assets costing £1,000 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:

- | | |
|--|----------------------------|
| ▪ Long leasehold property improvements | Over the life of the lease |
| ▪ Computers and Equipment | 3 - 5 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 Stephenson Studio School Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

Leased Assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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. 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 Stephenson 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 Stephenson 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 Stephenson 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 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of The Stephenson 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.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of The Stephenson Studio School Trust at the discretion of the governors.

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 Stephenson 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 23, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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.

2 Donations and capital grants

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2022 £000 | Total 2021 £000 |
|-----------------|-------------------------------|-----------------------------|--------------------|--------------------|
| Capital Grants | - | 11 | 11 | - |
| Other donations | 80 | - | 80 | - |
| | <u>80</u> | <u>11</u> | <u>91</u> | <u>-</u> |

3 Funding for the Academy Trust's Educational Operations

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2022 £000 | Total 2021 £000 |
|---|-------------------------------|-----------------------------|--------------------|--------------------|
| Funding for academy trust's educational operations | | | | |
| DfE / ESFA grants | | | | |
| General Annual Grant (GAG) | - | 735 | 735 | 942 |
| Other DfE/ESFA grants | | | | |
| Pupil Premium | - | 32 | 32 | 35 |
| Other grants | - | 157 | 157 | 193 |
| | <u>-</u> | <u>924</u> | <u>924</u> | <u>1,170</u> |
| Other Government grants | | | | |
| Local authority grants | - | 58 | 58 | 107 |
| | <u>-</u> | <u>58</u> | <u>58</u> | <u>107</u> |
| COVID-19 additional funding (DfE / ESFA) | | | | |
| Catch-up premium | - | 6 | 6 | 6 |
| Other DfE / ESFA COVID-19 funding | - | 1 | 1 | 33 |
| | <u>-</u> | <u>7</u> | <u>7</u> | <u>39</u> |
| | <u>-</u> | <u>989</u> | <u>989</u> | <u>1,316</u> |

4 Other trading activities

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2022 £000 | Total 2021 £000 |
|----------------------|----------------------------|-----------------------------|--------------------|-----------------------|
| Miscellaneous income | 4 | - | 4 | 6 |
| | <u>4</u> | <u>-</u> | <u>4</u> | <u>6</u> |

The Stephenson Studio School Trust
Notes to the Financial Statements for the year ended 31 August 2022 (Continued)

5 Expenditure

| | Staff Costs | Non Pay Expenditure | | Total | Total |
|-----------------------------------|--------------------|----------------------------|--------------|---------------------|--------------|
| | £000 | Premises | Other | 2022 | 2021 |
| | £000 | £000 | £000 | £000 | £000 |
| Academy's educational operations: | | | | | |
| Direct costs | 594 | - | 111 | 705 | 779 |
| Allocated support costs | 163 | 230 | 87 | 480 | 431 |
| | <u>757</u> | <u>230</u> | <u>198</u> | <u>1,185</u> | <u>1,210</u> |

Net (income)/expenditure for the period includes:

| | | |
|---|------------------|-----------|
| | 2022 | 2021 |
| | £000 | £000 |
| Operating lease rentals | 133 | 133 |
| Depreciation | 23 | 23 |
| Net interest on defined benefit pension liability (Note 23) | 6 | 5 |
| Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows: | | |
| - statutory audit | <u>22</u> | <u>24</u> |

6 Charitable activities

| | | |
|---|---------------------|---------------------|
| | Total | Total |
| | 2022 | 2021 |
| | £000 | £000 |
| Direct costs – educational operations | 705 | 779 |
| Support costs – educational operations | 480 | 431 |
| | <u>1,185</u> | <u>1,210</u> |

Analysis of support costs

| | | |
|----------------------------|-------------------|-------------------|
| | Total | Total |
| | 2022 | 2021 |
| | £000 | £000 |
| Support staff costs | 163 | 140 |
| Depreciation | 11 | 11 |
| Premises costs | 230 | 214 |
| Other support costs | 54 | 42 |
| Governance costs | 22 | 24 |
| Total support costs | <u>480</u> | <u>431</u> |

7 Staff

a. Staff costs

Staff costs during the period were:

| | Total | Total |
|-------------------------------------|--------------|------------|
| | 2022 | 2021 |
| | £000 | £000 |
| Wages and salaries | 562 | 577 |
| Social security costs | 42 | 44 |
| Pension costs | 110 | 119 |
| | <u>714</u> | <u>740</u> |
| Supply staff costs | 30 | 10 |
| Staff training | 13 | 2 |
| Staff restructuring costs | - | 21 |
| | <u>757</u> | <u>773</u> |
| Staff restructuring costs comprise: | | |
| Payment in lieu of notice | - | 11 |
| Payment for loss of office | - | 10 |
| | <u>-</u> | <u>21</u> |

b. Non statutory / non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £0 (2021: £21,000). Individually, the payments were £0 (2021: £21,000).

Staff numbers

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

| | Persons | FTE | Persons | FTE |
|-------------------------------|----------------|-------------|-----------|-----------|
| | 2022 | 2022 | 2021 | 2021 |
| Educational Operations | No. | No. | No. | No. |
| Teachers | 8 | 5 | 12 | 5 |
| Administration and support | 10 | 5 | 9 | 5 |
| Management | 3 | 3 | 3 | 3 |
| | <u>21</u> | <u>13</u> | <u>24</u> | <u>13</u> |

d. Higher paid staff

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

| | 2022 | 2021 |
|-------------------|-------------|----------|
| | No. | No. |
| £70,001 - £80,000 | 1 | 1 |
| | <u>1</u> | <u>1</u> |

7 Staff (continued)

e. Key management personnel

The key management personnel of The Academy Trust comprises of the governors and the senior leadership team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to The Academy Trust was £223,000 (2021: £222,000).

8 Governors' remuneration and expenses

During the year one governor was paid remuneration or had received other benefits from employment with the Academy Trust. The principal and other staff governors only received remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment and not in respect of their services as governors. Other governors were not paid any remuneration or received any other benefits from employment with the Academy Trust.

K Hobbs (principal and governor):

- . Remuneration received of £77,292 (2021: £77,292)
- . Employer's pension contributions paid of £18,303 (2021: £18,303)

S Page (staff governor):

- . Remuneration received of £Nil (2021: £1,505)
- . Employer's pension contributions paid of £Nil (2021: £376)

L Foster (staff governor):

- . Remuneration received of £19,824 (2021: £15,408)
- . Employer's pension contributions paid of £5,881 (2021: £4,250)

During the year ended 31 August 2022, 1 (2021: Nil) trustees claimed expenses or had their expenses met by the Academy Trust. The expenses incurred were in respect of travel and subsistence and an amount of £48.43 (2021: £Nil) was reimbursed or paid by The Academy Trust.

9 Governors' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2022 was £560 (2021: £560). The cost of this insurance is included in the total insurance cost.

10 Tangible fixed assets

| | Long Leasehold Property Improvements | Computers and Equipment | Total |
|------------------------|---|-------------------------------|------------|
| | £000 | £000 | £000 |
| Cost | | | |
| At 1 September 2021 | 117 | 260 | 377 |
| Additions | - | 4 | 4 |
| At 31 August 2022 | <u>117</u> | <u>264</u> | <u>381</u> |
| Depreciation | | | |
| At 1 September 2021 | 72 | 232 | 304 |
| Charged in year | 8 | 15 | 23 |
| At 31 August 2022 | <u>80</u> | <u>247</u> | <u>327</u> |
| Net book values | | | |
| At 31 August 2021 | 45 | 28 | 73 |
| At 31 August 2022 | <u>37</u> | <u>17</u> | <u>54</u> |

11 Debtors

| | 2022 | 2021 |
|--------------------------------|-----------|-----------|
| | £000 | £000 |
| VAT recoverable | 54 | 16 |
| Prepayments and accrued income | 39 | 35 |
| | <u>93</u> | <u>51</u> |

12 Creditors: amounts falling due within one year

| | 2022 | 2021 |
|------------------------------------|------------|------------|
| | £000 | £000 |
| Trade creditors | 20 | 4 |
| Other taxation and social security | - | 8 |
| Other creditors | 50 | 20 |
| Accruals and deferred income | 61 | 71 |
| | <u>131</u> | <u>103</u> |
| Deferred income | | |
| | 2022 | 2021 |
| | £000 | £000 |
| Deferred income at 1 September | 32 | 19 |
| Released from previous years | (18) | (6) |
| Resources deferred in the year | 20 | 19 |
| Deferred Income at 31 August | <u>34</u> | <u>32</u> |

At the reporting date The Academy Trust was holding funds received from bursary payments not yet spent and grant income deferred.

13 Funds

| | Balance at 1 September 2021 £000 | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2022 £000 |
|-------------------------------------|---|---------------------|-----------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 44 | 735 | (871) | - | (92) |
| Pupil premium | 55 | 32 | (32) | - | 55 |
| Other grants | 51 | 222 | (222) | - | 51 |
| Pension reserve | (387) | - | (26) | 348 | (65) |
| | <u>(237)</u> | <u>989</u> | <u>(1,151)</u> | <u>348</u> | <u>(51)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/ESFA capital grants | 73 | 11 | (23) | - | 61 |
| | <u>73</u> | <u>11</u> | <u>(23)</u> | <u>-</u> | <u>61</u> |
| Total restricted funds | <u>(164)</u> | <u>1,000</u> | <u>(1,174)</u> | <u>348</u> | <u>10</u> |
| Total unrestricted funds | <u>284</u> | <u>84</u> | <u>(11)</u> | <u>-</u> | <u>357</u> |
| Total funds | <u>120</u> | <u>1,084</u> | <u>(1,185)</u> | <u>348</u> | <u>367</u> |

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

Restricted general funds:

This fund represents grants received for the Academy's operational activities and development. This includes the pension reserve which represents the potential liability due by the Academy at the year end.

Restricted other funds:

From time to time, additional funds are applied as set out above for specific purposes laid down by the grant provider and to be used in the short term.

Restricted fixed asset funds:

This fund represents the net book value of fixed assets that the Academy has purchased out of grants received.

Unrestricted funds:

The unrestricted funds represent funds available to the Trustees to apply for the general purposes of the Academy Trust.

Previously, under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2020 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.

For the year ended 31 August 2022, these limits have been removed from the funding agreement.

13 Funds (continued)

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

| | Balance at 1 September 2020 £000 | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2021 £000 |
|-------------------------------------|---|----------------|---------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 9 | 942 | (907) | - | 44 |
| Pupil premium | 35 | 35 | (15) | - | 55 |
| Other grants | (35) | 325 | (239) | - | 51 |
| Pension reserve | (298) | - | (22) | (67) | (387) |
| | <u>(289)</u> | <u>1,302</u> | <u>(1,183)</u> | <u>(67)</u> | <u>(237)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/ESFA capital grants | 96 | - | (23) | - | 73 |
| | <u>96</u> | <u>-</u> | <u>(23)</u> | <u>-</u> | <u>73</u> |
| Total restricted funds | <u>(193)</u> | <u>1,302</u> | <u>(1,206)</u> | <u>(67)</u> | <u>(164)</u> |
| Total unrestricted funds | <u>268</u> | <u>20</u> | <u>(4)</u> | <u>-</u> | <u>284</u> |
| Total funds | <u>75</u> | <u>1,322</u> | <u>(1,210)</u> | <u>(67)</u> | <u>120</u> |

14 Analysis of net assets between funds

Fund balances at 31 August 2022 are represented by:

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total Funds £000 |
|--------------------------|-------------------------------|--|--|------------------------|
| Tangible fixed assets | - | - | 54 | 54 |
| Current assets | 357 | 145 | 7 | 509 |
| Current liabilities | - | (131) | - | (131) |
| Pension scheme liability | - | (65) | - | (65) |
| Total net assets | <u>357</u> | <u>(51)</u> | <u>61</u> | <u>367</u> |

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 | - | - | 73 | 73 |
| Current assets | 284 | 253 | - | 537 |
| Current liabilities | - | (103) | - | (103) |
| Pension scheme liability | - | (387) | - | (387) |
| Total net assets | <u>284</u> | <u>(237)</u> | <u>73</u> | <u>120</u> |

15 Capital commitments

There were no capital commitments, contracted but not provided for, present at year end (2021: £Nil).

16 Commitments under operating leases

At 31 August 2022 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | £000 | £000 |
| Amounts due within one year | 132 | 132 |
| Amounts due between one and five years | 528 | 528 |
| Amounts due after five years | - | 132 |
| | <u>660</u> | <u>792</u> |

17 Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2022 | 2021 |
|--|--------------------|-------------------|
| | £000 | £000 |
| Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities) | (101) | 112 |
| Adjusted for: | | |
| Depreciation (note 10) | 23 | 23 |
| Capital grants from DfE and other capital income | (11) | - |
| Defined benefit pension scheme cost less contributions payable (note 23) | 26 | 22 |
| (Increase)/ Decrease in debtors | (42) | 9 |
| Increase in creditors | 28 | 25 |
| Net cash (used in)/provided by operating activities | <u>(77)</u> | <u>191</u> |

18 Reconciliation of net income/(expenditure) to net cash flow from investing activities

| | 2022 | 2021 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Purchase of tangible fixed assets | (4) | - |
| Capital grants from DfE/ESFA | 11 | - |
| Net cash provided by investing activities | <u>7</u> | <u>-</u> |

19 Analysis of cash and cash equivalents

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | £000 | £000 |
| Cash and cash equivalents represents: | | |
| Cash in hand and at bank | 416 | 486 |
| | <u>416</u> | <u>486</u> |

20 Analysis of changes in net debt

| | At 1 September 2021 | Cash flows | At 31 August 2022 |
|--------------|---------------------------|--------------------|-------------------------|
| | £000 | £000 | £000 |
| Cash | 486 | (70) | 416 |
| Total | <u>486</u> | <u>(70)</u> | <u>416</u> |

21 Contingent liabilities

There were no contingent liabilities present at year end (2021: £ Nil).

22 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.

23 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 to the period ended 31 March 2019.

Contributions amounting to £ Nil were payable to the schemes at 31 August 2022 (2021:£9,787) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. The Academy Trust has set out below the information available on the scheme.

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 four 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 review of the TPS was carried out as at 31 March 2016.

The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% (including a 0.08% administration levy) of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19).

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £65,000 (2021: £72,000).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

23 Pension and similar obligations (continued)

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 2022 was £32,000 (2021: £36,000), of which employer's contributions totalled £27,000 (2021: £30,000) and employees' contributions totalled £5,000 (2021: £6,000). The agreed contribution rates for future years are 31.4% for employers and rates varying between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 August 2022 by a qualified independent actuary.

| | 2022 | 2021 |
|--|---------------|--------|
| Rate of increase in salaries | 3.55% | 3.40% |
| Rate of increase for pensions in payment/inflation | 3.05% | 2.90% |
| Discount rate for scheme liabilities | 4.25% | 1.65% |
| Commutation of pensions to lump sums | 50.00% | 50.00% |

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 2022 | At 31 August 2021 |
|-----------------------------|------------------------------|----------------------|
| <i>Retiring today</i> | | |
| Males | 21.5 | 21.7 |
| Females | 24.0 | 24.2 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.4 | 22.6 |
| Females | 25.7 | 25.9 |

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

| | Fair value of assets | |
|-----------------------------------|-----------------------------|------|
| | 2022 | 2021 |
| | £000 | £000 |
| Equity instruments | 226 | 198 |
| Debt instruments | 104 | 99 |
| Property | 33 | 24 |
| Cash | 8 | 21 |
| Total fair value of assets | 371 | 342 |

The actual return on scheme assets was £6,000 (2021: £5,000).

23 Pension and similar obligations (continued)

Amounts recognised in the Statement of Financial Activities:

| | 2022 | 2021 |
|----------------------|-----------|-----------|
| | £000 | £000 |
| Current service cost | 20 | 17 |
| Net interest cost | 6 | 5 |
| | <u>26</u> | <u>22</u> |

Changes in the present value of defined benefit obligations:

| | 2022 | 2021 |
|------------------------|------------|------------|
| | £000 | £000 |
| At 1 September | 729 | 548 |
| Current service cost | 47 | 47 |
| Past service cost | - | - |
| Interest cost | 12 | 10 |
| Employee contributions | 5 | 6 |
| Benefits paid | (2) | (2) |
| Actuarial gain | (355) | 120 |
| At 31 August | <u>436</u> | <u>729</u> |

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

| | 2022 | 2021 |
|---|------------|------------|
| | £000 | £000 |
| At 1 September | 342 | 250 |
| Interest income | 6 | 5 |
| Return on plan assets (excluding net interest on the net defined benefit pension liability) | (7) | 53 |
| Benefits paid | (2) | (2) |
| Employer contributions | 27 | 30 |
| Employee contributions | 5 | 6 |
| At 31 August | <u>371</u> | <u>342</u> |

24 Related party transactions

During the year The Stephenson Studio School Trust was charged an amount of £413,013 (2021: £416,558) from The SMB Group, in respect of school link, accommodation and other costs. At 31 August 2022 there was an amount of £23,168 (2021: £264 owed from) due to The SMB Group and included within creditors. Amounts quoted are inclusive of VAT.

During 2021-22 The SMB Group as sponsor paid The Stephenson Studio School Trust a condition free grant of £80,000.

Transactions with key management personnel

Key management personnel compensation disclosure is included in Note 7.

25 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2022 the trust received £ Nil (2021: £644) and disbursed £ Nil (2021: £ Nil) from the fund. An amount of £13,418 (2021: £13,418) is included in deferred income relating to undistributed funds that is repayable to ESFA.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE STEPHENSON STUDIO SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 27 August 2020 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts, to obtain limited assurance about whether the expenditure disbursed and income received by The Stephenson Studio School Trust during the period 1 September 2021 to 31 August 2022 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 2021 to 31 August 2022 have 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 extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts. 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 governors

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 Academy Trust Handbook extant from 1 September 2021, for ensuring that expenditure disbursed and income received are 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 trustees¹ (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 extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts.

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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE STEPHENSON STUDIO SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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 Academy Trust Handbook 2021 published by the Education and Skills Funding Agency and high level financial control areas where we identified a risk of material irregularity is likely to arise. 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 the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts.

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 dated 27 August 2020. 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.

RSM UK Audit LLP

RSM UK AUDIT LLP

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Date: 20/12/2022