

Company Registration No. 09174628 (England and Wales)

THE STOUR FEDERATION
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

THE STOUR FEDERATION

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THE STOUR FEDERATION

REFERENCE AND ADMINISTRATIVE DETAILS

Members

- Chair of Trustees	Mrs J Barker
- Chair of Resources	Mr N Jennings
- Chair of Children & Curriculum	Mrs R Sellars

Trustees

Mr C Hilton (Executive Headteacher)
Mrs J Barker (Chair of Trustees)
Mr M J Dumelow
Mr N Jennings (Chair of Resources)
Mr T Wrigley (Resigned 6 February 2020)
Mrs R Sellars (Chair of Children & Curriculum)
Mrs H Young (Acorns Associate Head)
Mrs A Holland
Mr G Roberts (Shipston Associate Head)
Miss A Rose
Miss A Bayliss
Mrs A Pearson
Mrs L Kirkman
Mrs V Faulkner
Mrs S Calcott
Mr B Richter (Appointed 13 September 2019)
Rev. Sarah Edmonds
Mrs N Britt (Appointed 1 February 2020)
Mr G Stokes (Appointed 1 May 2020)

Trust Leadership Team

- Executive Headteacher	Mr C Hilton
- Associate Head (Acorns)	Mrs H Young
- Associate Head (Shipston)	Mr G Roberts

Company secretary

Ms L Mansell

Company registration number

09174628 (England and Wales)

Registered office

Station Road
Shipston-On-Stour
Warwickshire
CV36 4BT
United Kingdom

Academies operated

Acorns Primary
Shipston-On-Stour Primary School

Location

Long Compton
Shipston-On-Stour

Executive Headteacher

Mr Christian Hilton
Mr Christian Hilton

THE STOUR FEDERATION

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor	Ellacotts Audit Services Limited Countrywide House 23 West Bar Banbury Oxfordshire OX16 9SA England
Bankers	Lloyds TSB Bank plc 1 City Road East Manchester M15 4PU
Solicitors	Harrison Clark Rickerbys Ellenborough House Wellington Street Cheltenham Gloucestershire GL50 1YD

THE STOUR FEDERATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the audited financial statements and auditor's report of the charitable company (Academy) for the period 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report including strategic report under company law.

The Academy Trust operates as a multi-academy trust (MAT) of two primary schools located 6 miles apart, these are Shipston-on-Stour Primary School and Acorns Primary School for the catchment areas of the town of Shipston-on-Stour and village of Long Compton respectively, plus surrounding villages.

Shipston Primary School has a pupil capacity of 420, ages 4-11 year olds, and had a roll of 393 in the school census in October 2019. Acorns Primary School has a capacity of 91, ages 4-11 year olds, and a 13 place Nursery for 3-4 year olds. Acorns had a roll of 85 in the school census of October 2019.

Structure, governance and management

Constitution

The Stour Federation MAT is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of The Stour Federation MAT are also directors of the charitable company for the purposes of company law. The charitable company is known as The Stour Federation.

Details of the trustees (governors) who served throughout the period, except where noted, are included in the Reference and Administration 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.

Trustees' indemnities

In accordance with article 5 of the charitable company's Articles of Association third party indemnity provision is in place with the Department for Education's Risk Protection Arrangement (RPA) with unlimited cover.

Method of recruitment and appointment or election of trustees

The Executive Headteacher is an ex-officio member of the Governing Body. Up to 20 Trustees are appointed for a 4 year term with a maximum of 6 parent Trustees, 3 staff Trustees, 5 community Trustees, 2 LA influenced Trustees and 4 associate Trustees which are elected to office or appointed. The Chair is also a member.

Policies and procedures adopted for the induction and training of trustees

The Chair of Trustees meets with new governors to discuss roles and responsibilities. New Trustees are able to attend training courses provided by the Local Authority Governor Services and through in-house training from the Federated Leadership Team.

Under Article 4 of the Academy's Articles of Association;

The Stour Federation's object is specifically restricted to advance, for public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the Federation, offering a broad based primary curriculum to pupils of different abilities.

THE STOUR FEDERATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Organisational structure

The structure of The Stour Federation MAT consists of 4 senior levels:

1. The Full Board of Trustees
2. The Executive Headteacher
3. The Trust Leadership Team, which consists of the Executive Headteacher and the Heads of School.
4. The Senior Leadership Team, which consists of Core Leaders for Reading, Writing, Maths and Research and Phase Leaders.

The aim of this leadership structure is to distribute responsibility and accountability and encourage involvement in decision making at all levels to enable the MAT to nurture the talents of its entire staff to support continual improvement and excellence.

The Board of Trustees is responsible for setting the MAT's policies, adopting the Sustained Improvement Plans (SIPs) and approving the annual budget, monitoring performance against these plans and making strategic decisions about the direction of the MAT including its curriculum, the achievement and welfare of the pupils and personnel.

The Trust Leadership Team control the MAT at an executive level, implementing the trust-wide policies set by the Board of Trustees and reporting back to them.

The Board of Trustees has established 3 committees. Each committee has its own Terms of Reference detailing the responsibilities discharged to the committee and to the Executive Headteacher (the Accounting Officer). Each committee meets at least once a term and the Terms of Reference for each committee are reviewed and approved by the Board of Trustees annually.

The committees of the Board of Trustees are:

- Full Board of Trustees
- Resources
- Children & Curriculum

Note: the Governing Body requires the Members to discharge the duties of the Audit Committee. These are detailed in the Full Governors Terms of Reference.

Arrangements for setting pay and remuneration of key management personnel

The Stour Federation MAT has adopted the WCC Local Authority Pay and Conditions Policy. All staff undergo annual performance management and pay is awarded accordingly. Governors attend the Executive Headteacher's performance management and monitor staff pay awards via the Pay Committee (a sub-committee of Resources).

Related parties and other connected charities and organisations

There are no related parties which either control or significantly influence the decisions and operations of the MAT.

Each school has a parent teacher association. There are no staff members or governors of the MAT named as trustees of either PTA. All donations received from the PTA are declared through statutory accounts.

The Stour Federation MAT is affiliated to the Gateway Alliance, a not-for-profit Schools Company, providing continuous professional development for schools in Warwickshire and the West Midlands. The Executive Headteacher is a director (without pay).

Pupils across The Stour Federation MAT have raised funds for local and national charities, including Children in Need, Comic Relief, RSPCA and local foodbanks through whole school events, such as non-uniform days, and through child-organised events such as cake sales. These events have been restricted due to COVID-19.

THE STOUR FEDERATION
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

Personal Attributes of Pupils/Staff

To foster and develop confident, open and receptive learners who are able to communicate, think creatively and critically and embrace challenge through:

- expectations.
- modelling and explanations.
- the Multi Academy Trust's curriculum and other learning opportunities.
- pedagogical and evidence-informed approach to teaching and learning.
- working in genuine partnership to strengthen schools and their communities.
- leveraging digital technologies to enhance and extend teaching and learning.

Potential

To encourage each individual to maximise their potential as highly motivated life-long learners through:

- recognition of achievement.
- building self-confidence.
- promoting self-discipline.
- expectations
- embracing change.
- commitment.

Learning Environment

To provide a welcoming, well-maintained and aesthetically pleasing learning environment, with high expectations of behaviour, effort and achievement through:

- the RESPECT code.
- provision for health and safety.
- the highest staff expectations of pupils' behaviour.
- effective and responsive systems of monitoring individual pupils and staff performance.
- stimulating displays.
- environmental responsibility.

Sense of Place

To enable children to value and develop a sense of community through:

- celebrating our local area.
- participating in and leading local events.
- opportunities to experience life and cultures both in within the UK and the wider world.

Relationships

To develop and promote positive relationships within the academy community, with parents and the wider world through:

- an active involvement in the learning process.
- developing a shared set of values.
- modelling.
- expectations.
- opportunities to collaborate.
- high quality leadership.
- effective communication systems.

Well-Being

To provide high quality social, moral and personal education, appropriate to the needs of the child, allowing each individual to lead a rewarding and happy life through:

- our curriculum.
- programme of collective worship.
- pastoral support.

THE STOUR FEDERATION
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

To provide a rich curriculum that creates meaningful opportunities for the development of skills and knowledge through:

- a high quality knowledge rich topic based curriculum based on the four cornerstones: engage, develop, innovate and express.
- a wide variety of approaches to outstanding teaching and learning and a rich, dynamic and purposeful range of learning opportunities.

Inclusion

To allow pupils to access the school's curriculum and participate in all areas of Academy life through:

- an effective equal opportunities policy: there are no outsiders in our schools.
- highly inclusive and supporting learning environment.

Objectives, strategies and activities

The main Academy Trust areas for whole school development 2019-2020 were as follows:

Quality of Education

- Curriculum Connectedness.
- Improving teaching with cognitive science and evidence-informed practice.

Behaviour and Attitudes

- Building character, resilience and positive behaviours.
- Chimp Management.

Personal Development

- Improving the PSHE curriculum offer.
- Developing children's positive mental health.

Leadership and Management

- Develop impact of middle leaders within curriculum teams.
- Improve workload for staff.

Public benefit

The Board of Trustees have complied with its duty to have due regard to the guidance on public benefit in exercising its powers and duties published by the Charity Commission.

The key aim of the Board of Trustees is the provision of excellent non-selective primary education through the provision of a broad curriculum, pastoral care and enrichment for the pupils of the Stour Federation. The public benefit of this provision is identifiable in the educational attainment of our pupils as published on our websites annually.

Education at Shipston and Acorns is open to all primary aged pupils in the catchment areas regardless of race, gender, religion, social class or ability.

In accordance with Object 4b of our Articles of Association, the Board of Trustees actively promotes the use of our facilities for the benefit of our local communities.

THE STOUR FEDERATION

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

On Friday 20th March we closed our schools for the Covid-19 pandemic. We did open our doors again 3 days later and in the school holidays for children of key worker parents, those with an education, health and care plan and those with a social worker. There was wider opening to Nursery, Reception, Year 1 and Year 6 from 1st June. The board were very pleased with the speed in which The Stour Federation Partnership moved to remote learning with paper packs prepared (sent home pre-empting the lockdown) plus online work and also the implementation of our free school meal cards scheme, when the national system was a disaster.

No matter how good a remote learning offer is and how good parents are at supporting their children at home, it's no match for an expert teacher with a deep theoretical knowledge and experience of teaching and learning being in front of a class of children. If it was, what is the point of school? Before lockdown standards across The Stour Federation were high, with high national test results being predicted, far more books being read accurately through Accelerated Reader and magnificent art and English work taking place in our 'Lost Words' Art and Book Week.

We were able to show system generosity throughout the pandemic in regularly supporting other schools in our local area, especially with remote learning and digital communication with parents. Our expertise in online safety allowed us to achieve the SWGfL 360 degree online safety award – the first schools ever to be assessed virtually.

The national lockdown and subsequent return to school for only certain year groups meant that staple events in our calendar were cancelled, including Manor Adventure residential, sports fixtures, sports days and end of year awards assemblies.

The new Acorns Early Years building was finally completed and looks fantastic. Work started in August 2019 and builders endured a dreadfully wet winter combined with lockdown and difficulty in sourcing materials.

Despite being handed the most difficult challenges in a generation, teachers and their school communities will get through it; we will prevail. Because the people in them are extraordinary. Our schools have been the beating heart of growing that sense of community, that understanding of our responsibilities to our neighbours and friends and what it means to be a citizen. It's what we teach our children. It's what we think is important.

The board are so grateful for the loyalty, dedication and expertise of the extraordinary staff across the Stour Federation Partnership. They always have the children's best interests at heart and will continue to do everything they can - in whatever circumstances we are in - to ensure continuity and consistency in education for the children in our care.

THE STOUR FEDERATION
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Key performance indicators

Governance

1. All Members and Trustees fully understand their duties and responsibilities as company directors and charity trustees as laid out in the Companies Act 2006.
2. The MAT has a full complement of governors with the right skills, experience and knowledge to undertake their defined responsibilities.
3. The Nolan Principles of Public Service are applied at all levels of governance.

Finance

1. Value for money: ensure economy, efficiency and effectiveness in the use of Trust funds.
2. Annual financial accounts are reported accurately and appropriately in line with EFSA guidelines.
3. All statutory returns are submitted on time.
4. Alternative sources of funding and capital development project funding is regularly and effectively pursued.
5. Sufficient levels of income are reserved to ensure the long-term economic viability and growth of the Trust.

Human Resource

1. All academies are fully staffed.
2. All teachers work towards expectations set out in their performance management in line with the harmonised Trust policy.
3. Trust-wide development opportunities made available for staff to work across the MAT.
4. Policy alignment adopted across the Trust.
5. Trust-wide talent map and succession plan in place.

School Standards

1. All academies are judged good or outstanding by Ofsted inspection ratings.
2. Parent, staff and pupil survey data illustrates satisfaction rating consistently high.
3. Academies can demonstrate how their curriculum is fully inclusive, engaging, and balanced for all children regardless of age, ability or background. To be demonstrated by improvements in attainment, attendance and attitudes to learning.

Facilities and IT Systems

1. All academies are compliant with health and safety, safeguarding and other statutory requirements.
2. 100% Statutory Servicing Compliance.
3. 100% H&S Documentation and Training Compliance.
4. IT systems and resources are fit for purpose.
5. All condition surveys reviewed every 5 years.

Going concern

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

THE STOUR FEDERATION
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Financial review

The majority of the Stour Federation's income was obtained from the Education and Skills Funding Agency (ESFA) in the form of the General Academies Grant (GAG), the use of which was restricted to particular purposes.

The grants received from the ESFA during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2020, the income over expenditure for the year was £40 (2019: -£259,260) including depreciation.

At 31 August 2020 the net book value of assets was £4,018,239 (2019: £3,713,034). The assets were exclusively for providing education and the associated support services to the pupils of the Academy.

The Federation's non-teaching staff are entitled to membership of the Local Government Pension Scheme and consequently, the Federation balance shows a net liability position of £1,093,000 (2019: £803,000).

Reserves policy

The Board of Trustees has deemed that the appropriate level of cash reserves should enable the Federation to continue its rolling programme of improvements and in particular at least ensure that wages and salary expenses can be met in full on a monthly basis.

As of 31 August 2020 the Federation has Restricted General Reserves of negative £1,093,000 (2019: £803,000 negative). This includes the Local Government Pension Scheme reserve deficit of £1,093,000 (2019: £803,000).

The Federation had Restricted Fixed Asset Reserves of £3,940,814 (2019: £3,807,155) representing the land and buildings relating to the Federation and assets acquired by restricted grants. The Federation also had Unrestricted Reserves of £248,301 (2019: £254,920).

Investment policy

The aim of the policy is to ensure that funds which The Stour Federation MAT does not need to cover anticipated expenditure are invested in such a way as to be reasonably accessible and maximise income without risk.

Our aim is to spend public monies entrusted to us for the direct educational benefit of pupils as soon as is prudent. The Stour Federation does not consider the investment of surplus funds as a primary activity, rather as a result of good practice as and when circumstances allow.

The purpose of the Investment and Reserves Policy is:

- To ensure adequate cash balances are maintained in the Lloyds current account to cover day to day working capital requirements for a period of 3 months
- To ensure there is no risk or loss in capital value of any cash invested.
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds
- To ensure value for money
- To exercise care and skill in investment decisions, taking advice, as appropriate, from a professional advisor
- Ensure all investment decisions are in the best interests of the trust and command broad public support.

The policy is reviewed annually by the Resources Committee.

THE STOUR FEDERATION
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties

The Academy maintains a risk register that identifies the major risks to which it is exposed, in particular those relating to Health & Safety and Safeguarding together with finance, HR and ICT.

The Board of Trustees assess the principal risks facing the Academy as follows;

1. Personal injury on premises - Health & Safety Policy, external audit and named governor to monitor
2. Abuse of child or staff - robust safeguarding procedures in place. Single Control Record (DBS register) maintained and named governor to monitor.
3. Demographic changes - one County Councillor on the Board to monitor the situation.
4. Personal injury on school trip - staff trained on Off-Site Policy and procedures
5. Adverse Ofsted - close monitoring of teaching and learning, detailed school evaluation form (SEF) shared and learning walks carried out by Trustees.

The risk register is approved and monitored annually by the Resources Committee in consultation with the other committees.

Financial and risk management objectives and policies

The Academy has an effective system of internal financial controls as outlined in the Governance Statement.

External audits are carried out regularly and the Resources Committee monitor all policies and procedures annually.

The Academy does not operate a regulated fundraising scheme and does not use the services of a professional fundraiser. However the Academy does work with its Parent and Teacher Association who carry out excellent work to raise funds for the school. The Academy also supports its stakeholders in raising money for local, national and international charities throughout the year. This includes cake sales, sponsored walks and non-school uniform days.

Plans for future periods

The Trustees' Premises Development Plan is currently being completed and will act as a working document which aids decision making with regard to prioritising for future projects and developments.

Projects identified for Shipston are toilet refurbishment and fire safety including automatic fire detection and external lighting.

Projects identified for Acorns are fire safety including automatic fire detection and external lighting, car parking and roof/window replacement.

Where funds allow, projects will be funded from school budgets, for larger projects external grant funding will be sourced.

Funds held as custodian trustee on behalf of others

The MAT does not hold any funds as Custodian Trustees on behalf of other Charities.

THE STOUR FEDERATION
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Auditor

In so far as the trustees are aware:

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

A resolution proposing that Ellacotts Audit Services Limited be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on ...13...1...21... and signed on its behalf by:



.....
Mrs J Barker
Chair of Trustees

THE STOUR FEDERATION

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Stour Federation and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

Effective oversight of finance, staffing, premises, curriculum and pedagogy was maintained through Resources and Children and Curriculum sub-committees, each with their own terms of reference.

Resources met 4 times; 3 times face to face and virtually once. A main focus for the Resources committee throughout 2019-20 was the progress of the Acorns Early Years building construction. Furthermore, trustees paid particular attention to catering contracts and charges, especially during the pandemic. Risk assessments for wider opening in June and full opening in September were considered and approved by the full board.

Children and Curriculum met twice face to face. A main focus of the Children and Curriculum committee throughout 2019-20 was curriculum design and development, in line with the new Ofsted Education Inspection Framework.

	FTB 25/09	FTB 11/12	FTB 20/05 virtual	FTB 08/07 virtual	Res 14/10	Res 26/11	Res 29/01	Res 24/06 virtual	C&C 19/11	C&C 25/02	% Attendance	
JOB											75%	6 out of 8
AB											83%	5 out of 6
NB											100% from 010220	3 out of 4
SC											50%	4 out of 8
MD											100%	8 out of 8
SE											67%	4 out of 6
VF											75%	6 out of 8
CH											100%	8 out of 8
AH											67%	5 out of 8
NJ											100%	8 out of 8
LK											67%	4 out of 6
AP											83%	5 out of 6
BR											78%	8 out of 10
GR											86%	6 out of 7
AR											100%	6 out of 6
RS											100%	6 out of 6
GS											66% from 010520	2 out of 3
HY											83%	5 out of 6
LM											100%	10 out of 10

Present		FTB – Full Trustee Board
Not Present		Res - Resources Committee
Apologies		C&C – Children and Curriculum Committee

THE STOUR FEDERATION
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Trustees	Meetings attended	Out of possible
Mr C Hilton (Executive Headteacher)	4	4
Mrs J Barker (Chair of Trustees)	3	4
Mr M J Dumelow	4	4
Mr N Jennings (Chair of Resources)	4	4
Mr T Wrigley (Resigned 6 February 2020)	2	2
Mrs R Sellars (Chair of Children & Curriculum)	4	4
Mrs H Young (Acorns Associate Head)	3	4
Mrs A Holland	3	4
Mr G Roberts (Shipston Associate Head)	3	4
Miss A Rose	4	4
Miss A Bayliss	3	4
Mrs A Pearson	3	4
Mrs L Kirkman	2	4
Mrs V Faulkner	3	4
Mrs S Calcott	1	4
Mr B Richter (Appointed 13 September 2019)	2	4
Rev. Sarah Edmonds	3	4
Mrs N Britt (Appointed 1 February 2020)	2	2
Mr G Stokes (Appointed 1 May 2020)	2	2

The board maintains effective oversight of funds through individual sub-committees of the full governing body as described above.

Review of value for money

As accounting officer the Executive 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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Better purchasing, this has been achieved through:
- Reviewing of the budget at Trustees meetings;
 - Adhering to purchasing policies; and
 - Negotiating costs for goods and services.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Stour Federation for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

THE STOUR FEDERATION

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Capacity to handle risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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 Board of Trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Ellacotts Audit Services Limited, the external auditor, to perform additional checks.

The external auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the external auditor reports to the Board of Trustees through the Resources Committee on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Trustees.

The external Auditor has delivered their schedule of work as planned. No internal control issues arose as a result of the external Auditor's work.

Internal scrutiny covers financial and non-financial controls. There is a nominated non-employed trustee to oversee and report on internal scrutiny in the following areas:

- How integrated is the budgeting process? Does it involve the whole senior leadership team? Is it aligned with the trust's strategy? Are the figures benchmarked?
- Are variances in management reports analysed and understood? Does the trust act on these variances and are there forecasts to support the impact of any actions?
- Is the risk register monitored and updated on a regular basis?

In addition, there is an annual GDPR external inspection, alongside Health and Safety, Security and Fire Safety inspections on annual rotation for trustees to scrutinise

Review of effectiveness

As accounting officer the Executive 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 additional program of work performed by the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

THE STOUR FEDERATION

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

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

Approved by order of the Board of Trustees on ...13.1.21..... and signed on its behalf by:



Mr C Hilton
Executive Headteacher



Mrs J Barker
Chair of Trustees

THE STOUR FEDERATION

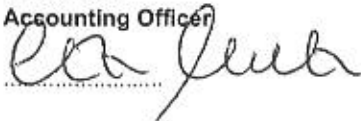
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of The Stour Federation, I have considered my responsibility to notify the Academy Trust Board of Governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust's Board of Governors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2019.

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

Mr C Hilton
Accounting Officer



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THE STOUR FEDERATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of The Stour Federation for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Governors on 13.1.21..... and signed on its behalf by:



Mrs J Barker
Chair of Trustees

THE STOUR FEDERATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STOUR FEDERATION

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the financial statements of The Stour Federation for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 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 Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

THE STOUR FEDERATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STOUR FEDERATION (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

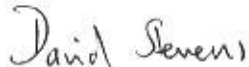
THE STOUR FEDERATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STOUR FEDERATION (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.



David Stevens BA FCA
(Senior Statutory Auditor)
for and on behalf of Ellacotts Audit Services Ltd
Chartered Accountants & Statutory Auditor
Countrywide House
23 West Bar
Banbury
Oxfordshire
OX16 9SA

Dated: 26 January 2021

THE STOUR FEDERATION

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE STOUR FEDERATION AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Stour Federation during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Stour Federation and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Stour Federation 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 The Stour Federation and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Stour Federation's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Stour Federation's funding agreement with the Secretary of State for Education dated 29 August 2014 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Board of Governors and other evidence made available to us relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing a sample of payroll payments to staff;
- testing a sample of payments to suppliers and other third parties;
- testing a sample of grants received and other income streams
- evaluation the internal control procedures and reporting lines, and testing as appropriate.

THE STOUR FEDERATION

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE STOUR FEDERATION AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Ellacotts Audit Services Limited

Reporting Accountant

Ellacotts Audit Services Ltd
Countrywide House
23 West Bar
Banbury
Oxfordshire
OX16 9SA
England

Dated: 26 January 2020

THE STOUR FEDERATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	2	3,083	-	233,065	236,148	34,733
Charitable activities:						
- Funding for educational operations	3	-	2,265,972	-	2,265,972	2,115,329
Other trading activities	4	10,348	105,717	-	116,065	194,011
Investments	5	1,498	-	-	1,498	1,356
Total		<u>14,929</u>	<u>2,371,689</u>	<u>233,065</u>	<u>2,619,683</u>	<u>2,345,429</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	-	2,502,807	99,406	2,602,213	2,604,689
Total	6	<u>-</u>	<u>2,502,807</u>	<u>99,406</u>	<u>2,602,213</u>	<u>2,604,689</u>
Net income/(expenditure)		14,929	(131,118)	133,659	17,470	(259,260)
Transfers between funds	15	(81,543)	4,118	77,425	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	17	-	(163,000)	-	(163,000)	(239,000)
Net movement in funds		(66,614)	(290,000)	211,084	(145,530)	(498,260)
Reconciliation of funds						
Total funds brought forward		254,920	(803,000)	3,807,155	3,259,075	3,757,335
Total funds carried forward		<u>188,306</u>	<u>(1,093,000)</u>	<u>4,018,239</u>	<u>3,113,545</u>	<u>3,259,075</u>

THE STOUR FEDERATION

BALANCE SHEET AS AT 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	11		4,018,239		3,713,034
Current assets					
Debtors	12	116,628		90,980	
Cash at bank and in hand		268,911		419,735	
		<u>385,539</u>		<u>510,715</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	(197,233)		(161,674)	
Net current assets			<u>188,306</u>		<u>349,041</u>
Net assets excluding pension liability			<u>4,206,545</u>		<u>4,062,075</u>
Defined benefit pension scheme liability	17		(1,093,000)		(803,000)
Total net assets			<u>3,113,545</u>		<u>3,259,075</u>
Funds of the Academy Trust:					
Restricted funds	15				
- Fixed asset funds			4,018,239		3,807,155
- Pension reserve			(1,093,000)		(803,000)
Total restricted funds			<u>2,925,239</u>		<u>3,004,155</u>
Unrestricted income funds	15		<u>188,306</u>		<u>254,920</u>
Total funds			<u>3,113,545</u>		<u>3,259,075</u>

The financial statements on pages 23 to 44 were approved by the trustees and authorised for issue on 13.11.21 and are signed on their behalf by:



 Mrs V Barker
 Chair of Trustees

Company Number 09174628

THE STOUR FEDERATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	18		19,224		(68,149)
Cash flows from investing activities					
Dividends, interest and rents from investments		1,499		1,357	
Capital grants from DfE Group		233,063		34,733	
Purchase of tangible fixed assets		(404,610)		(82,473)	
Net cash used in investing activities			(170,048)		(46,383)
Net decrease in cash and cash equivalents in the reporting period			(150,824)		(114,532)
Cash and cash equivalents at beginning of the year			419,735		534,267
Cash and cash equivalents at end of the year			<u>268,911</u>		<u>419,735</u>

THE STOUR FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

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

1.1 Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where 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.

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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

Land and buildings	20 - 50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line

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

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

1.8 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.

1.9 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 Pensions benefits

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

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income or expenditure 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.

1.11 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education/sponsor/other 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.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	233,065	233,065	34,733
Other donations	3,083	-	3,083	-
	<u>3,083</u>	<u>233,065</u>	<u>236,148</u>	<u>34,733</u>

The income from donations and capital grants was £236,148 (2019: £34,733) of which £3,083 was unrestricted (2019: £-) and £233,065 was restricted fixed assets (2019: £34,733).

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,752,849	1,752,849	1,728,986
Other DfE group grants	-	290,702	290,702	209,551
	-	2,043,551	2,043,551	1,938,537
Other government grants				
Local authority grants	-	113,742	113,742	66,502
Other funding				
Other incoming resources	-	79,993	79,993	110,290
Exceptional government funding				
Coronavirus exceptional support	-	28,686	28,686	-
Total funding	-	2,265,972	2,265,972	2,115,329

The income from funding for educational operations was £2,265,972 (2019: £2,115,329) of which £2,265,972 was restricted (2019: £2,115,329).

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus exceptional support covers £29k of additional free school meal and cleaning costs. These costs are included in notes 7 and 9 below as appropriate.

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	7,818	-	7,818	8,369
Catering income	-	38,548	38,548	59,519
Music tuition	2,530	-	2,530	7,272
Parental contributions	-	64,414	64,414	105,117
Other income	-	2,755	2,755	13,734
	10,348	105,717	116,065	194,011

The income from other trading activities was £116,065 (2019: £194,011) of which £10,348 was unrestricted (2019: £15,641) and £105,717 was restricted (2019: £178,370).

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

5 Investment income	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Bank Interest	1,498	-	1,498	1,356

The income from funding for investment income was £1,498 (2019: £1,356) of which £1,498 was unrestricted (2019: £1,356).

6 Expenditure	Staff costs £	Premises & equipment £	Other costs £	Total 2020 £	Total 2019 £
Academy's educational operations					
- Direct costs	1,586,912	-	126,607	1,713,519	1,793,117
- Allocated support costs	415,168	210,409	263,117	888,694	811,572
	<u>2,002,080</u>	<u>210,409</u>	<u>389,724</u>	<u>2,602,213</u>	<u>2,604,689</u>

Net income/(expenditure) for the year includes:	2020 £	2019 £
Fees payable to auditor for:		
- Audit	6,000	5,385
- Other services	10,413	14,695
Operating lease rentals	4,175	4,175
Depreciation of tangible fixed assets	99,406	171,580
Net interest on defined benefit pension liability	16,000	14,000

Central services

No central services were provided by the Academy Trust to its academies during the year and no central charges arose.

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Charitable activities

	2020	2019
	£	£
All from restricted funds:		
Direct costs		
Educational operations	1,713,519	1,793,117
Support costs		
Educational operations	888,694	811,572
	2,602,213	2,604,689
	2,602,213	2,604,689

The expenditure on educational operations was £2,602,213 (2019: £2,604,689) of which £2,502,807 was restricted (2019: £2,433,109) and £99,406 was restricted fixed assets (2019: £171,580).

	2020	2019
	£	£
Analysis of support costs		
Support staff costs	415,168	347,486
Depreciation	99,406	85,790
Technology costs	5,541	4,617
Premises costs	111,003	113,035
Other support costs	236,730	234,032
Governance costs	20,846	26,612
	888,694	811,572
	888,694	811,572

8 Staff

Staff costs

Staff costs during the year were:

	2020	2019
	£	£
Wages and salaries	1,432,546	1,416,228
Social security costs	117,156	116,900
Pension costs	441,186	338,265
Staff costs - employees	1,990,888	1,871,393
Agency staff costs	3,363	5,272
	1,994,251	1,876,665
Staff development and other staff costs	7,829	10,719
	2,002,080	1,887,384
Total staff expenditure	2,002,080	1,887,384

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

8 Staff (Continued)

Staff numbers

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

	2020 Number	2019 Number
Teachers	28	28
Administration and support	87	87
Management	3	3
	<u>118</u>	<u>118</u>

Higher paid staff

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

	2020 Number	2019 Number
£70,001 - £80,000	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £242,644 (2019: £204,064).

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Executive Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff members under their contracts of employment, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees.

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

Mr C Hilton (Head Teacher and Trustee):

Remuneration £75,001 - £80,000 (2019: £75,001 - £80,000)

Employers pension contributions £15,001 - £20,000 (2019: £15,001 - £20,000)

Ms H Young (Staff member and Trustee):

Remuneration £Nil (2019: £45,001 - £50,000)

Employers pension contributions £Nil (2019: £10,001 - £15,000)

Mr G Roberts (Staff member and Trustee):

Remuneration £Nil (2019: £50,001 - £55,000)

Employers pension contributions £Nil (2019: £10,001 - £15,000)

Ms A Rose (Staff member and Trustee):

Remuneration £35,001 - 40,000 (2019: £35,001 - £40,000)

Employers pension contributions £5,001 - £10,000 (2019: £5,001 - £10,000)

Ms A Bayliss (Staff member and Trustee):

Remuneration £35,001 - £40,000 (2019: £35,001 - £40,000)

Employers pension contributions £5,001 - £10,000 (2019: £5,001 - £10,000)

Ms V Faulkner (Staff and Governor):

Remuneration £20,001 - £25,000 (2019: £20,001 - £25,000)

Employers pension contributions £0 - £5,000 (2019: £0 - £5,000)

Other related party transactions involving the Trustees are set out within the related parties note.

10 Insurance for trustees and officers

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2020 was included in the Statement of Financial Activities.

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

11 Tangible fixed assets		Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
		£	£	£	£
Cost					
At 1 September 2019	4,077,660	154,750	370,904	4,603,314	
Additions	384,030	8,825	11,755	404,610	
	<u>4,461,690</u>	<u>163,575</u>	<u>382,659</u>	<u>5,007,924</u>	
At 31 August 2020					
Depreciation					
At 1 September 2019	401,292	145,566	343,422	890,280	
Charge for the year	83,439	8,436	7,530	99,405	
	<u>484,731</u>	<u>154,002</u>	<u>350,952</u>	<u>989,685</u>	
At 31 August 2020					
Net book value					
At 31 August 2020	<u>3,976,959</u>	<u>9,573</u>	<u>31,707</u>	<u>4,018,239</u>	
At 31 August 2019	<u>3,676,368</u>	<u>9,184</u>	<u>27,482</u>	<u>3,713,034</u>	
 12 Debtors				2020	2019
				£	£
Trade debtors				-	1,840
VAT recoverable				46,768	51,831
Prepayments and accrued income				69,860	37,309
				<u>116,628</u>	<u>90,980</u>
 13 Creditors: amounts falling due within one year				2020	2019
				£	£
Trade creditors				19,590	62,396
Other taxation and social security				27,948	-
Other creditors				69,268	28,075
Accruals and deferred income				80,427	71,203
				<u>197,233</u>	<u>161,674</u>

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

14 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	76,677	62,540
Deferred income at 1 September 2019	62,540	61,785
Released from previous years	(62,540)	(61,785)
Resources deferred in the year	76,677	62,540
Deferred income at 31 August 2020	76,677	62,540

At the balance sheet date the Federation was holding funds received in advance in respect of pupil premium and free school meals both of which will be fully utilised during the year ended 31 August 2021.

15 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	(12,071)	1,752,849	(1,744,896)	4,118	-
Other DfE / ESFA grants	12,071	290,702	(302,773)	-	-
Other government grants	-	142,428	(142,428)	-	-
Other restricted funds	-	185,710	(185,710)	-	-
Pension reserve	(803,000)	-	(127,000)	(163,000)	(1,093,000)
	<u>(803,000)</u>	<u>2,371,689</u>	<u>(2,502,807)</u>	<u>(158,882)</u>	<u>(1,093,000)</u>
Restricted fixed asset funds					
Inherited on conversion	3,569,219	-	(78,493)	(37,053)	3,453,673
DfE group capital grants	237,936	233,065	(20,913)	114,478	564,566
	<u>3,807,155</u>	<u>233,065</u>	<u>(99,406)</u>	<u>77,425</u>	<u>4,018,239</u>
Total restricted funds	<u>3,004,155</u>	<u>2,604,754</u>	<u>(2,602,213)</u>	<u>(81,457)</u>	<u>2,925,239</u>
Unrestricted funds					
General funds	254,920	14,929	-	(81,543)	188,306
Total funds	<u>3,259,075</u>	<u>2,619,683</u>	<u>(2,602,213)</u>	<u>(163,000)</u>	<u>3,113,545</u>

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

15 Funds

(Continued)

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

General Annual Grant (GAG)

The General Annual Grant (GAG) has been provided by the ESFA/DfE in order to fund the normal running costs of the Federation. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Other DfE/ESFA Grants

This represents various grants from national government bodies for the provision of specific services to pupils of the Federation.

Other Government Grants

This represents various grants from local authorities for the provision of specific services to pupils of the Federation.

Other Restricted Funds

Other Restricted Funds include funding from the sale of uniforms and education related goods, exam fee income and income for educational supplies and services.

Pension Reserve

The restricted Pension reserve represents the deficit on the Federation's share of the Local Government Pension Scheme as at 31 August 2020.

Restricted Fixed Assets

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

Transfers from unrestricted general reserves were used to fund capital expenditure in the period.

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

15 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	6,743	1,728,986	(1,789,467)	41,667	(12,071)
Other DfE / ESFA grants	-	209,551	(197,480)	-	12,071
Other government grants	-	66,502	(66,502)	-	-
Other restricted funds	-	288,660	(288,660)	-	-
Pension reserve	(473,000)	-	(91,000)	(239,000)	(803,000)
	<u>(466,257)</u>	<u>2,293,699</u>	<u>(2,433,109)</u>	<u>(197,333)</u>	<u>(803,000)</u>
Restricted fixed asset funds					
Transfer on conversion	3,681,035	-	(111,816)	-	3,569,219
DfE group capital grants	229,050	34,733	(59,764)	33,917	237,936
	<u>3,910,085</u>	<u>34,733</u>	<u>(171,580)</u>	<u>33,917</u>	<u>3,807,155</u>
Total restricted funds	<u>3,443,828</u>	<u>2,328,432</u>	<u>(2,604,689)</u>	<u>(163,416)</u>	<u>3,004,155</u>
Unrestricted funds					
General funds	<u>313,507</u>	<u>16,997</u>	<u>-</u>	<u>(75,584)</u>	<u>254,920</u>
Total funds	<u>3,757,335</u>	<u>2,345,429</u>	<u>(2,604,689)</u>	<u>(239,000)</u>	<u>3,259,075</u>

Total funds analysis by academy

	2020 £	2019 £
Fund balances at 31 August 2020 were allocated as follows:		
Acorns Primary	102,187	144,272
Shipston-On-Stour Primary School	86,119	110,648
Total before fixed assets fund and pension reserve	<u>188,306</u>	<u>254,920</u>
Restricted fixed asset fund	4,018,239	3,807,155
Pension reserve	(1,093,000)	(803,000)
Total funds	<u>3,113,545</u>	<u>3,259,075</u>

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

15 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2020	Total 2019
	£	£	£	£	£	£
Acorns Primary	274,453	149,019	6,868	91,556	521,896	503,085
Shipston-On-Stour Primary School	962,534	516,705	27,216	573,862	2,080,317	2,101,604
	<u>1,236,987</u>	<u>665,724</u>	<u>34,084</u>	<u>665,418</u>	<u>2,602,213</u>	<u>2,604,689</u>

16 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total Funds
	£	General	Fixed asset	£
	£	£	£	£
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	4,018,239	4,018,239
Current assets	385,539	-	-	385,539
Creditors falling due within one year	(197,233)	-	-	(197,233)
Defined benefit pension liability	-	(1,093,000)	-	(1,093,000)
Total net assets	<u>188,306</u>	<u>(1,093,000)</u>	<u>4,018,239</u>	<u>3,113,545</u>
	Unrestricted Funds	Restricted funds:		Total Funds
	£	General	Fixed asset	£
	£	£	£	£
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	3,713,034	3,713,034
Current assets	254,920	161,674	94,121	510,715
Creditors falling due within one year	-	(161,674)	-	(161,674)
Defined benefit pension liability	-	(803,000)	-	(803,000)
Total net assets	<u>254,920</u>	<u>(803,000)</u>	<u>3,807,155</u>	<u>3,259,075</u>

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 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 the Warwickshire County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and that of the LGPS related to the period ended 31 March 2016.

There was £35,116 of outstanding contributions payable to the schemes as at 31 August 2020.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £212,851 (2019: £145,736).

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

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

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 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 2020 was £301,000 (2019: £250,000), of which employer's contributions totalled £250,000 (2019: £201,000) and employees' contributions totalled £51,000 (2019: £49,000).

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.

Total contributions made	2020 £	2019 £
Employer's contributions	116,000	100,000
Employees' contributions	28,000	28,000
Total contributions	<u>144,000</u>	<u>128,000</u>
Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.0	2.9
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	<u>1.7</u>	<u>1.9</u>

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

	2020 Years	2019 Years
Retiring today		
- Males	21.6	21.4
- Females	23.8	23.6
Retiring in 20 years		
- Males	22.5	22.4
- Females	<u>25.4</u>	<u>25.0</u>

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2020:	Approximate % increase to Employer Liability	Approximate monetary amount £'s
0.5% decrease in Real Discount Rate	12%	268,000
0.5% increase in the Salary Increase Rate	1%	10,000
0.5% increase in the Pension Increase Rate	11%	254,000

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Pension and similar obligations	(Continued)	
The Academy Trust's share of the assets in the scheme	2020 Fair value £	2019 Fair value £
Equities	742,800	634,400
Bonds	309,500	270,400
Cash	24,760	10,400
Property	160,940	124,800
Total market value of assets	1,238,000	1,040,000
The actual return on scheme assets was £54,000 (2019: £57,000).		
Amount recognised in the Statement of Financial Activities	2020 £	2019 £
Current service cost	227,000	161,000
Past service cost	-	16,000
Interest income	(20,000)	(26,000)
Interest cost	36,000	40,000
Total operating charge	243,000	191,000
Changes in the present value of defined benefit obligations	2020 £	2019 £
At 1 September 2019	1,843,000	1,342,000
Current service cost	227,000	161,000
Interest cost	36,000	40,000
Employee contributions	28,000	28,000
Actuarial loss	197,000	270,000
Benefits paid	-	(14,000)
Past service cost	-	16,000
At 31 August 2020	2,331,000	1,843,000

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17	Pension and similar obligations	(Continued)		
	Changes in the fair value of the Academy Trust's share of scheme assets	2020	2019	
		£	£	
	At 1 September 2019	1,040,000	869,000	
	Interest income	20,000	26,000	
	Actuarial gain	34,000	31,000	
	Employer contributions	116,000	100,000	
	Employee contributions	28,000	28,000	
	Benefits paid	-	(14,000)	
	At 31 August 2020	1,238,000	1,040,000	
18	Reconciliation of net income/(expenditure) to net cash flow from operating activities	2020	2019	
		£	£	
	Net income/(expenditure) for the reporting period (as per the statement of financial activities)	17,470	(259,260)	
	Adjusted for:			
	Capital grants from DfE and other capital income	(233,065)	(34,733)	
	Investment income receivable	(1,498)	(1,356)	
	Defined benefit pension costs less contributions payable	111,000	77,000	
	Defined benefit pension scheme finance cost	16,000	14,000	
	Depreciation of tangible fixed assets	99,406	171,580	
	(Increase) in debtors	(25,648)	(15,751)	
	Increase/(decrease) in creditors	35,559	(19,629)	
	Net cash provided by/(used in) operating activities	19,224	(68,149)	
19	Analysis of changes in net funds	1 September	Cash flows	31 August
		2019		2020
		£	£	£
	Cash	419,735	(150,824)	268,911
		419,735	(150,824)	268,911

THE STOUR FEDERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

20 Commitments under operating leases

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

	2020	2019
	£	£
Amounts due within one year	2,542	2,678
Amounts due in two and five years	931	5,956
	<u>3,473</u>	<u>8,634</u>

21 Capital commitments

	2020	2019
	£	£
Expenditure contracted for but not provided in the financial statements	-	6,460
	<u>-</u>	<u>6,460</u>

22 Related party transactions

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

There were no transactions with related parties during the period ended 31 August 2020 which require disclosure.

In the opinion of the Governors, there is no ultimate controlling party.

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.