

Stars Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020

Company Registration Number:
08810960 (England and Wales)

Stars Trust

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Stars Trust

Reference and Administrative Details

Members

C Hardy

K Jordan-Gill (appointed 29 January 2020)

A Malanczuk

C Try

Trustees

P Adams (resigned 5 January 2020)

N Bennett (resigned 28 January 2020)

J Curwain

C Hardy

K Jordan-Gill (appointed 29 January 2020)

A Malanczuk

C Try

Company Secretary

S Miles

Senior Management Team

A Malanczuk Principal

N Bennett Deputy Principal

K Jordan-Gill Deputy Principal

N Roberjot Deputy Principal

S Miles Assistant Inclusion Leader / Company Secretary

Company Name

Stars Trust

Principal and Registered Office

Stanley Green Infant Academy

Stanley Green Road

Oakdale

Poole

Dorset

BH15 3AA

Company Registration Number

08810960 (England and Wales)

Stars Trust

Reference and Administrative Details

Independent Auditor

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Bankers

Lloyds Bank Plc

101 High Street

Poole

Dorset

BH15 1AJ

Stars Trust

Trustees' Report

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

The Stars Trust operates an academy for pupils aged 2 to 7 serving a catchment area in Poole, Dorset. It has a pupil capacity of 360 and had a roll of 239 in the school census on 3 October 2020, plus Nursery capacity of 30 places.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Stars Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Stanley Green Infant Academy and Starfish Nursery.

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

The Trustees are indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties.

Method of Recruitment and Appointment or Election of Trustees

The Governing Body is comprised of up to four Trustees appointed by the members, the Principal, staff Trustees also appointed by the members, at least one parent Governor elected in accordance with the Articles of Association.

Trustees are subject to retirement following four years in post but are eligible for re-election at the meeting at which they retire. At each Annual General Meeting of the charitable company, the Trustees to retire are those who have been in office since their last election or appointment of four years.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction for new Trustees will depend on their experience and skills. All new Trustees will be given a tour of the Academy and regularly meet with staff and pupils. All Trustees are provided with the Governor Handbook which includes copies of policies, procedures, plans and other documents that they will need to undertake their roles as Trustees. Further training is based on an annual evaluation of Governance include details as determined and agreed by the trustees.

Stars Trust

Trustees' Report

Organisational Structure

The Trustees are responsible for statutory policy, adopting an annual plan and budget, monitoring the Academy's use of funds and making strategic decisions about the direction of the Academy, capital expenditure and senior staff appointments. The Trustees work collaboratively with the Senior Leaders in school.

The Senior Leadership Team (SLT) are the Principal, Assistant Principals, Finance Manager, Post holders with Teaching and Learning Responsibility and Assistant Inclusion Leader. The SLT lead the Academy at an executive level implementing the policies agreed by the Trustees and reporting back to them. As a group the SLT are responsible for the authorisation of spending within agreed budgets. Appointment boards for posts in the SLT always contain a Governor.

Arrangements for setting pay and remuneration of key management personnel

The Trustees will confirm the membership of the Academy's Leadership team and determine the pay ranges applicable for each post. The pay range for a vacant leadership post will be determined by the Trustees prior to the post being advertised. The Trustees will ensure decisions on pay and reward are consistent with the provisions of the STPCD and take due account of any supplementary guidance issued by the DfE. Pay reviews for Leadership posts will normally be undertaken by the Appraiser in conjunction with the Principal. The Principal will advise the Trustees regarding the pay progression for all members of the SLT. The Trustees will consider annually whether to award pay progression to members of the leadership group who have completed a year of employment since the previous pay determination.

Pay reviews will take place as soon as possible after the 1st September but no later than 31st December. In the event of pay progression being awarded this will take effect from 1st September. Pay decisions will be clearly attributable to the performance of the individual. In making a determination the pay committee will have regards to:

- The individual's performance as evidenced at the appraisal process
- The pay recommendation contained within the appraisal report

Sustained high quality performance should give the individual an expectation of progression up the pay range. The general expectation for pay progression is as follows:

- Towards the bottom of the pay range – evidence of consistently good leadership practice
- Towards the top of the pay range – increasingly significant evidence of outstanding leadership with all their practice being consistently good.

Stars Trust

Trustees' Report

Related Parties and other Connected Charities and Organisations

The academy has a Partnership Agreement with BCP council for use of the Community Room for Outreach Children Centre Provision.

Objectives and Activities

Objects, Aims and Strategies

The principal object and activity of the Academy is to provide education for pupils of all abilities between the ages of 2 & 7 with an emphasis on basic literacy and numeracy skills. The age range of the Academy was extended to 2-7 from September 2017 to provide Nursery provision.

In accordance with the Articles of Association the Academy has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the National Curriculum.

The main objectives of the Academy during the year ended 31st August 2020 are summarised below:

- To ensure that every child enjoys a high quality education in order to achieve their potential;
- To maintain high standards of educational achievement of all pupils;
- To improve effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirement;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Trustees review their governance on annual basis in the Autumn term, taking consideration of the composition of the board in terms of skills, effectiveness, leadership and impact on an annual basis. The outcome of which is presented in the governance statement. Such items include:

- The skills audit was completed in October 2019 which identified key strengths relating to vision, strategy and good range of skills and experience across the board for challenging school improvement and improving pupil outcomes.
- Trustees regularly monitor school performance and standards, particularly for disadvantaged groups. An end of year review of school performance is completed in July with staff to celebrate successes and identify key areas for further improvement.
- The Trust will conduct its most recent next self-evaluation in October 2020.

Stars Trust

Trustees' Report

Public Benefit

We confirm that Trustees have complied with their duty to have due regards to the guidance on public benefit published by the Charity Commission. A review of value for money is conducted in June each year. The value for money statement is published on the academy website.

The Academy Trust has achieved value for money during the year September 19 to August 20 by applying the four principles of best value – Challenge, Compare, Consult and Compete when making decisions around the allocation, targeting and use of resources for ensuring the most effective provision for meeting the needs of every child.

The trust's ability to fund raise for the academy has been reduced due to the closure of the PTA and impact of Covid-19 pandemic.

Strategic Report

Achievements and Performance

The academy continues to be a very high achieving school with overall attainment in Reading, Writing and Maths significantly above national averages at the end of Key Stage One. We are proud of the impact of our work with children on Pupil Premium where the gap in attainment between those on Pupil Premium and those not on Pupil Premium is closing. Under the impact of Covid-19 prevention guidance the academy has introduced classroom bubbles, staggered year group entry and exit times, remote learning and catch-up programmes.

Key Performance Indicators

No key financial indicators have been set by the Trustees, beyond the requirement that the financial position should remain sufficient to fund future needs. The principal performance measures are non-financial; these are largely educational and pastoral.

Going Concern

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

Stars Trust

Trustees' Report

Financial Review

Most of the academy's income is obtained from the DfE via the Education & Skills Funding Agency (ESFA) in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the academy. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned.

Expenditure for the period covered by this report was covered by the GAG received from the DfE and other income, such as voluntary income and activities for generating funds.

The net movement in funds for the year ended 31 August 2020 was a surplus of £58,130 (excluding restricted pension fund and restricted fixed asset fund). As at 31 August 2020, general unrestricted and restricted funds were held totalling £539,019.

The Trustees recognise that due to the Covid-19 pandemic there has been less income received from our lettings.

Reserves Policy

The Trustees review the reserve levels and policy of the Academy annually. This review encompasses the nature of the income and expenditure streams and the need to match income with commitments. The Trustees aim to spend the EFA General Annual grants (GAG) on the charitable activities during the year. The majority of reserves are earmarked for future specific projects and school developments.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted fund) is £539,019. This level is required to fund a module build to provide an additional classroom and is also deemed necessary to cover any unexpected expenditure particularly in relation to the maintenance of the premises.

At 31 August 2020 the academy's reserves were as follows:

- Unrestricted (free) reserves of £218,782
- A restricted fixed asset fund of £2,579,551, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £678,000
- Other restricted funds of £320,237
- Total funds of £2,440,570

Investment Policy

The Academy aims to manage its cash balances to provide for the day to day working requirements of its operations. Apart from cash held for the operation of the school, the academy has made investments of £200,000. With respect to its cash holdings, the Trustees have adopted a low risk strategy.

Stars Trust

Trustees' Report

Principal Risks and Uncertainties

The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of Academy grounds) and internal financial controls (see below) in order to minimise risk. Where a significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail below. All principal risks are set out in a Risk Register which is reviewed by the Trustees at least annually.

Fundraising

As part of its work within the community, the academy trust undertakes fundraising activities, for example through fetes, cake sales, non-uniform days etc. The academy trust raises funds in order to support its own operations and also to make donations to local and national charities. The academy trust undertakes all such activities itself, with the help of its students and their families. We confirm that when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the academy trust during the year.

Plans for Future Periods

The academy continues to strive to maintain and improve on its outstanding outcomes for its pupils, year on year. We continue to be at the forefront of excellence and this will continue into 2020/21. We value working in partnership with other schools and play an active role in school improvement locally through our outreach work. Please refer to our School Improvement Plan available from our website www.stanleygreen.co.uk.

Funds Held as Custodian Trustee on Behalf of Others

No funds were held as custodian trustee on behalf of others.

Stars Trust

Trustees' Report

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10 December 2020 and signed on the board's behalf by:



C Try
Trustee

Stars Trust

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Stars Trust 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 principal, 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 Stars Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
C Try (Chair)	4	4
C Hardy (Vice-Chair)	4	4
J Curwain	4	4
N Bennett (resigned 28 January 2020)	0	2
A Malanczuk	4	4
P Adams (resigned 5 January 2020)	0	2
K Jordan-Gill (appointed 29 January 2020)	2	2

Mrs Jordan-Gill was elected as a staff Trustee following the resignation of Mrs Bennett in January 2020. The board is extremely pleased with the quality of data presented at the end of the academic year which continues to reflect effective provision and good outcomes for pupil achievement.

Governance reviews

Following the annual review of governance, the board of Trustees intends to recruit both trustees and members with a particular focus on business and finance expertise. The board of trustees will complete its next self-evaluation in November 2020. The board recognises that the reality of budget cuts is that the Academy Trust, like many schools across the country, may have to operate with reduced staffing and drive greater efficiencies to prevent how this impacting negatively on educational provision.

Stars Trust

Governance Statement

Governance (continued)

The finance and general purposes committee is a sub-committee of the main board of trustees. Its purpose is to ensure strategic oversight of the financial management and compliance with the Academies Financial Handbook 2019. Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
J Curwain (Chair)	5	5
N Bennett (resigned 28 January 2020)	0	2
A Malanczuk	5	5
P Adams (resigned 5 January 2020)	0	2
K Jordan-Gill (appointed 29 January 2020)	3	3

As the finance and general purposes committee met less than six times, oversight of funds was also discussed in meetings with the board of trustees.

The Staffing and Pay is a sub-committee of the main board of trustees. Its purpose is to ensure strategic oversight of personnel policies and procedures including pay. Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
C Try (Chair)	2	2
C Hardy	2	2
A Malanczuk	2	2

Review of Value for Money

As accounting officer, the Principal 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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Flexible use of support staff for supporting learning and targeted interventions.
- Great use of internal cover supervisors to ensure less disruption for children for staff absence.
- Reviewing the roles and responsibilities of the senior leadership team to increase the leadership capacity for Inclusion, Safeguarding and Early Years.

Stars Trust

Governance Statement

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 Stars Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The Trustees have appointed SBS as the Internal Financial Control Officer (IFCO). The IFCO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the IFCO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Stars Trust

Governance Statement

The Risk and Control Framework (continued)

All aspects of financial control and management are covered in these checks, including:

- Payroll
- Employment and safeguarding
- Bank reconciliations
- Purchasing and payment authorisation
- Expense claims
- Reviews of risk register and financial regulations
- Cash handling, banking and VAT management
- Budget management
- Governing Body and Finance and General Purposes Committee meetings
- School private funds

Review of Effectiveness

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

- the work of the IFCO
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 10 December 2020 and signed on its behalf by:



C Try
Trustee



A J Malanczuk (Dec 18, 2020 13:20 GMT)

A Malanczuk
Accounting Officer

Stars Trust

Statement of Regularity, Propriety and Compliance

As accounting officer of Stars Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & 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 board of trustees are able to identify any material irregular or improper use of all 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 trustees and ESFA.


A J Malanczuk (Dec 18, 2020 13:20 GMT)

A Malanczuk
Accounting Officer
10 December 2020

Stars Trust

Statement of Trustees' Responsibilities

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

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

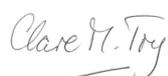
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 10 December 2020 and signed on its behalf by:



C Try
Trustee

Stars Trust

Independent Auditor's Report on the Financial Statements to the Members of Stars Trust

Opinion

We have audited the financial statements of Stars Trust ('the charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & 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 properly prepared in accordance with the Charities SORP 2019 and 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Stars Trust

Independent Auditor's Report on the Financial Statements to the Members of Stars Trust

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Trustees' Report (including the Strategic Report), and the Governance Statement. 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.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Stars Trust

Independent Auditor's Report on the Financial Statements to the Members of Stars Trust

Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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.


RAHurst (Dec 18, 2020 17:54 GMT)

R Hurst FCA (Senior statutory auditor)
For and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 18/12/2020

Stars Trust

Independent Reporting Accountant's Assurance Report on Regularity to Stars Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stars Trust 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 Board of Trustees and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stars Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Stars Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Stars Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Stars Trust's funding agreement with the Secretary of State for Education dated 23 December 2013 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.

Stars Trust

Independent Reporting Accountant's Assurance Report on Regularity to Stars Trust and the Education & Skills Funding Agency

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the 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:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the AFH.
- Review of any 'minded to' letters or Financial Notices to Improve have been issued to the academy trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the AFH.
- Review of governance arrangements to determine whether the requirements of the AFH have been met.
- Review of the academy trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the academy trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

Stars Trust

Independent Reporting Accountant’s Assurance Report on Regularity to Stars Trust and the Education & Skills Funding Agency

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.

RAHurst
RAHurst (Dec 18, 2020 17:54 GMT)

R Hurst FCA
Reporting Accountant
Hopper Williams & Bell Limited
Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

18/12/2020
Date

Stars Trust

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2019/20 Total £	2018/19 Total £
Income and endowments from:							
Donations and capital grants	2	-	3,040	-	13,308	16,348	20,273
Charitable activities:							
Funding for the academy trust's educational operations	3	-	1,279,726	-	-	1,279,726	1,202,356
Other trading activities	4	12,928	-	-	-	12,928	24,587
Investments	5	246	-	-	-	246	280
Total		13,174	1,282,766	-	13,308	1,309,248	1,247,496
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	-	1,237,810	67,000	32,829	1,337,639	1,298,187
Net income / (expenditure)		13,174	44,956	(67,000)	(19,521)	(28,391)	(50,691)
Other recognised gains / (losses):							
Actuarial losses on defined benefit pension schemes	24	-	-	(183,000)	-	(183,000)	(63,000)
Net movement in funds		13,174	44,956	(250,000)	(19,521)	(211,391)	(113,691)
Reconciliation of funds							
Total funds brought forward		205,608	275,281	(428,000)	2,599,072	2,651,961	2,765,652
Total funds carried forward		218,782	320,237	(678,000)	2,579,551	2,440,570	2,651,961

The notes on pages 25 to 47 form part of these financial statements.

Stars Trust

Balance Sheet as at 31 August 2020

Company Number 08810960

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	11		2,572,498		2,599,072
Current assets					
Debtors	12	117,167		70,748	
Investments	13	200,000		-	
Cash at bank and in hand		<u>374,038</u>		<u>519,634</u>	
		691,205		590,382	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(145,133)</u>		<u>(109,493)</u>	
Net current assets			<u>546,072</u>		<u>480,889</u>
Total assets less current liabilities			3,118,570		3,079,961
Defined benefit pension scheme liability	24		(678,000)		(428,000)
Total net assets			<u>2,440,570</u>		<u>2,651,961</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	2,579,551		2,599,072	
Restricted income fund	15	320,237		275,281	
Pension reserve	15	<u>(678,000)</u>		<u>(428,000)</u>	
Total restricted funds			2,221,788		2,446,353
Unrestricted income funds	15		218,782		205,608
Total funds			<u>2,440,570</u>		<u>2,651,961</u>

The financial statements on pages 22 to 47 were approved by the trustees and authorised for issue on 10 December 2020 and are signed on their behalf by:



C Try
Trustee

The notes on pages 25 to 47 form part of these financial statements.

Stars Trust

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	60,659	25,397
Cash flows from investing activities	20	(206,255)	(20,577)
Change in cash and cash equivalents in the reporting period		<u>(145,596)</u>	<u>4,820</u>
Cash and cash equivalents at 1 September 2019		519,634	514,814
Cash and cash equivalents at 31 August 2020	21	<u>374,038</u>	<u>519,634</u>

Stars Trust

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.

Basis of Preparation

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

Going Concern

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

Income

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

- 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.

- Grants

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital 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.

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Income (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'.

Expenditure

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

- Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

Leasehold Land and Buildings	25 to 50 years straight line on buildings; not provided on land
Furniture and Equipment	4 to 15 years straight line
Computer Equipment	3 years straight line

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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

Liabilities

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

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Financial Instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Current asset investments

Current asset investments comprise fixed term bank deposits. These investments are classified as a basic financial instrument and are measured at amortised cost.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

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.

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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Department for Education Group.

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The assumptions used are disclosed in note 24.

Critical areas of judgement

There are no other critical areas of judgement.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Capital grants	-	7,053	7,053	18,942
Other donations	-	9,295	9,295	1,331
	-	16,348	16,348	20,273
Total 2019	-	20,273	20,273	

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	942,709	942,709	880,073
Pupil Premium	-	58,301	58,301	58,975
Other DfE Group grants	-	145,837	145,837	121,219
	-	1,146,847	1,146,847	1,060,267
Other government grants				
Local authority grants	-	9,089	9,089	-
Other income from the academy trust's educational operations				
Nursery income	-	110,540	110,540	120,608
Other income	-	13,250	13,250	21,481
	-	123,790	123,790	142,089
	-	1,279,726	1,279,726	1,202,356
Total 2019	-	1,202,356	1,202,356	

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Hire of facilities	12,928	-	12,928	24,587
Total 2019	24,587	-	24,587	

5 Investment income

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Short term deposits	246	-	246	280
Total 2019	280	-	280	

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

6 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2019/20 £	Total 2018/19 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	795,197	-	45,147	840,344	812,889
Allocated support costs	198,802	139,594	158,899	497,295	485,298
	<u>993,999</u>	<u>139,594</u>	<u>204,046</u>	<u>1,337,639</u>	<u>1,298,187</u>
Total 2019	<u>960,689</u>	<u>113,173</u>	<u>224,325</u>	<u>1,298,187</u>	

Net income/(expenditure) for the period includes:

	2019/20 £	2018/19 £
Operating lease rentals	4,523	4,523
Depreciation	32,829	32,686
Fees payable to auditor for:		
Audit	6,390	6,325
Other services	<u>3,440</u>	<u>3,210</u>

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

7 Charitable activities

	2019/20	2018/19
	Total	Total
	£	£
Direct costs	840,344	812,889
Support costs	497,295	485,298
	<u>1,337,639</u>	<u>1,298,187</u>

Analysis of support costs:

	Educational operations	2019/20	2018/19
	£	Total	Total
	£	£	£
Support staff costs	198,802	198,802	186,530
Depreciation	32,829	32,829	32,686
Technology costs	23,279	23,279	19,522
Premises costs	139,594	139,594	113,173
Other support costs	90,467	90,467	121,380
Governance costs	12,324	12,324	12,007
Total support costs	<u>497,295</u>	<u>497,295</u>	<u>485,298</u>
Total 2019	<u>485,298</u>	<u>485,298</u>	

Premises costs includes £29,880 (2019: £nil) in respect of roof repair costs.

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff

a) Staff costs

Staff costs during the period were:

	2019/20	2018/19
	£	£
Wages and salaries	702,634	705,167
Social security costs	57,016	52,880
Pension costs	207,190	167,491
	<u>966,840</u>	<u>925,538</u>
Agency staff costs	27,159	35,151
	<u>993,999</u>	<u>960,689</u>

b) Staff numbers

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

	2019/20	2018/19
	No.	No.
Teachers	9	12
Administration and support	27	26
Management	5	4
	<u>41</u>	<u>42</u>

c) Higher paid staff

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

	2019/20	2018/19
	No.	No.
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-

d) 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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £288,779 (2019: £230,576).

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

9 Related Party Transactions – Trustees' remuneration and expenses

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

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

		2019/20	2018/19
		£000	£000
N Bennett (Staff trustee to 28 January 2020)	Remuneration	20-25	45-50
	Employer's pension contributions paid	5-10	5-10
K Jordan-Gill (Staff trustee from 29 January 2020)	Remuneration	25-30	-
	Employer's pension contributions paid	5-10	-
A Malanczuk (Staff trustee)	Remuneration	90-95	85-90
	Employer's pension contributions paid	20-25	10-15

During the period ended 31 August 2020, no trustees received any reimbursement of expenses (2019: £63 to two trustees).

10 Trustees and officers insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10m. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

11 Tangible fixed assets

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost				
At 1 September 2019	2,751,804	94,372	66,109	2,912,285
Acquisitions	-	-	6,255	6,255
Disposals	-	-	(15,142)	(15,142)
At 31 August 2020	<u>2,751,804</u>	<u>94,372</u>	<u>57,222</u>	<u>2,903,398</u>
Depreciation				
At 1 September 2019	165,496	81,866	65,851	313,213
Charged in year	30,132	1,049	1,648	32,829
Disposals	-	-	(15,142)	(15,142)
At 31 August 2020	<u>195,628</u>	<u>82,915</u>	<u>52,357</u>	<u>330,900</u>
Net book values				
At 31 August 2019	2,586,308	12,506	258	2,599,072
At 31 August 2020	<u>2,556,176</u>	<u>11,457</u>	<u>4,865</u>	<u>2,572,498</u>

12 Debtors

	2019/20 £	2018/19 £
Trade debtors	43	3,109
VAT recoverable	8,876	23,148
Other debtors	1,380	2,292
Prepayments and accrued income	106,868	42,199
	<u>117,167</u>	<u>70,748</u>

13 Current asset investments

	2019/20 £	2018/19 £
Bank deposits	<u>200,000</u>	-

The bank deposit matures in July 2022.

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

14 Creditors: amounts falling due within one year

	2019/20	2018/19
	£	£
Trade creditors	45,811	12,926
Other taxation and social security	13,038	12,904
Other creditors falling due within one year	15,825	13,908
Accruals and deferred income	70,459	69,755
	<u>145,133</u>	<u>109,493</u>

	2019/20	2018/19
	£	£
Deferred income at 1 September 2019	65,503	53,023
Released from previous years	(65,503)	(53,023)
Resources deferred in the year	67,888	65,503
Deferred income at 31 August 2020	<u>67,888</u>	<u>65,503</u>

At the balance sheet date the academy trust was holding funds received in advance in respect of the Universal Infant Free School Meal programme for the forthcoming financial year.

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2020 £
Restricted general funds						
General Annual Grant (GAG)	202,994	942,709	(893,364)	-	-	252,339
Pupil Premium	-	58,301	(58,301)	-	-	-
Other DfE/ESFA grants	13,096	145,837	(145,988)	-	-	12,945
Local authority growth fund	14,226	-	(14,226)	-	-	-
Other government grants	-	9,089	(9,089)	-	-	-
Nursery	44,965	110,540	(100,552)	-	-	54,953
Other educational activities	-	16,290	(16,290)	-	-	-
	<u>275,281</u>	<u>1,282,766</u>	<u>(1,237,810)</u>	<u>-</u>	<u>-</u>	<u>320,237</u>
Pension reserve	(428,000)	-	(67,000)	-	(183,000)	(678,000)
	<u>(152,719)</u>	<u>1,282,766</u>	<u>(1,304,810)</u>	<u>-</u>	<u>(183,000)</u>	<u>(357,763)</u>
Restricted fixed asset funds						
Fixed asset fund	2,599,072	-	(32,829)	6,255	-	2,572,498
ESFA capital grants (DFC)	-	7,053	-	-	-	7,053
Capital donations	-	6,255	-	(6,255)	-	-
	<u>2,599,072</u>	<u>13,308</u>	<u>(32,829)</u>	<u>-</u>	<u>-</u>	<u>2,579,551</u>
Total restricted funds	<u>2,446,353</u>	<u>1,296,074</u>	<u>(1,337,639)</u>	<u>-</u>	<u>(183,000)</u>	<u>2,221,788</u>
Total unrestricted funds	<u>205,608</u>	<u>13,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,782</u>
Total funds	<u>2,651,961</u>	<u>1,309,248</u>	<u>(1,337,639)</u>	<u>-</u>	<u>(183,000)</u>	<u>2,440,570</u>

Stars Trust

Notes to the Financial Statements 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

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and pre-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Stars Trust

Notes to the Financial Statements 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 £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	225,884	880,073	(901,328)	(1,635)	-	202,994
Pupil Premium	12,712	58,975	(71,687)	-	-	-
Other DfE/ESFA grants	13,184	121,219	(121,307)	-	-	13,096
Local authority growth fund	14,226	-	-	-	-	14,226
Nursery	11,724	120,608	(87,367)	-	-	44,965
Other educational activities	-	22,812	(22,812)	-	-	-
	<u>277,730</u>	<u>1,203,687</u>	<u>(1,204,501)</u>	<u>(1,635)</u>	<u>-</u>	<u>275,281</u>
Pension reserve	(304,000)	-	(61,000)	-	(63,000)	(428,000)
	<u>(26,270)</u>	<u>1,203,687</u>	<u>(1,265,501)</u>	<u>(1,635)</u>	<u>(63,000)</u>	<u>(152,719)</u>
Restricted fixed asset funds						
Fixed asset fund	2,611,181	-	(32,686)	20,577	-	2,599,072
ESFA capital grants (DFC)	-	18,942	-	(18,942)	-	-
	<u>2,611,181</u>	<u>18,942</u>	<u>(32,686)</u>	<u>1,635</u>	<u>-</u>	<u>2,599,072</u>
Total restricted funds	<u>2,584,911</u>	<u>1,222,629</u>	<u>(1,298,187)</u>	<u>-</u>	<u>(63,000)</u>	<u>2,446,353</u>
Total unrestricted funds	<u>180,741</u>	<u>24,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,608</u>
Total funds	<u>2,765,652</u>	<u>1,247,496</u>	<u>(1,298,187)</u>	<u>-</u>	<u>(63,000)</u>	<u>2,651,961</u>

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Notes to the Financial Statements for the Year Ended 31 August 2020

16 Analysis of net assets between funds

	Un- restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	2,572,498	2,572,498
Current assets	218,782	465,370	-	7,053	691,205
Current liabilities	-	(145,133)	-	-	(145,133)
Pension scheme liability	-	-	(678,000)	-	(678,000)
Total net assets	218,782	320,237	(678,000)	2,579,551	2,440,570

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

	Un- restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	2,599,072	2,599,072
Current assets	205,608	384,774	-	-	590,382
Current liabilities	-	(109,493)	-	-	(109,493)
Pension scheme liability	-	-	(428,000)	-	(428,000)
Total net assets	205,608	275,281	(428,000)	2,599,072	2,651,961

17 Capital commitments

	2019/20	2018/19
	£	£
Contracted for, but not provided in the financial statements	103,007	-

18 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:

	2019/20	2018/19
	£	£
Amounts due within one year	3,160	4,523
Amounts due between one and five years	4,107	7,288
	7,267	11,811

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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

	2019/20	2018/19
	£	£
Net expenditure for the reporting period	(28,391)	(50,691)
Adjusted for:		
Depreciation	32,829	32,686
Defined benefit pension scheme cost less contributions payable	60,000	53,000
Defined benefit pension scheme finance cost	7,000	8,000
Increase in debtors	(46,419)	(22,643)
Increase in creditors	35,640	5,045
Net cash provided by Operating Activities	<u>60,659</u>	<u>25,397</u>

20 Cash flows from investing activities

	2019/20	2018/19
	£	£
(Increase) / decrease in current asset investments	(200,000)	-
Purchase of tangible fixed assets	(6,255)	(20,577)
Net cash used in investing activities	<u>(206,255)</u>	<u>(20,577)</u>

21 Analysis of cash and cash equivalents

	2019/20	2018/19
	£	£
Cash at bank and in hand	<u>374,038</u>	<u>519,634</u>

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

22 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	Acquisition/ disposal of subsidiaries £	New finance leases £	Other non-cash changes £	At 31 August 2020 £
Cash	519,634	(145,596)	-	-	-	374,038
Total	519,634	(145,596)	-	-	-	374,038

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

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

24 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 BCP Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £15,825 were payable to the schemes at 31 August 2020 (2019: £13,908) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department 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% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 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 TPS in the period amounted to £96,274 (2019: £71,833).

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.

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

24 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 as follows:

	2020	2019
	£	£
Employer's contributions	48,000	42,000
Employees' contributions	14,000	12,000
	<u>62,000</u>	<u>54,000</u>

The agreed contribution rates for future years are 18.9% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions

	2020	2019
Rate of increase in salaries	3.3%	3.7%
Rate of increase for pensions in payment/inflation	2.3%	2.2%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	<u>2.3%</u>	<u>2.2%</u>

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

	2020	2019
Retiring today		
Males	23.3	22.9
Females	<u>24.8</u>	<u>24.8</u>
Retiring in 20 years		
Males	24.7	24.6
Females	<u>26.2</u>	<u>26.6</u>

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

Sensitivity analysis	Increase/(reduction) in defined benefit obligation	
	2020	2019
	£	£
Discount rate +0.1%	(30,000)	(20,000)
Discount rate -0.1%	31,000	20,000
Mortality assumption – 1 year increase	38,000	27,000
Mortality assumption – 1 year decrease	(37,000)	(26,000)

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

	2020	2019
	£	£
Equities	212,000	189,000
Property	41,000	37,000
Government bonds	49,000	48,000
Corporate bonds	33,000	26,000
Cash	4,000	11,000
Other	68,000	60,000
Total market value of assets	<u>407,000</u>	<u>371,000</u>

The actual return on scheme assets was -£28,000 (2019: £27,000).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£	£
Current service cost	108,000	84,000
Past service cost	-	11,000
Interest income	(8,000)	(8,000)
Interest cost	15,000	16,000
Total amount recognised in the SOFA	<u>115,000</u>	<u>103,000</u>

Stars Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

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

	2019/20	2018/19
	£	£
At 1 September	799,000	597,000
Current service cost	108,000	84,000
Interest cost	15,000	16,000
Employee contributions	14,000	12,000
Actuarial loss	147,000	82,000
Benefits paid	2,000	(3,000)
Past service cost	-	11,000
At 31 August	<u>1,085,000</u>	<u>799,000</u>

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

	2019/20	2018/19
	£	£
At 1 September	371,000	293,000
Interest income	8,000	8,000
Actuarial (loss) / gain	(36,000)	19,000
Employer contributions	48,000	42,000
Employee contributions	14,000	12,000
Benefits paid	2,000	(3,000)
At 31 August	<u>407,000</u>	<u>371,000</u>

25 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure Related Party Transactions:

A close family member of A Malanczuk (staff trustee and accounting officer)

- During the year the academy trust paid remuneration and employer's pension contributions totalling £12,170 (2019: £nil) and £1,528 (2019: £nil) respectively. There were no amounts outstanding at 31 August 2020 (2019: £nil).
- The academy trust made the appointment in accordance with its financial regulations, which A Malanczuk neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.