

Company Registration No. 07441370 (England and Wales)

**ST STEPHEN'S ACADEMY CANTERBURY
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020**

ST STEPHEN'S ACADEMY CANTERBURY

CONTENTS

	Page
Reference and administrative details	1 - 2
Governors' report	3 - 16
Governance statement	17 - 21
Statement on regularity, propriety and compliance	22
Statement of governors' responsibilities	23
Independent auditor's report on the accounts	24 - 26
Independent reporting accountant's report on regularity	27 - 28
Statement of financial activities including income and expenditure account	29 - 30
Balance sheet	31
Statement of cash flows	32
Notes to the accounts including accounting policies	33 - 53

ST STEPHEN'S ACADEMY CANTERBURY

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Victor Hester
Chris Barton
Dr. Amanda Gosling
Rev. Kevin Maddy (resigned 20 March 2020)
Barney Sandell (appointed 20 March 2020)

Governors

Victor Hester (Chair of Governors)
Chris Barton
Lisa Carlson
Dr. Andrew Connell
Laura Cutts (Resigned 5 December 2019)
Jayne Dowkes (Resigned 5 December 2019)
Dr. Amanda Gosling
Sarah Heaney (Resigned 5 December 2019)
Rev. Kevin Maddy (Resigned 20 March 2020)
Marie Montague
Tony Payne
Bernadette Pearl (Resigned 5 December 2019)
Stuart Pywell (Accounting Officer) (Resigned 31 August 2020)
Barnaby Sandell
Lena Seed (Resigned 31 August 2020)

Senior management team

- Executive Headteacher (resigned 31 August 2020)	Stuart Pywell
- Joint Headteacher (appointed 1 September 2020)	Sarah Heaney
- Joint Headteacher (appointed 1 September 2020)	Laura Cutts
- Assistant Headteacher	Jo Sazant
- School manager / Bursar	Jayne Dowkes
- Family Learning	Sally Millsted

Company registration number

07441370 (England and Wales)

Registered office

St Stephens Junior School
Hales Drive
Canterbury
Kent
CT2 7AD

Independent auditor

Azets Audit Services
5th Floor
Ashford Commercial Quarter
1 Dover Place
Ashford
Kent
TN23 1FB

ST STEPHEN'S ACADEMY CANTERBURY

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
49 High Street
Canterbury
Kent
CT3 1AA

Solicitors

Veale Wasborough Vizards
Barnards Inn
86 Fetter Lane
London
EC4A 1AD

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

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

The academy trust operates an academy for pupils aged 7 to 11 serving a catchment area in East Kent. It has a pupil capacity of 360 and had a roll of 432 in the school census in October 2019.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee with no share capital (registration number 07441370) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The charitable company is known as St Stephen's Academy Canterbury and operates St Stephen's Junior School.

The governors are the directors St Stephen's Academy Canterbury for the purposes of company law. Details of the governors who served during the year 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 company in the event of it being wound up while he/she is a member, or within one period 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.

Governors' indemnities

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 governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the governors and officers indemnity element from the overall cost of the RPA scheme.

Method of recruitment and appointment or election of governors

On conversion date (1 January 2011), the members appointed all those governors that served the predecessor school to be governors of the newly formed academy. These governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

Governors are appointed for a four year period, except that this time limit does not apply to the Executive Headteacher. Subject to remaining eligible to be a particular type of governor, any governor can be re-appointed or re-elected.

The number of members shall not be less than three but shall not be subject to any maximum number.

The members may appoint up to ten governors. It is the intention that eventually the governors of the academy shall comprise of up to ten persons, who may be appointed by the members of the trust, any staff governors, and a minimum of two parent governors. The governors may appoint staff governors through such process as they determine, provided that the total number of governors (including the principal) who are employees of the academy shall not exceed one third of the total number of governors. The executive Headteacher and the Finance Manager are to be ex officio governors. The parent governors are elected by parents of registered pupils at the academy. A parent governor must be a parent of a pupil at the academy at the time they are elected. The governors may appoint up to three co-opted governors.

When appointing new governors, consideration will be given to the skills and experience mix of existing governors in order to ensure that the governing body has the necessary skills to contribute fully to the academy's development.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Policies and procedures adopted for the induction and training of governors

The training and induction provided for new governors will depend upon their existing experience but would always include a tour of the academy and a chance to meet staff and pupils. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. As there are normally only two or three new governors in any four year cycle, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational structure

The following decisions are reserved to the members; to consider any proposals for changes to the status or constitution of the academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the governors.

The governors who are also known as directors from September 2016 onwards are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about capital expenditure and senior staff appointments.

The members and governors have devolved responsibility for day to day management of the academy to the Executive Headteacher and Senior Management Team (SMT). The SMT comprises the Executive Headteacher, Deputy Headteachers, Heads of Year Groups and the Office and Nursery Managers.

The Executive Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

In the year to August 2020, no member or governor was paid for their role. Staff governors were paid only for their role as a member of school staff, but not for their role as a governor. Pay for school staff, including leadership team members, follows the academy pay policy and is in line with Kent County Council policy. Teachers are paid on the St Stephen's pay scale, which has the same minimum and maximum levels as the national teacher scale, and progression is subject to annual performance review conducted by the head teacher. Support staff are paid on the Kent Range as published by Kent County Council with performance awards given at the same level as those published by Kent County Council. These awards are determined by annual performance review carried out by department managers. For senior support staff, the reviews are carried out by the head teacher. Senior leadership team members' pay is determined by the same performance basis and leadership scale pay awards for teachers follow the national ones published by the DfE. The pay for the executive headteacher is subject to annual performance review with an independent consultant and approved by the members following recommendation from the pay committee which is chaired by one of the members. The pay award follows the national leadership scale as published by the DfE.

Related parties and other connected charities and organisations

There are no related parties which either control or significantly influence the decisions and operations of St Stephen's Academy Canterbury. There are no sponsors or formal parent teacher associations associated with the academy.

There was a school voluntary fund, which was a separate registered charity (number 1122377) and which collected donations from parents, some of which are gift aided. These were passed to the school for the educational benefit of all pupils in the school.

Stuart Pywell and Vic Hester were Trustees of the school voluntary fund. This was closed this year 2020 and the balance of funds was transferred to the school account.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

St Stephen's Academy Canterbury operates St Stephen's Junior School. The principal object and activity of the academy is to advance, for the 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 a school offering a broad and balanced curriculum for pupils of different abilities between the ages of 7 and 11.

St Stephen's Junior School is a mixed school for children aged 7 – 11. A day care nursery called Acorns Day Nursery, is also operated within the premises, for children aged 3 months to 5 years.

At St Stephen's Junior School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our academy is a community in which children, staff and parents are part of a happy and caring environment.

In accordance with the Articles of Association, the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. 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.

Objectives, strategies and activities

Our aim and core purpose is to seek "Educational Excellence" by giving each individual child the opportunity to develop and build on our school values of; Independence, Creativity and Respect.

This year we intend to focus on finding each child's individual skill and talent; promoting our gifted and talented as well as supporting our more challenged learners building on emotional social academic and personal learning. In this way we recognise the heterogeneity of our children and parents.

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to provide a broad and balanced curriculum, including a wide range of extracurricular activities;
- to continue to develop the creative curriculum at St Stephen's Junior school
- to accommodate some specialist teaching, particularly in music, singing, sport and dance
- to continue to maintain and develop the academy site so that it enables students to achieve their full potential;
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness. to provide value for money for the funds expended; a range of activities
- to promote community adhesion and support of other charities activities
- an emphasis on helping all children and staff achieve to the best of their potential
- to focus on improving key areas of attainment in KS2 SATS

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Key activities and targets were identified in the Academy Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding.

Our aim and core purpose is to seek "Educational Excellence" by giving each individual child the opportunity to develop and build on our school values of; Independence, Creativity and Respect.

This year we intend to ensure that strategies are used to promote engagement in all children raising aspiration and developing excellence in all. Every member of our school be it, child, support staff or governor is a vital part of our mission. Building on the positive outward facing focus of the whole team, further embedding the school values will ensure cohesiveness throughout the school.

To achieve our purpose we are focusing on six key areas to which all staff will be contributing:

Curriculum Review: to improve the breadth and balance of the curriculum

Review of quality of teaching

Review the deployment of teaching assistants

Consider how we prepare children's hearts and minds for the future.

Communication: Web site / parents /children /trustees/ training

Ecology of school: develop our learning environment- creativity/Forest School /outside areas

Public benefit

The governors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities. Pupils are admitted to the school in accordance with the published admissions policy and parents have the right of appeal against admission decisions.

Pupils are drawn locally from the city, and also from the coastal towns, particularly those whose parents work in Canterbury but might live outside the city limits, many of whom attend the breakfast and after school club to fit in with the working day.

Whilst we have above national average numbers of children who qualify for pupil premium funding (at just over 25%), we also have a large percentage of children whose parents work at the local universities and colleges of education. An increasing percentage of children do not speak English at home and we are seeing a growing trend towards a more transient element as parents work on short term contracts. Our intake has a slightly above average deprivation score according to the Government rankings, with over 45% of our pupils living in the top one third most deprived areas in the country.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

St Stephen's Junior School is a 4 form entry 7 - 11 school operating in the city of Canterbury. It has a mixed catchment area and the school population is drawn from both local estates and wider fringes as working parents access the extended hours of care we are able to offer. The school shares its site with the infant school. The site is large and has been developed to provide large tarmac and grass play areas, extensive outdoor play equipment, a large sports hall in the junior school, and more recently, a 483m² building of 5 classrooms and an office used for our Year 6 children. There is also a 42 place day nursery run by the Junior school on site.

In September 2019 we had 432 pupils registered against the PAN of 400 and we maintained numbers broadly at this level throughout the year. For September 2020, 3 of our 4 year groups are full with waiting lists.

Ofsted inspected St Stephen's Junior School in November 2017 and considered that; "The leadership team has maintained the good quality of education in the school." We were judged as a good school with some areas considered to be outstanding. Our quality of teaching has remained consistently good or better. The Head teacher and the Deputy Headteachers continue to model teaching and complete learning walks on a regular basis to ensure standards are maintained. In the past year we have increased training opportunities to young and inexperienced teachers and trainees as we have provided a training base for students from Christchurch University across a range of programmes.

Using a range of assessment tools throughout each term, we continue to improve our monitoring and tracking of pupil progress throughout the school and are confident that we can resolve issues to enable children to make progress. We have a Learning Mentor and have re-structured our Teaching Assistant roles to include a team of learning support staff. These TAs work with the Learning Support Manager and SENCO with all children, including those specifically identified through Pupil Premium funding.

We hold specifically targeted booster and homework classes for those pupils who are deemed to need extra input in order to meet attainment targets, as well as phonics sessions three times per week for the lower year groups.

We continue to affirm our vision and core school values and all children are regularly encouraged to remember these values of independence, creativity and respect. Each month we focus on one of our key values and assemblies and PSHE work is focussed around this.

To ensure that standards are continually assessed, the academy operates a programme of; curriculum content and children's book review and lesson observations, which are undertaken by the Year Heads, Subject Leaders and the Senior Leadership Team. These are then validated by regular cross moderation with other schools and learning walks. We take part in county SATS moderation each year.

To further ensure continued development and improvement, we have created an informal partnership with 5 other schools in the locality, and staff in all year groups visit other colleagues, hold joint meetings and share moderation and assessments across the schools.

SATS 2020 did not take place as a result of the Covid 19 Pandemic. There were no expectations for schools to submit teacher assessment data in 2020 due to the cancellation of these assessments.

SATS 2019

Results showing percentage of children achieving expected attainment:

Reading	Maths	Reading	Writing	GPS	Combined
School	91%	83%	94%	86%	83%
National	79%	73%	78%	78%	65%

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Pupils attainment was significantly above the national average in all areas of the curriculum, with the number of pupils working at the expected level across all three areas having improved by 9% on last year. Significant improvements in performance were made across writing, maths and GPS and the amount of pupils achieving the higher standard across all 3 areas is also significantly above national comparators – SSJS 21% vs 11% National.

The average scaled scores for pupils in the areas of reading and maths were also higher than the national averages: Maths 107.6, Reading 106.1, SPAG 106.7

Pupils from minority ethnic backgrounds make good progress from their starting points. Pupil premium funding was utilised effectively to provide additional support, tuition and out of school support to eligible pupils, enabling them to make better progress. This was evidenced in the significant improvement in attainment of Pupil Premium children in this year's SATs results, compared to previous years. Pupil premium results evidence significant improvement across all areas, with the combined number of pupils achieving the expected standard for Reading, Writing and Maths improving by 16% from the previous year.

Last year 46 children were assessed as suitable for Grammar School. As a result, our percentage of higher attainers was above national. Higher ability pupils do well in our school with 33% of the cohort achieved the Greater Depth standard in Maths, 35% of pupils achieved Greater Depth standard in Reading and 38% achieved the Greater Depth standard in Writing. These figures are significantly higher than the 2019 National figures, and have improved in all areas based on previous years.

Reading continues to be a primary focus and strategies are being further developed and embedded in 2019, as per raising attainment strategies. This includes bespoke inference and deduction sessions, more opportunities for teachers to read with individual children and more reliable assessment and follow up. In addition, a number of support staff are working with target children as part of the Switch On programme. We can be seen to value reading by encouraging all staff to read and to talk about their reading with the pupils. We have continued the 'Reading to Dogs' scheme this year, aimed at reluctant readers who are significantly below their expected level. We were pleased to receive an award in recognition of the success of the scheme, from Kent Literacy Awards.

The quality of teaching and provision of a broad and balanced curriculum are the key focuses of the coming year. Emphasis is placed on ensuring all children are able to access a variety of exciting opportunities to further their learning experience. Teachers include a wide variety of tasks in their lessons, which are well matched to pupils' different interests and abilities. They have high expectations of pupils in terms of both behaviour and work. Teachers are knowledgeable and enthusiastic about the different subjects they teach and ensure that lessons proceed at a good pace, with skilled questioning to make sure that pupils have understood fully what they are meant to be learning as well as what their tasks entail. They also include more complex questions which enable pupils to reflect on what they have learned, and skilfully use pupils' answers to extend and to develop their learning.

The Ofsted Report (November 2017) considers the school to be led "with a high degree of resolve to continually improve the standards of academic and personal achievement for pupils" offering a good or excellent level of education to all pupils. We have specifically focussed on the aspect of Leadership and Management over the past few years. Leaders have been supported by external consultants and advisors, and with bespoke National College Middle Leadership (NCML) training leading to a nationally recognised qualification in Leadership to be completed by two members of staff before the end of July 2019. Our two Deputy Headteachers have successfully completed their NPQH programme with Ambition Leadership. Teaching Assistant workshops have been developed covering such topics as behaviour management, children's engagement, differentiation, independent working strategies and "Switch On" reading to further enhance the training of staff and the contribution they make to the pupils.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Professional development for staff will continue following both personally identified programmes as well as those arising from the School Action Plan. Observations of our teaching staff using similar criteria to Ofsted continue to show high levels of outstanding and good teaching in all year groups. Continuing emphasis is on developing teachers by supporting them in middle management roles in school, thus strengthening the management team. Amongst the support staff, several have renewed their first aid certificates and some staff received training to support children with diabetes, epi-pens and asthma inhalers. All staff completed or renewed child protection training, the head teacher and several staff completed or renewed the Designated Safeguarding Lead training and Safer recruitment training. All teaching staff have attended extensive CPD training related to our core key action plan for developing the broader curriculum. Several staff have attended courses on moderating writing and the new assessment framework, some key staff have undertaken County moderation training for assessing children's writing.

Senior Leaders in the school have in the past attended both the National Leadership Conference and the Academies Show. They have also undertaken a variety of training and support in London. We have formed close links with several local primary schools as well as school in other areas of the country. This enables us to reflect upon, analyse and compare our teaching pedagogy, learning and development.

Key performance indicators

Key performance indicators are monitored monthly by the Headteacher, the Finance Manager and the Chair of Finance Committee and are used to inform finance committee meetings.

As funding is based on pupil numbers this is considered to be a key performance indicator. In 2019-20 the academy was funded on pupil numbers of 432 being the number on roll at the census date of October 2019.

Another key performance indicator is staffing costs as a percentage of GAG. For the 2019 – 2020 Academic year this was 99% (2018-19 99%).

Indicator	2020	2019
<i>Average Pupil numbers</i>	432	420
<i>GAG carry forward %</i>	-	-
<i>Total income per pupil</i>	£5,777	£5,745
<i>Total GAG per pupil</i>	£4,105	£3,905
<i>School based staff cost per pupil</i>	£4,064	£3,845
<i>School resources per pupil</i>	£4,737	£4,653
<i>Cash balances</i>	£18,912	£13,525

Environmental measures

We have worked hard over the past few years to improve the environmental measures in school, monitoring water and energy usage weekly.

We have established a Forest School for the children as part of their lesson programme and this is being used by all year groups as part of PPA cover time and as a club after school. Following a successful Capital Funding Bid January 2019 we have replaced our failing old oil boilers with new gas boilers. This is a significant environmental factor and as such was also noted in 'Principal Risks & Uncertainties. We are gradually installing hand dryers and there is new signage to highlight savings by turning off taps and lights.

Our rebranded corridors have been further enhanced by the addition of wall murals depicting the school tree logo with the core values incorporated in the design. An outside quiet reading and performance area has been created at the end of the field.

We are working to become an Eco School and our school council are investigating measures which we can put in place within the school. This will be further supported by an Eco week within the school for all pupils to be involved

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Almost all our parents signed up to parent mail and we use this extensively for notifications. We introduced a paperless system for newsletters and purchased a communication module to enable us to send extended day club and dinner money invoices by email. This has cut our paper and copying bill significantly and has also encouraged more parents to pay bills by direct transfer to the bank, which increases security.

During the early part of the school year September 2019, we started our activities with a Challenger Troup set of team building activities for Yr 3 and 4 as well as a family sports night. During the Autumn term our sports teams took part in a wide range of events throughout Kent and in the past have been in semi-finals and finals for many of their competitions including football, gymnastics, cross-country running, skiing and tennis. We have continued to offer children the opportunity to experience dry slope skiing and hockey, in addition to the more usual primary school sports. Sadly this year Covid 19 has impacted on many school events and external sports events. We have continued to promote healthy eating and a healthy lifestyle throughout the school. To reinforce this, we offer children free fruit at morning break and have also added the provision of free milk at break and at lunchtime for all children. This year we managed to continue with our sponsored Porchlight Sleepover with children taking part "Virtually" camping at home .

We have managed to continue pupils involvement in music, dance and drama in the school, with choirs, recorders, ocarinas, ukuleles, drums, a samba band and various dance groups running at times during the year. Sadly however Covid curtailed our performances at the Gulbenkian and the Marlowe Theatre as well as the year 6 production at the end of the summer term and proposed performances with our partner school in Madrid. In normal circumstances our range of afterschool activities for pupils is large and varies from term to term. We have offered, amongst others, modern languages, various sporting options, dance, skiing, ICT, film making, art, story club and sewing whilst our popular family reading club continues to grow each term.

During the year, the academy's charity fundraising activities raised over £4,000 and included support of both local and national charities.

Trustees have attended a variety of external CPD courses. We have also held several "Vision and Development" sessions, for all staff in the school and Trustees. An external provider has facilitated these sessions and has enabled us to look at the future of SSJS over the next five years.

The Academy has continued with forging successful links with the local community. This year our pupils have made visits to Age Concern centres locally and our regular community lunch for elderly neighbours held in conjunction with the local church, remains very popular. We have local sports clubs, choirs, and a large church who use the school facilities on a regular basis every week.

Fortunately prior to Covid 19 we were able to continue with our ski trip to Macugnaga, Italy, we took over 60 children on the trip, with over one third of these being children attracting pupil premium funding. We were pleased to be able to offer this opportunity to expand horizons for our pupils and believe it raises both expectations and achievement and hope that these trips will continue after Covid in the future. We continue with our regular residential trip to Dorset at the beginning of year 6 and have added a camping weekend for year 5 children. Sadly our Erasmus bid pairing with the CEIPSO Principe Don Felipe Boadilla Del Monte, Madrid in Spain was curtailed because of Covid hopefully this very successful exchange programme will continue in the future.

In August 2019 our Nursery was judged to offer very good provision by Ofsted. The numbers on roll at the nursery had continued to grow, and we had seen a trend towards more parents booking all day and all year round care for their babies and toddlers. Sadly though Covid has had a dramatic effect on the Nursery but fortunately we are just about managing to break even and we have reviewed our payment procedures, fee structure as well as our free placements. We are teamed with the local college to offer placements to students studying childcare qualifications.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Covid has had a dramatic and potentially catastrophic impact on our Academy. In the past we have operated a successful lettings programme, Nursery and After School Club, raising significant funds for the school as well providing employment for over forty people. Planning that significant cost cutting will have to be adopted the board of governors however has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. At 31 August 2020 the unrestricted funds are negative by £64k. The restructuring of the Staff Team at the end of the 2019-2020 Academic Year will enable the Academy to move forward into a more positive financial position and build up a reserve balance as required.

Financial review

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2020, total expenditure of £2,776k (2019: £2,645k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year was £308k (2019: £132k).

At 31 August 2020 the net book value of fixed assets was £4,251k (2019: £4,324k) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Buildings were professionally valued on 25 November 2011 at £2,335k on an existing use value basis and land was valued on 1 September 2014 at £1,300k. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Kent County Council Pension Fund, in which the Academy participates, showed a deficit of £1,754k (2019: £1,269k) at 31 August 2020.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Reserves policy

The governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors take into consideration the future plans of the academy, the uncertainty over future income streams and other key risks identified during the risk review.

The academy's current level of unrestricted reserves is negative £64k (2019: negative £6k) (total funds less the amount held in fixed assets, restricted funds and the salix loan).

The governors have recognised that the appropriate level of unrestricted reserves should be equivalent to four week's expenditure, approximately £161k (2019: £193k). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

At 31 August 2020 the unrestricted funds are negative by £64k. The restructuring of the Staff Team at the end of the 2019-2020 Academic Year will enable the Academy to move forward into a more positive financial position and build up a reserve balance as required.

The Academy held fund balances at 31 August 2020 of £2,239.5k (2019: £3,008k) comprising £2,459k of restricted funds (2019: £3,014k) and negative £64k of unrestricted general funds (2019: negative £6k). Of the restricted funds, £4,251k is represented by tangible fixed assets (2019: £4,324k), £3k on unspent CIF grants (2019: £0k) and a Salix loan of £41k (2019: £41k).

The pension reserve which is considered part of restricted funds was £1,754k in deficit (2019: £1,269k).

The restricted GAG funds are used in their entirety each year to the benefit of the pupils in the school during the year they are received. The governors do not believe in retaining large amounts of restricted funds as they consider this would be of no benefit to the pupils currently in the school. The restricted GAG fund paid per pupil is decreasing year on year and its monetary value only appears relatively stable due to rising numbers of pupils in the school. This is causing a problem for the governors as more income needs to be generated from unrestricted funds in order to maintain the level of provision in the school.

The Fixed Asset funds is restricted. Fixed asset purchases are funded from GAG or from donations to the school and depreciation is charged against them with a view to writing down the cost of the asset over its useful life in accordance with the academy trust depreciation policy. The finance committee must agree to expenditure above £10k with the governing body having to agree expenditure above £50k. All major building contracts are agreed by the governing body. Capital purchases or improvements are funded through GAG funding, income generated through Acorns or Extended Schools or through specific capital grants.

The restricted pension fund deficit is underwritten by the Secretary of State for Education and is outside the control of the academy. There is no choice about which pension fund support staff belong to and the historic deficit position which had increased every year arose once the school broke away from the local authority.

Investment policy

Due to the nature of funding, the academy may at times hold cash balances surplus to its short term requirements. The governors have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Governors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where 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 in the Governance Statement on page 21.

The governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Finance Manager, Headteacher and Deputy Headteachers also hold regular monthly meetings to monitor expenditure against budgets, cash flow and KPIs and to ensure sufficient funds are held to cover all known and anticipated commitments. Monthly management accounts and reports are circulated to all members of the Finance and Audit Committee.

The governing body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 19 to the financial statements, represents a significant potential liability. However as the governors consider that the academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

The principal risks and uncertainties facing the academy are as follows

COVID19 – since March 2020 the school has been affected by the impact of this virus- financially and educationally. The school has had to meet additional costs associated with H&S precautions for staff and children. The biggest impact however has been on loss of income from lettings, as well as the lack of income from the breakfast and after school clubs as well as the Nursery. This has been quite considerable as staff have still had to be paid although we have been able to “furlough” some Nursery staff.

The academy has considerable reliance on continued government funding through the ESFA. In the last year 77% of the academy's incoming resources was ultimately government funded and whilst this level is expected to continue, there is no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. In the past few years it is becoming increasingly apparent that the actual and real levels of funding are falling year on year. This is leading to less resources, less teachers poorer maintained buildings, a more restrictive creative curriculum and a decreasing number of opportunities for children.

When looking at financial risk, September places a huge strain on resources because we have to balance payments for work undertaken during the summer holiday as well as balancing the many annual subscriptions that fall due at the start of the school year. This is something we are exploring to get a better balance of payments.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk governors ensure that student success and achievement are closely monitored and reviewed. Links are also being built with other schools locally to ensure good practice is shared and that success and achievement is kept in line with others. Contact is maintained with the Infant school as our principal feeder school to help maintain our bulk intake levels.

Safeguarding - the governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Staffing - the success of the academy is reliant on the quality of its staff and so the governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. This is being affected by the funding and ability to attract new and high quality teachers.

Fraud and mismanagement of funds - the academy has appointed an Internal Auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis

Environmental – The School's oil fuelled system has been replaced with a more cost effective gas system.

External – the success of the academy is influenced by external economic factors to the extent that they impact on costs and income. For example, changes to Government Education Policy, Ofsted or ESFA objectives. Increases to employer pension contribution, implementing National Pay Awards, increases to staff salaries, meeting the "living wage" or NI rates, will impact heavily, as will some restrictions imposed by the funding agreement, such as the requirement to offer the LGPS to support staff in place of an alternative pension scheme. Environmental measures or new initiatives such as the apprenticeship levy, whilst not having a major impact on a small academy, might have a much greater one if the academy became part of a multi academy trust. Changing patterns of wealth, age and population in the local area will also have an impact. The governors are aware of these factors and continue to review the risks with a view to allowing for them or to mitigating them as far as possible should it be seen that they are becoming issues.

Fundraising

The Academy Trust does not employ any professional fundraisers to fund raise on its behalf but all staff members and any volunteers involved in fundraising activities are trained in accordance with recognised standards so as to ensure that the public, including vulnerable people, are protected from unreasonable or intrusive approaches. The Academy Trust has not received any complaints about its fund raising activities.

Plans for future periods

We want to ensure the most excellent education for every pupil, enabling every child to succeed. We want to empower all pupils to unlock their potential, raising their aspiration and self-belief so that they can make a positive contribution within our changing world. We want an unrelenting focus on improving the quality of teaching to ensure that we are giving every child the best possible education.

To achieve excellence without losing compassion.
To enable brilliance and inspiration.
To raise aspirations of all learners.
To create a love and enthusiasm for learning in all.
To promote honesty and integrity.

Find each child's unique skill or talent

Embedding our School values of Creativity, Independence and Respect in all that we do, will ensure that pupils have the skills to deal with challenges both now and in the future.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Use of PASS survey to better inform staff of children's needs.

Children identifying and modelling values

Improve communication related to children and their needs between teachers /TAs/dinner staff/governors/nursery

ICT Website/ Parent Mail

Promotion of school in the media/ town /poster

Promotion of staff image

Parental Communication

Areas of focus:

Curriculum: To improve the breadth and balance of the curriculum, with a focus on ensuring children develop an understanding of the world around them through a stronger focus on Science, History and Geography along with current world issues. To encourage the development of a range of learning skills and practical skills that are transferable across the curriculum.

Quality of teaching: So that all children are able to achieve and exceed expectations, teaching needs to engage all learners, using a range of methods to deepen and further understanding and encourage independence.

Deployment of teaching assistants: Developing skill sets and clearly defining roles with a focus on having a sustainable impact on all children's learning.

School ecology: To Develop the school site to ensure it supports learning and play through a variety of different methods. To develop spaces that support the growing needs of our SEN children.

Preparing children's hearts and minds for the future: Every member of our school be it, child, support staff or governor is a vital part of our mission. Building on the positive outward facing focus of the whole team, further embedding the school values will ensure cohesiveness throughout the school.

Future Structure

The Executive Head Teacher role is redundant as of 31 August 2020. From 1 September 2020 Laura Cutts and Sarah Heaney are in post as the Head teachers of the school and have been appointed as the Accounting Officers for the Academy Trust. Whilst members of the Senior Leadership team are unchanged, the school will no longer have the position of Deputy Head within its Leadership and Management structure. The areas of responsibility of our Members and Trustees have also remained unchanged.

The direction of the school at this time is centred upon a clear focus on rebuilding our school community after the period of non-attendance for the large majority of staff and pupils from March – July. As a matter of priority the SLT are delivering and monitoring the success of our Catch-Up commitment to children and their families. This is to ensure that we are able to reclaim the lost weeks and months of education, with a dual focus on both learning and response to the curriculum and the wider wellbeing and pastoral factors that must be considered to ensure the success of every pupil.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors 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 Azets Audit Services be reappointed as auditor of the charitable company will be put to the members.

On 7 September 2020 Group Audit Services Limited, trading as Wilkins Kennedy Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 01 December 2020 and signed on its behalf by:

Victor Hester

Chair of Governors

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

As governors we acknowledge we have overall responsibility for ensuring that St Stephen's Academy Canterbury 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 governors has delegated the day-to-day responsibility to the 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 St Stephen's Academy Canterbury and the Secretary of State for Education. The accounting officer is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 5 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
Victor Hester (Chair of Governors)	4	5
Chris Barton	3	5
Lisa Carlson	4	5
Dr. Andrew Connell	2	5
Laura Cutts (Resigned 5 December 2019)	1	1
Jayne Dowkes (Resigned 5 December 2019)	1	1
Dr. Amanda Gosling	5	5
Sarah Heaney (Resigned 5 December 2019)	1	1
Rev. Kevin Maddy (Resigned 20 March 2020)	2	3
Marie Montague	1	5
Tony Payne	2	5
Bernadette Pearl (Resigned 5 December 2019)	1	1
Stuart Pywell (Accounting Officer) (Resigned 31 August 2020)	5	5
Barnaby Sandell	4	5
Lena Seed (Resigned 31 August 2020)	3	5

Members of the Board have carried out training, have attended Governors visits and have attended social events organised by the school. The Board has carried out a skills audit and have identified areas for training.

The Board has identified the need for additional reports and work to meet the challenges and changes in the demand for directing resources and devising strategy direction.

The Board has worked well with the Senior Management Team and will continue to do this. The Members have identified the need for an additional member and have considered a number of options, with a view to inviting an additional member in the coming year.

The Full Governing Body meets 4 times each Academic year with each sub-committee that monitors and regulates a particular area, meeting a further 3 times across the year. The minutes of all meetings are distributed among all Governors and all relevant matters are reported and ratified by the Full Governing Body. The Members of St Stephen's Junior School also meet a further 5 times a year taking a strategic view of the schools future. All procedures are put in place to ensure effective oversight is maintained. Due to Covid-19 fewer meetings have taken place, however the members and Governors have communicated via Zoom at regular intervals.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The finance and audit committee is a sub-committee of the main board of governors. Its purpose is to:

"monitor the budget and expenditure of the school to ensure sufficient controls are in place, and to ensure compliance with necessary ESFA regulations". The committee meet four times during the year.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Victor Hester (Chair of Governors)	2	2
Lisa Carlson	1	2
Dr. Andrew Connell	2	2
Laura Cutts (Resigned 5 December 2019)	1	2
Dr. Amanda Gosling	1	2
Sarah Heaney (Resigned 5 December 2019)	1	2
Tony Payne	1	2

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities.

The members (also known as trustees in school) have met formally 3 times in person and 10 times via Zoom during the Covid-19 lockdown. Attendance at meetings of the members was as follows:

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Victor Hester (Chair of Governors)	10	13
Chris Barton	13	13
Dr. Amanda Gosling	9	13
Rev. Kevin Maddy (Resigned 20 March 2020)	2	3
Barnaby Sandell	10	10

Review of value for money

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

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

What is Best Value?

Governors will apply the four principles of best value:

- Challenge - Is the School's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?
- Compare - How does the school's pupil performance and financial performance compare with all schools? How does it compare with similar schools?
- Consult - How does the school seek the views of stakeholders about the services the school provides?
- Compete - How does the school secure efficient and effective services? Are services of appropriate quality economic?

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Governors' Approach

The Governors and school managers will apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the school
- the targeting of resources to best improve standards and the quality of provision
- the use of resources to best support the various educational needs of all pupils

Governors and the school managers will:

- make comparisons with other/similar schools using data provided by the LA and the Government, e.g. Raise on line, quality of teaching & learning, levels of expenditure.
- challenge proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual pupil achievement targets.
- require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup, e.g. provision of computer suite , redecoration.
- consult individuals and organisations on quality/suitability of service we provide to parents and pupils, and services we receive from providers, e.g. Sex and Relationships education, pupil reports, assigned inspector, Ofsted, maintenance consultant.

This will apply in particular to:

- staffing
- use of premises
- use of resources
- quality of teaching
- quality of learning
- purchasing
- pupils' welfare
- health and safety

Governors and school managers will not:

- waste time and resources on investigating minor areas where few improvements can be achieved
- waste time and resources to make minor savings in costs
- waste time and resources be seeking tenders for minor supplies and services

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

Staffing

Governors and school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio and curriculum management.

Use of premises

Governors and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching & learning, for support services and for communal access to central resources, e.g. the library

Use of resources

Governors and school managers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality of learning.

Teaching

Governors and school managers will review the quality of curriculum provision and quality of teaching, in order to provide parents and pupils with:

- a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, the agreed RE Syllabus and the needs of pupils
- teaching which builds on previous learning and has high expectations of children's achievement.

Learning

Governors and school managers will review the quality of children's learning by cohort, class and group, to provide teaching which enables children to achieve nationally expected progress, e.g. setting of annual pupil achievement targets, 2 national curriculum levels between Year 3 and 6.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Governors and school managers will develop procedures for assessing need, and obtaining goods and services which provide 'best value' in terms of suitability, efficiency, time and cost. Measures already in place include:

- competitive tendering procedures (e.g. for goods and services above £5,000)
- procedures for accepting 'best value' quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship)
- procedures which minimise office time by the purchase of goods and services under £1,000 direct from known, reliable suppliers (e.g. stationery, small equipment)

Pupils welfare

Governors and school managers will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.

Health and safety

Governors and school managers will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

Monitoring

These areas will be monitored for best value by:

- In-house monitoring by the Head teacher and curriculum managers e.g. classroom practice, work sampling
- Termly target setting meetings between the Head teacher and curriculum managers
- Annual Performance Management
- Annual Budget Planning
- Head teacher's monthly financial review
- Termly visits by the designated Responsible Officer
- Annual audit by the appointed external auditors
- Analysis of school pupil performance data e.g. SATs results, standardised test results, Kent Test results against all schools, LA schools and similar schools
- Analysis of pupil performance data e.g. Assessment manager reports
- Analysis of DFE financial data, e.g. year end reports, against bench mark data for all schools and similar schools
- Analysis of DFE pupil performance data e.g. Raise on line
- Ofsted Inspection reports
- Governors' termly classroom observations
- Governors' termly committee meetings
- Governors' full termly meetings
- Governors' Annual Finance Review

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 St Stephen's Academy Canterbury for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of governors 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 governors 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 governors.

ST STEPHEN'S ACADEMY CANTERBURY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 governors;
- regular reviews by the finance and audit 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;
- identification and management of risks.

The board of governors appointed Wilkins Kennedy as the Academies Internal Auditors, due to Covid-19 only one visit was able to be made during the academic year. New ESFA guidelines, regarding the use of the same firm to carry out internal and external audit, means that a new firm will be appointed to carry out internal audits in the 2020-2021 academic year.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The Internal Auditor reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

No significant issues were noted during the work undertaken.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool;
- 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 01 December 2020 and signed on its behalf by:

Victor Hester
Chair of Governors

Stuart Pywell
Accounting Officer

ST STEPHEN'S ACADEMY CANTERBURY

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

As accounting officer of St Stephen's Academy Canterbury, 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 the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of governors and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of governors and ESFA:

During the year we purchased hampers as gifts, amounting to £1,369, for the governors which contained alcohol. This has been noted in the management letter issued by Azets Audit Services. In addition, we paid £462 for the purchase of alcohol and were then subsequently reimbursed £430, at the Christmas party.

Stuart Pywell
Accounting Officer

01 December 2020

ST STEPHEN'S ACADEMY CANTERBURY

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The governors (who act as trustees for St Stephen's Academy Canterbury and are also the directors of St Stephen's Academy Canterbury for the purposes of company law) are responsible for preparing the governors' report and the accounts 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 governors to prepare accounts for each financial year. Under company law, the governors must not approve the accounts 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 accounts, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform 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 governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of governors on 01 December 2020 and signed on its behalf by:

Victor Hester
Chair of Governors

ST STEPHEN'S ACADEMY CANTERBURY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST STEPHEN'S ACADEMY CANTERBURY

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of St Stephen's Academy Canterbury 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 accounts, 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 accounts:

- 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 accounts' 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 accounts 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.

Non compliance with the Academies Accounts Direction

The governors remuneration in note 9 has not been shown in bandings of £5,000 as required by the Academies Accounts Direction. Disclosure of the headteacher's remuneration has been disclosed but the staff governors remuneration has been shown in aggregate. Our opinion is not modified in this respect.

Conclusions relating to going concern

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

- the governors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the governors have not disclosed in the accounts 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 accounts are authorised for issue.

ST STEPHEN'S ACADEMY CANTERBURY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST STEPHEN'S ACADEMY CANTERBURY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Other information

The governors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the governors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the governors' 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 governors' 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governors

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

In preparing the accounts, the governors 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 governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

ST STEPHEN'S ACADEMY CANTERBURY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST STEPHEN'S ACADEMY CANTERBURY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michelle Wilkes FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

11 December 2020

5th Floor
Ashford Commercial Quarter
1 Dover Place
Ashford
Kent
TN23 1FB

ST STEPHEN'S ACADEMY CANTERBURY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST STEPHEN'S ACADEMY CANTERBURY AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 25 September 2018 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 St Stephen's Academy Canterbury 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 St Stephen's Academy Canterbury and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the St Stephen's Academy Canterbury and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St Stephen's Academy Canterbury and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Stephen's Academy Canterbury's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St Stephen's Academy Canterbury's funding agreement with the Secretary of State for Education dated 17 December 2010 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

ST STEPHEN'S ACADEMY CANTERBURY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST STEPHEN'S ACADEMY CANTERBURY AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusion

In the course of our work, except for the matters listed below, 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.

During the year the academy trust purchased hampers, amounting to £1,369, as gifts for the governors which contained alcohol. This has been noted in the management letter issued by Azets Audit Services. In addition, the academy trust paid for alcohol, amounting to £462 and were then subsequently reimbursed, amounting to £430, but not in full, purchased at the Christmas party.

Reporting Accountant

Azets Audit Services
5th Floor
Ashford Commercial Quarter
1 Dover Place
Ashford
Kent
TN23 1FB

Dated: 11 December 2020

ST STEPHEN'S ACADEMY CANTERBURY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2020 £'000	Total 2019 £'000
Income and endowments from:						
Donations and capital grants	3	25	-	24	49	63
Charitable activities:						
- Funding for educational operations	4	-	1,927	-	1,927	1,690
Other trading activities	5	434	-	-	434	717
Total		459	1,927	24	2,410	2,470
Expenditure on:						
Charitable activities:						
- Educational operations	7	409	2,285	82	2,776	2,645
Total	6	409	2,285	82	2,776	2,645
Net income/(expenditure)		50	(358)	(58)	(366)	(175)
Transfers between funds	16	(44)	56	(12)	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	18	-	(247)	-	(247)	(240)
Net movement in funds		6	(549)	(70)	(613)	(415)
Reconciliation of funds						
Total funds brought forward		(6)	(1,269)	4,283	3,008	3,423
Total funds carried forward		-	(1,818)	4,213	2,395	3,008

ST STEPHEN'S ACADEMY CANTERBURY

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2019 £'000
Income and endowments from:					
Donations and capital grants	3	21	-	42	63
Charitable activities:					
- Funding for educational operations	4	-	1,690	-	1,690
Other trading activities	5	717	-	-	717
Total		738	1,690	42	2,470
Expenditure on:					
Charitable activities:					
- Educational operations	7	448	2,112	85	2,645
Total	6	448	2,112	85	2,645
Net income/(expenditure)		290	(422)	(43)	(175)
Transfers between funds	16	(276)	283	(7)	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	18	-	(240)	-	(240)
Net movement in funds		14	(379)	(50)	(415)
Reconciliation of funds					
Total funds brought forward		(20)	(890)	4,333	3,423
Total funds carried forward		(6)	(1,269)	4,283	3,008

ST STEPHEN'S ACADEMY CANTERBURY

BALANCE SHEET

AS AT 31 AUGUST 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		4,251		4,324
Current assets					
Debtors	12	40		75	
Cash at bank and in hand		36		14	
		<u>76</u>		<u>89</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	(142)		(100)	
Net current liabilities			(66)		(11)
Total assets less current liabilities			4,185		4,313
Creditors: amounts falling due after more than one year	14		(36)		(36)
Net assets before defined benefit pension scheme liability			4,149		4,277
Defined benefit pension scheme liability	18		(1,754)		(1,269)
Total net assets			2,395		3,008
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			4,213		4,283
- Restricted income funds			(64)		-
- Pension reserve			(1,754)		(1,269)
Total restricted funds			2,395		3,014
Unrestricted income funds	16		-		(6)
Total funds			2,395		3,008

The accounts on pages 29 to 53 were approved by the governors and authorised for issue on 01 December 2020 and are signed on their behalf by:

Victor Hester
Chair of Governors

Company Number 07441370

ST STEPHEN'S ACADEMY CANTERBURY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £'000	£'000	2019 £'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	19		(10)		(78)
Cash flows from investing activities					
Capital grants from DfE Group		41		25	
Purchase of tangible fixed assets		(9)		(45)	
Net cash provided by/(used in) investing activities			32		(20)
Net increase/(decrease) in cash and cash equivalents in the reporting period			22		(98)
Cash and cash equivalents at beginning of the year			14		112
Cash and cash equivalents at end of the year			36		14

ST STEPHEN'S ACADEMY CANTERBURY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

St Stephen's Academy Canterbury is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the governors' report.

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 accounts 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.

1.2 Going concern

The governors 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 governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

Covid has had a dramatic and potentially catastrophic impact on our Academy. In the past we have operated a successful lettings programme, Nursery and After School Club, raising significant funds for the school as well providing employment for over forty people. Planning that significant cost cutting will have to be adopted the board of governors however has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. At 31 August 2020 the unrestricted funds are negative by £64k. The restructuring of the Staff Team at the end of the 2019-2020 Academic Year will enable the Academy to move forward into a more positive financial position and build up a reserve balance as required.

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.

ST STEPHEN'S ACADEMY CANTERBURY

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

1 Accounting policies

(Continued)

Donations

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

Other income

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

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 accounts 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.

Transfer of lease

On conversion to Academy status the Local Authority gifted the school buildings to the Academy Trust with a 125 year long term lease. The properties have been professionally valued as at 1 January 2011, the date of transfer. The valuation is underpinned by SORP 2005 and has adopted the Depreciated Replacement Cost (DRC) for specialist property and the land uses the market value. As the buildings are of a specialist nature then a Depreciated Replacement Cost method has been used to calculate the fair value of the buildings.

The land that was gifted on conversion from the Local Authority has been valued using the ESFA Desktop valuation service.

Interest receivable

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

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.

ST STEPHEN'S ACADEMY CANTERBURY

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

1 Accounting policies

(Continued)

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

Individual assets costing £1,000 or more or group assets costing £5,000 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.

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:

Freehold and leasehold land and buildings	2% straight line, Land not depreciated
Leasehold improvements	Not depreciated
Computer equipment	33.33% straight line
Fixtures, fittings & equipment	33.33% straight line
Motor vehicles	20% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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 or services it must provide.

1.7 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.

ST STEPHEN'S ACADEMY CANTERBURY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.8 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 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.

1.9 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 governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skill Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education.

2 Critical accounting estimates and areas of judgement

Accounting 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.

ST STEPHEN'S ACADEMY CANTERBURY

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

2 Critical accounting estimates and areas of judgement

(Continued)

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

LGPS

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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.

Critical areas of judgement

There are no critical areas of judgement.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Capital grants	-	24	24	42
Other donations	25	-	25	21
	<u>25</u>	<u>24</u>	<u>49</u>	<u>63</u>

ST STEPHEN'S ACADEMY CANTERBURY

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

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	1,463	1,463	1,425
Other DfE group grants	-	338	338	222
	-	1,801	1,801	1,647
Other government grants				
Local authority grants	-	18	18	18
Exceptional government funding				
Coronavirus job retention scheme grant	-	91	91	-
Coronavirus exceptional support	-	1	1	-
	-	92	92	-
Other funding				
Other incoming resources	-	16	16	25
Total funding	-	1,927	1,927	1,690

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 £1k of costs. These costs are included in notes 6 and 7 below as appropriate.

- The academy furloughed some of its extended day staff, support staff and nursery care staff under the government's CJRS. The funding received of £91k relates to staff costs in respect of these staff which are included within note 8 below as appropriate.

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Hire of facilities	18	-	18	27
Catering income	46	-	46	69
Trips	56	-	56	123
Extended schools programme	117	-	117	177
Nursery school	197	-	197	321
	434	-	434	717

ST STEPHEN'S ACADEMY CANTERBURY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

6 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2020 £'000	Total 2019 £'000
Academy's educational operations					
- Direct costs	1,330	62	111	1,503	1,480
- Allocated support costs	1,005	133	135	1,273	1,165
	<u>2,335</u>	<u>195</u>	<u>246</u>	<u>2,776</u>	<u>2,645</u>

Net income/(expenditure) for the year includes:

	2020 £'000	2019 £'000
Fees payable to auditor for:		
- Audit	7	7
- Other services	3	2
Operating lease rentals	5	5
Depreciation of tangible fixed assets	82	85
Net interest on defined benefit pension liability	24	23
	<u> </u>	<u> </u>

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Direct costs				
Educational operations	-	1,503	1,503	1,480
Support costs				
Educational operations	409	864	1,273	1,165
	<u>409</u>	<u>2,367</u>	<u>2,776</u>	<u>2,645</u>

ST STEPHEN'S ACADEMY CANTERBURY

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

7 Charitable activities

(Continued)

	2020 £'000	2019 £'000
Analysis of support costs		
Support staff costs	1,003	849
Depreciation	20	14
Premises costs	113	114
Other support costs	123	173
Governance costs	14	15
	<u>1,273</u>	<u>1,165</u>

8 Staff

Staff costs

Staff costs during the year were:

	2020 £'000	2019 £'000
Wages and salaries	1,611	1,545
Social security costs	129	122
Pension costs	521	362
	<u>2,261</u>	<u>2,029</u>
Staff costs - employees	2,261	2,029
Agency staff costs	-	21
Staff restructuring costs	64	-
	<u>2,325</u>	<u>2,050</u>
Staff development and other staff costs	13	22
	<u>2,338</u>	<u>2,072</u>

Staff restructuring costs comprise:

Redundancy payments	64	-
	<u>64</u>	<u>-</u>

Staff numbers

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

	2020 Number	2019 Number
Teachers	39	37
Administration and support	47	43
Management	4	4
	<u>90</u>	<u>84</u>

ST STEPHEN'S ACADEMY CANTERBURY

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

8 Staff

(Continued)

Higher paid staff

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

	2020 Number	2019 Number
£110,001 - £120,000	-	1
£170,001 - £180,000	1	-
	<u> </u>	<u> </u>

The banding of £170,001 to £180,000 includes salary as well as redundancy pay.

Key management personnel

The key management personnel of the academy trust comprise the governors and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance contributions) received by key management personnel for their services to the academy trust was £378k (2019: £354k).

ST STEPHEN'S ACADEMY CANTERBURY

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

9 Governors' remuneration and expenses

The Executive headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Executive headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

During the year, travel and subsistence payments totalling £687 (2019: £Nil) were reimbursed to 1 governor (2019: 0 governors) in respect of their role as staff as outlined above.

The value of governors' remuneration, including pension contributions, was as follows:

S Pywell (Executive headteacher)

Remuneration £110,001 - £115,000 (2019: £110,001 - £115,000)

Redundancy £60,001 - £65,000

Employers pension contributions £20,001 - £25,000 (2019: £20,001 - £25,000)

Staff governors resigned on 5 December 2019. Their combined remuneration for the year ended 31 August 2019 was as follows remuneration £134,078; pension £24,330)

J Dowkes (resigned 5 December 2019)

Remuneration £10,001 - £15,000

Employers pension contributions £0 - £5,000

L Cutts (resigned 5 December 2019)

Remuneration £5,001 - £10,000

Employers pension contributions £0 - £5,000

S Heaney (resigned 5 December 2019)

Remuneration £5,001 - £10,000

Employers pension contributions £0 - £5,000

B Pearl (resigned 5 December 2019)

Remuneration £5,001 - £10,000

Employers pension contributions £0 - £5,000

The other staff Governors listed above only received remuneration for their role as a member of staff and the salaries have been aggregated as the Governors believe any further detailed breakdown would be prejudicial to the structure of the Governing Board. Other related party transactions involving the governors are set out within the related parties note.

10 Insurance for governors and officers

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 governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the governors and officers indemnity element from the overall cost of the RPA scheme.

ST STEPHEN'S ACADEMY CANTERBURY

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

11 Tangible fixed assets

	Freehold and leasehold land and buildings	Leasehold improvements	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2019	4,629	207	60	94	17	5,007
Additions	-	-	7	2	-	9
At 31 August 2020	4,629	207	67	96	17	5,016
Depreciation						
At 1 September 2019	513	12	55	89	14	683
Charge for the year	59	12	4	5	2	82
At 31 August 2020	572	24	59	94	16	765
Net book value						
At 31 August 2020	4,057	183	8	2	1	4,251
At 31 August 2019	4,116	195	5	5	3	4,324

Included in Buildings at original cost/valuation are:

- Leasehold buildings £2,245,000
- Leasehold land £1,300,000
- Freehold buildings £90,000
- Leasehold improvements £381,606
- New modular building £611,811

12 Debtors

	2020 £'000	2019 £'000
Trade debtors	2	2
VAT recoverable	1	11
Prepayments and accrued income	37	62
	40	75

ST STEPHEN'S ACADEMY CANTERBURY

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

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Other loans	5	5
Trade creditors	28	43
Other creditors	67	4
Accruals and deferred income	42	48
	<u>142</u>	<u>100</u>

14 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Other loans	36	36
	<u>36</u>	<u>36</u>
Analysis of loans	2020 £'000	2019 £'000
Not wholly repayable within five years by instalments	16	16
Wholly repayable within five years	25	25
	<u>41</u>	<u>41</u>
Less: included in current liabilities	(5)	(5)
	<u>36</u>	<u>36</u>
Loan maturity		
Debt due in one year or less	5	5
Due in more than one year but not more than two years	5	5
Due in more than two years but not more than five years	15	15
Due in more than five years	16	16
	<u>41</u>	<u>41</u>

Included above is a Salix loan of £41k received as part of a successful Condition Improvement Fund bid. The loan is repayable monthly over 8 years and is interest free. No repayments have been made in 2019/20.

15 Deferred income

	2020 £'000	2019 £'000
Deferred income is included within:		
Creditors due within one year	12	5
	<u>12</u>	<u>5</u>

ST STEPHEN'S ACADEMY CANTERBURY

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

15 Deferred income

(Continued)

Deferred income at 1 September 2019	5	5
Released from previous years	(5)	(5)
Resources deferred in the year	12	5
	<u> </u>	<u> </u>
Deferred income at 31 August 2020	12	5
	<u> </u>	<u> </u>

At the balance sheet date the academy trust was holding funds received in advance for the following:

- ESFA rates for September 2020 to March 2021
- PGL trip

16 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	-	1,463	(1,583)	56	(64)
Other DfE / ESFA grants	-	338	(338)	-	-
Other government grants	-	110	(110)	-	-
Other restricted funds	-	16	(16)	-	-
Pension reserve	(1,269)	-	(238)	(247)	(1,754)
	<u>(1,269)</u>	<u>1,927</u>	<u>(2,285)</u>	<u>(191)</u>	<u>(1,818)</u>
Restricted fixed asset funds					
DfE group capital grants	-	24	-	(21)	3
Salix loan	(41)	-	-	-	(41)
Fixed asset fund	4,324	-	(82)	9	4,251
	<u>4,283</u>	<u>24</u>	<u>(82)</u>	<u>(12)</u>	<u>4,213</u>
Total restricted funds	3,014	1,951	(2,367)	(203)	2,395
Unrestricted funds					
General funds	(6)	459	(409)	(44)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total funds	3,008	2,410	(2,776)	(247)	2,395
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

ST STEPHEN'S ACADEMY CANTERBURY

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

16 Funds

(Continued)

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

General Annual Grant

Income received from the ESFA to cover the normal running costs of the Academy Trust. 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.

Other DFE/ESFA grants

This includes the pupil premium, sports funding, rates relief, teachers' pay grant, teachers pension grant, FSM and Covid support grants.

Other government grants

This includes additional pupil premium and additional funding received from the Local Authority together with Covid Job Retention Scheme grant.

Other grants

Other grants funds include grant from KCC to support teaching of music within schools, funding provided by KCC for high needs pupils, graduate training programme and other various items.

Salix loan

This is a loan to be repaid over 8 years as part of the successful CIF bid.

Transfer between funds

The transfer between funds represents the costs of devolved capital grant which have been used on repair costs and the transfer of unrestricted funds to cover the costs of restricted grants.

ST STEPHEN'S ACADEMY CANTERBURY

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

16 Funds

(Continued)

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

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	1,425	(1,708)	283	-
Other DfE / ESFA grants	-	222	(222)	-	-
Other government grants	-	18	(18)	-	-
Other restricted funds	-	25	(25)	-	-
Pension reserve	(890)	-	(139)	(240)	(1,269)
	<u>(890)</u>	<u>1,690</u>	<u>(2,112)</u>	<u>43</u>	<u>(1,269)</u>
Restricted fixed asset funds					
DfE group capital grants	10	42	-	(52)	-
Salix loan	(41)	-	-	-	(41)
Fixed asset fund	4,364	-	(85)	45	4,324
	<u>4,333</u>	<u>42</u>	<u>(85)</u>	<u>(7)</u>	<u>4,283</u>
Total restricted funds	<u>3,443</u>	<u>1,732</u>	<u>(2,197)</u>	<u>36</u>	<u>3,014</u>
Unrestricted funds					
General funds	(20)	738	(448)	(276)	(6)
Total funds	<u>3,423</u>	<u>2,470</u>	<u>(2,645)</u>	<u>(240)</u>	<u>3,008</u>

ST STEPHEN'S ACADEMY CANTERBURY

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

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	4,251	4,251
Current assets	73	-	3	76
Creditors falling due within one year	(137)	-	(5)	(142)
Creditors falling due after one year	-	-	(36)	(36)
Defined benefit pension liability	-	(1,754)	-	(1,754)
Total net assets	(64)	(1,754)	4,213	2,395
Balance to allocate	64	(64)	-	-
Per balance sheet	-	(1,818)	4,213	2,395
	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	4,324	4,324
Current assets	89	-	-	89
Creditors falling due within one year	(59)	-	(41)	(100)
Creditors falling due after one year	(36)	-	-	(36)
Defined benefit pension liability	-	(1,269)	-	(1,269)
Total net assets	(6)	(1,269)	4,283	3,008

18 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 Kent 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 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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.

ST STEPHEN'S ACADEMY CANTERBURY

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

18 Pension and similar obligations

(Continued)

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. The 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 £169k (2019: £111k).

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21% for employers and 5.5 to 7.5% for employees. The estimated value of employer contributions for the year ended 31 August 2020 is £130k.

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 £'000	2019 £'000
Employer's contributions	138	130
Employees' contributions	47	45
Total contributions	185	175

ST STEPHEN'S ACADEMY CANTERBURY

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

18 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.25	3.70
Rate of increase for pensions in payment/inflation	2.25	2.20
Discount rate for scheme liabilities	1.60	1.90
Inflation assumption (CPI)	2.25	2.20

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	21.8	22.1
- Females	23.8	24.0
Retiring in 20 years		
- Males	23.2	23.7
- Females	25.2	25.8

Scheme liabilities would have been affected by changes in assumptions as follows:

Defined benefit pension scheme net liability

Scheme assets	1,809	1,548
Scheme obligations	(3,563)	(2,817)
Net liability	(1,754)	(1,269)

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

	2020 Fair value £'000	2019 Fair value £'000
Equities	1,171	1,056
Other bonds	234	140
Gilts	12	11
Cash	55	41
Property	199	180
Other assets	138	120
Total market value of assets	1,809	1,548

The actual return on scheme assets was £81,000 (2019: £63,000).

ST STEPHEN'S ACADEMY CANTERBURY

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

18 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2020 £'000	2019 £'000
Current service cost	294	246
Past service cost	58	-
Interest income	(30)	(36)
Interest cost	54	59
	<hr/>	<hr/>
Total operating charge	376	269
	<hr/>	<hr/>
Changes in the present value of defined benefit obligations	2020 £'000	2019 £'000
At 1 September 2019	2,817	2,214
Current service cost	294	246
Interest cost	54	59
Employee contributions	47	45
Actuarial loss	298	267
Benefits paid	(5)	(14)
Past service cost	58	-
	<hr/>	<hr/>
At 31 August 2020	3,563	2,817
	<hr/>	<hr/>
Changes in the fair value of the academy trust's share of scheme assets	2020 £'000	2019 £'000
At 1 September 2019	1,548	1,324
Interest income	30	36
Actuarial gain	51	27
Employer contributions	138	130
Employee contributions	47	45
Benefits paid	(5)	(14)
	<hr/>	<hr/>
At 31 August 2020	1,809	1,548
	<hr/>	<hr/>

ST STEPHEN'S ACADEMY CANTERBURY

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

19 Reconciliation of net expenditure to net cash flow from operating activities

	2020 £'000	2019 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(366)	(175)
Adjusted for:		
Capital grants from DfE and other capital income	(24)	(42)
Defined benefit pension costs less contributions payable	214	116
Defined benefit pension scheme finance cost	24	23
Depreciation of tangible fixed assets	82	85
Decrease in debtors	18	118
Increase/(decrease) in creditors	42	(203)
Net cash used in operating activities	(10)	(78)

20 Analysis of changes in net debt

	1 September 2019 £'000	Cash flows £'000	31 August 2020 £'000
Cash	14	22	36
Loans falling due within one year	(5)	-	(5)
Loans falling due after more than one year	(36)	-	(36)
	(27)	22	(5)

21 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Children, Schools and Families the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

22 Capital commitments

	2020 £'000	2019 £'000
Expenditure contracted for but not provided in the accounts	26	-

ST STEPHEN'S ACADEMY CANTERBURY

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

23 Related party transactions

Owing to the nature of the academy trust 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 governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance 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.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

Expenditure related party transactions

£1,200 (2019: £1,200) was paid to Stuart Pywell's wife, Sally Pywell for HR consultancy. This transaction was under normal commercial terms and the amount paid was less than the actual cost of the service performed. In addition Sally Pywell is also the Trust's DPO.

Vic Hester and Stuart Pywell are trustees of St. Stephen's Junior School Voluntary Fund. £6,015 (2019: £19,009) was paid to St. Stephen's Junior School Voluntary Fund for various items during the year. At 31 August 2020 £Nil (2019: £6,226) was owing to St. Stephen's Junior School Voluntary Fund.

Income related party transactions

During the year £8,000 (2019: £20,000) was donated to the academy trust by the St. Stephen's Voluntary Fund, in which Victor Hester and Stuart Pywell are trustees. On 22 July 2020 the St. Stephen's Voluntary Fund was removed from the charity register as all funds had been spent.

24 Post balance sheet events

On 31 August 2020, the executive headteacher role was made redundant and a new management structure was put in place.

25 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.