

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Trustees

Kevin Bawn, Principal^{1,2,3}
Linda Smith, Staff Trustee (resigned 27 March 2013)¹
Vanessa Francis^{1,3}
Susanne Smye (resigned 20 May 2013)^{2,3}
Levon Stephan^{2,3}
Jonathan Farnhill^{2,3}
Georgina Stroud^{1,3}
Lois Angell, Staff Trustee (resigned 6 November 2012)²
Paul Colin, Staff Trustee²
Cathryn Durston^{2,3}
Annabel McDonald (resigned 20 November 2012)²
Graeme Robb (resigned 31 January 2013)^{1,3}
Barbara Rusbridge (resigned 4 February 2013)^{2,3}
Simon Sanger-Anderson, Chair^{1,3}
Greg Evans (appointed 3 December 2012)^{2,3}
Melanie Prance, Staff Trustee (appointed 3 December 2012)²
David Hewlett, Staff Trustee (appointed 3 December 2012)¹
James Lee (appointed 4 February 2013)^{2,3}
Teresa Grieve (appointed 4 February 2013)^{1,3}
Kate Hoskins (appointed 4 February 2013)^{1,3}
Sara Watt, Staff Trustee (appointed 3 May 2013)¹

¹ Finance and Premises

² Curriculum, Learning and Teaching

³ Pay

**Company registered
number** 07564519

**Principal and Registered
office** Station Road
Broadclyst
Exeter
Devon
EX5 3AJ

Company secretary Jillian Collins

**Senior management
team**

K Bawn, Principal
A Green, Vice Principal - Curriculum
C Dormand, Deputy Principal - Teaching
D Walters, Deputy Principal - Teaching
P Colin, Deputy Principal - Timetable, STEM
P Sutton, Deputy Principal - Intervention
A Hopkins, College Manager

Independent auditors

Bishop Fleming
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
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Advisers (continued)

Bankers	Lloyds TSB Plc High Street Exeter Devon
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**CLYST VALE ACADEMY TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was incorporated on 15th March 2011 and opened as an Academy on 1st April 2011, a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Governors act as the Trustees for the charitable activities of Clyst Vale Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Clyst Vale Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1s 1 to 2.

Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10,000,000 and this cover is provided by QBE.

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10m on any one claim but is dependent on using the legal service provided under the policy.

Principal Activity

The principal activity is to advance for the public benefit education in the United Kingdom by maintaining and developing a secondary school offering a broad and balanced curriculum.

The principal activity of the Academy Trust is to provide free education for pupils of different abilities between the ages of 11 and 18.

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1st April 2011 the Trustees appointed all those Governors that served the predecessor school to be Trustees of the newly formed Academy Trust. These Trustees were appointed for 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.

The Academy Trust's Governing Body comprises the Principal, 6 Parent Trustees, 4 member appointed Trustees and 3 Co-opted Trustees.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

agreement:

- Up to 4 Trustees who are appointed by Members;
- Minimum of 2, maximum of 6 Parent Trustees who are elected by parents of registered pupils at the Academy Trust;
- 4 staff Trustees, not including the Principal;
- The Principal who is treated for all purposes as being an ex officio Trustee;
- Up to 3 Co-opted Trustees who are appointed by the Governing Body.

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

When appointing new Trustee, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy Trust's development.

In order to ensure equitable representation of stakeholder groups, both Staff Trustees and Parent Trustees are subject to an election process.

Policies and Procedures adopted for the Induction and Training of Trustees

As there are normally only two or three new Trustees recruited in a given year, induction tends to be informal and tailored specifically to the individual. The training and induction provided for new Trustees will therefore depend upon their existing experience but would always include a meeting with the Chair of Trustees and Principal and a tour of the Academy Trust as a chance to meet staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. New Trustees are expected and encouraged to undertake relevant training and briefing offered by Devon's Trustee Services and other providers. An experienced Trustee is encouraged to adopt a new Trustee as a 'mentor'.

There is a Trustees' away day organised each year which includes sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Full Board of Trustees meets five times per year. The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

The Committee structure is as follows:

- Finance and Premises Committee - this meets eight times per year approximately every four to five weeks, and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, reviewing and making recommendations to the Full Board of Trustees on the annual budget, including setting staffing levels. This committee also considers Premises and Health & Safety on a regular basis.
- Curriculum Committee - this meets five to eight times a year, approximately every four to five weeks to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues including staff and student welfare.
- Pay Committee – this meets once per year to confirm recommendations with regard to pay progression and other pay matters which may be appropriate.
- Audit Committee – this meets at least 3 times a year to co-inside with its internal systems reviews. After each review the nominated Responsible Officer advises the full board of trustees of its findings and recommendations at the next board meeting.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to the Trustees, to approve the Annual Improvement Plan (CIP) and budget.

The Trustees are responsible for setting general policy, approving the budget and statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for the day to day management of the Academy Trust to the Principal and Senior Leadership Team (SLT) comprising the Principal, Deputy Vice Principal, four Deputy Principals, and the College Manager. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Senior Leadership Team (SLT) is responsible for the authorisation of spending within an agreed budget. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Principal is responsible for the appointment of staff, through appointment panels for teaching posts and senior support staff posts always include a Trustee.

The Principal is the Accounting Officer.

Risk management

The Academy Trust has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

The Academy Trust has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy Trust faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

Connected Organisations, including Related Party Relationships

The Academy Trust has strong collaborative links with 8 partner primary schools which form part of the Clyst Vale Learning Community. There are looser collaborative links with other Secondary Schools in East and Mid Devon through a 14-19 partnership and other Networks. Clyst Vale is also in partnership with Ndururumo High School, Nyahururu, Kenya.

There are no related parties which either control or significantly influence the decisions and operations of Clyst Vale Academy Trust. There are no sponsors associated with the Academy Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal activity of the Academy Trust is to advance for the public benefit, education in the UK, in particular by establishing managing and developing a secondary state school, offering a broad and balanced curriculum for students of different abilities.

The principal object and activity of the Charitable Company is the operation of Clyst Vale Academy Trust to provide free education and care for pupils of different abilities between the ages of 11 and 18.

Our vision, approved by the Governing Body in June 2011 is as follows:

“What students will be –

Students who are confident, creative, motivated to learn and who are self-aware but equally appreciative of the qualities of others.

What students will do –

Students who will realise their potential, exceed their expectations and play a positive, active and responsible

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

role in society.

The Academy Trust's mission is as follows:

"Inspired by our students, our location, our skills and our community, we:

1. enable students of all abilities to make outstanding progress beyond their expected capabilities and so gain the qualifications and skills they need to achieve their potential and aspirations
2. provide inspiring and creative teaching and a curriculum which promotes independent learning, academic excellence and an understanding of the local and global challenges and opportunities that society will face.
3. enable students to develop socially and emotionally as individuals, and so gain an understanding of their responsibilities towards society and the positive impact they can make in the world.
4. support lifelong learning for everyone in our communities".

Objectives, Strategies and Activities

Key priorities for the year are contained in the College Improvement Plan which is available from the Clyst Vale Community College website. Key activities and targets were identified in the College Improvement Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding, including the conversion to Academy Trust status. The 2013-14 plan is also influenced by the outcomes of an Ofsted inspection in July 2013. These activities are described in detail in the College Improvement Plan.

Public Benefit

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Academy Trust aims to advance for the public benefit, education in our designated catchment area and, where appropriate, beyond. The Academy Trust provides for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community; for instance, the Academy Trust supports a Dual-use Library and a good working relationship with the shared-use Sports Hall.

As an Academy Trust we have a duty to support other schools. We support these schools through use of our premises and specialist skills in Science, Maths and computing in particular. We provide outreach to Primary Schools in Maths Science, Drama and Hearing Support; provide support to a range of other schools through "Thinking Schools".

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

The Academy Trust is in its second period of operation and has exceeded the forecast number of students. The total number of students in the year ended 31 August 2013 numbered 1009. The Academy Trust has, in agreement with Devon County Council agreed to admit 182 students each year.

Examination results

- At A2, in 2013 the Academy Trust achieved a 95% pass rate (* to E). The AS A-E pass rate was 86%, a significant improvement.
- The Academy Trust's GCSE results in June 2013 were 73.6% of students achieving 5 A* - C and 60% achieving 5 A* to C including English and Maths. These results are above the Devon average, and represent improvement on 2012.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

- The College's 5 A* to G rate at GCSE was 94% of students achieving this standard, and only one student (withdrawn by parents) left Clyst Vale without a GCSE qualification (99.4% 1A* - G).

To ensure that standards are continually raised the Academy Trust operates a programme of self-evaluation including data monitoring, tracking and analysis; observation of lessons; reports from external visitors, for example the School Improvement Partner, and subject reviews, which in turn include scrutiny of students' work and student interviews. During this accounting period the College was inspected by Ofsted, and graded as Requiring Improvement.

Continuing professional development for all staff has been very successful with a strong focus on Thinking Skills. Further, Teaching and Learning Responsibility holders have benefited from in house training on their leadership role and expectations. Teachers from a wide range of subjects have attended new specification / examination courses to familiarise departments with the new GCSE, A-Level and vocational qualification requirements.

During the year the Academy Trust's charity fundraising activities have raised in excess of £6,000 all of which has been transferred to the relevant charity.

The Academy Trust has maintained close links with Exmouth Community College Academy and Queen Elizabeth Academy. The three Academies are embarking on collaborative working with a view to making efficiency savings in back office functions.

Going Concern

After making appropriate enquiries, the Board of Trustees' has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Key Financial Performance Indicators

As funding is based on pupil numbers this is also a key performance indicator.

Please see table below.

College	2012/2013(Oct Census)	2011/2012 (Jan Census)
Student Numbers; Years 7-11	803	833
Student Numbers: Sixth Form	183	177
No. Exceptional Arrangements	36	44
No FSM Students	73	64

The following KPIs were set at the start of the year

College	2012/2013 Actual	2012/2013 Target	2011/2012 Actual
Student Attendance %	94.8%	95%	95%
GCSE 5 A-C inc Maths & English	60%	69%	55%
% students making expected progress in English (GCSE)	62%	77%	59.9%
% students making expected progress in Maths	80%	78%	66.8%

FINANCIAL REVIEW

Financial Review

Most of the Academy Trust's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE and are shown in the Statement of

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**TRUSTEES' REPORT (continued)
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Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy Trust's accounting policies.

During the period ended 31 August 2013, total expenditure of £5,833,757 was covered by recurrent grant funding from the DfE, together with other incoming resources of £6,037,126. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £44,931.

At 31 August 2013 the net book value of fixed assets was £10,840,829 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The land, buildings and other assets were transferred to the Academy Trust upon conversion. Land and buildings were professionally valued on 1st April 2011 at £20,654,478. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 25 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board and its Committees, the Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charging and Lettings, Charges & Remission, Trustees Allowances and Anti-Fraud.

During the year, the Trustees received reports from the Responsible Officer/internal audit (Devon Audit) which contained no matters of significance. The Trustees have appointed North Somerset Council to undertake a programme of internal checks on the financial controls and report its findings to the Audit Committee.

Financial and Risk Management Objectives and Policies

The Academy Trust has a Risk Register and a Risk Management Action Plan. These have been discussed by the Trustees and include the financial risks to the Academy Trust. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Risks to revenue funding are monitored closely. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years. Demographic trends and housing gain in the Academy Trust's local areas mean that rolls are likely to rise, although the development of a competitor secondary school in the new settlement of Cranbrook might limit this significantly in future.

The Trustees examine the financial health regularly, reviewing performance against budgets and overall expenditure by means of regular budget monitoring reports at all Finance Committee meetings. The Trustees also regularly review bank balances and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy Trust had no significant liabilities arising from trade creditors or debtors which would represent a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 25 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

foreseeable future, this risk from this liability is minimised.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy Trust are as follows:

Financial - the Academy Trust has considerable reliance on continued Government funding through the EFA. In the last year 96% of the Academy Trust'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.

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

Reputational - the continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Demographic and Strategic - the combination of increased freedoms with respect to new schools, free schools and UTCs with the uncertain rate of demographic growth in the local area exposes the Academy Trust to financial and comparative reputational risk, should student numbers fall. To mitigate this risk, Trustees strive to secure the latest information available, and adopt the strategies indicated above.

Safeguarding and child protection - the Trustees 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.

Staffing - the success of the Academy Trust is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. With regard to staff consultation, the Governing Board are committed to ensuring that staff of the Academy Trust are consulted at all times on fundamental issues impacting on their employment and conditions of service.

Fraud and mismanagement of funds - The Academy Trust has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academy Trust Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

Disability and Equality – The Governing Body is committed to the elimination of discrimination and ensuring equal treatment in employment. This applies to all stages of employment, including recruitment, selection, learning and training, pay, working relationships, career development, redundancy and retirement. This commitment is clearly demonstrated in the Academy Trust's policies.

The Academy Trust 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 is currently under review.

Over the next 3 years there are significant challenges which we need to address. Some are within our control; others await national resolution and further development.

Learning

- Responding to the issues for action from the Ofsted Report
- Making sure all learners make good progress
- Improving the effectiveness of the curriculum to support the above
- Responding to the national changes to assessment in public examinations and performance
- Responding to the further raising of the Participation Age from September 2014

Staffing

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**TRUSTEES' REPORT (continued)
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- Changes to School Teachers' Pay and Conditions
- The future of our Learning Community
- Succession Planning

Finance & Premises

- Managing uncertain student numbers in light of changing local demographic position
- Addressing the quality and sustainability of the learning environment
- Changes to School Teachers' Pay and Conditions
- Changes to national and local school funding formulae
- Significant changes to the funding of students with special educational needs including within the College's Hearing Support Centre
- Raising of the Participation Age

Reserves Policy

The Trustees review the reserve levels of the Academy Trust at least every term. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy Trust, the uncertainty over future income streams, student numbers and staffing requirements and other key risks.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. All funds surplus to immediate requirements are invested to optimal effect taking into account the period available, current interest rates and associated risks.

Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Principal and College Manager within strict guidelines approved by the Governing Body as defined in our Investment Policy.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels and will continue its efforts to ensure its students gain jobs or a place in higher education once they leave. The Academy Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives. The Academy Trust will also seek to maximise its recruitment up to the new Planned Admission Number.

The Academy Trust will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The Academy Trust aims in the future to develop its specialism in Science, Maths and Computing to embrace the 'STEM' agenda and opportunities becoming evident in its locale. This will include building partnerships with local business and business organisations to enrich the curriculum and develop appropriate skills.

The Academy Trust is committed to improve the facilities of the College. To this end a master-plan for the site has been drawn up in conjunction with local architects, and the Academy Trust has been successful in securing £2.4m capital funding to deliver this plan, the 'start up' funding of £480k was received in this accounting period.

Full details of our plans for the future are given in our College Improvement Plan, which is available on our website or from the Clerk to the Trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and

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**TRUSTEES' REPORT (continued)
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- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Bishop Fleming, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the Board of Trustees' on 2 December 2013 and signed on its behalf by:

**Simon Sanger-Anderson
Chair of Trustees**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees' has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Clyst Vale Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees' any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Board of Trustees' has formally met 5 times during the year. Attendance during the year at meetings of the Full Board of Trustees' was as follows:

Trustee	Meetings attended	Out of a possible
Dr K Bawn(Principal & Accounting Officer)	5	5
S Sanger-Anderson(Chair)	5	5
L Stephen	5	5
G Stroud	4	5
C Durston	5	5
J Farnhill	4	5
V Francis	4	5
B Rusbridge(Resigned Feb 13)	3	3
S Smye(Resigned May 13)	4	5
G Evans(Joined Nov 12)	2	3
L Angel(End of Term Nov 12)	2	2
G Robb(End of Term Jan 13)	3	3
L Smith(Staff Resigned Mar 13)	4	4
M Prance(Staff)	2	2
D Hewlett(Staff)	2	3
P Colin(Staff)	5	5
A McDonald(Staff resigned Nov 12)	1	2
T Grieve(Joined Feb 13)	2	2
K Hoskins(Joined Feb 13)	2	2
J Lee(Joined Feb 13)	1	2
S Watt(Staff joined May 13)	1	1

Key changes in the composition of the Board of Trustees.

During the year there was some re-alignment in membership of sub-committees.

S Sanger-Anderson moved to Finance & Premises and Jonathan Farnhill and Cathy Durston moved to Curriculum, Learning & Teaching Committee.

The Finance and Premises Committee is a sub-committee of the main Board of Trustees'. Its purpose is to be responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, reviewing and making recommendations to the Full Board of Trustees on the annual budget including setting staffing levels. This committee also considers Premises and Health & Safety on a regular basis.

The Finance and Premises Committee has formally met 8 times during the period 1 September 2012 to 31 August 2013.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Kevin Bawn (Principal)	8	8
S Sanger-Anderson	1	3
G Stroud (Chair)	8	8
C Durston	5	5
J Farnhill	3	5
V Francis	6	8
G Robb	3	3
L Smith	5	5
T Grieve	4	4
K Hoskins	3	4
D Hewlett	4	6
S Watt	1	2

The Curriculum, Learning and Teaching Committee has formally met 5 times during the period 31st August to 2012 to 30th August 2013

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
K Bawn	5	5
L Stephan	5	5
S Sanger-Anderson	3	3
B Rusbridge	1	3
S Smye	3	4
C Durston	2	2
J Farnhill	2	2
G Evans	2	4
M Prance	3	4
P Colin	5	5
J Lee	2	3
L Angell	1	1
A McDonald	1	1

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 ongoing 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 Clyst Vale Academy Trust for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees' has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees' is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees'.

THE RISK AND CONTROL FRAMEWORK

The Academy Trust's system of internal financial control is based on a framework of regular management

GOVERNANCE STATEMENT (continued)

information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees';
- regular reviews by the Finance and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees' has considered the need for a specific internal audit function and has decided to establish a separate Audit Committee and appoint North Somerset Council to undertake a programme of checks on the financial systems and controls and report their findings to the Audit Committee to review and to take appropriate action as necessary as defined in the Audit Committee Terms of Reference.

The Audit Committee works closely with North Somerset Council in giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. It also works closely with the Accounting Officer and College Manager. The Responsible Officer nominated by the Audit Committee reports to the Board of Trustees' on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the North Somerset Council and the Audit Committee;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees' on 2 December 2013 and signed on their behalf, by:

**Simon Sanger-Anderson
Chair of Trustees**

**Kevin Bawn, Principal
Accounting Officer**

**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Clyst Vale Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees' and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Board of Trustees' 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.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

**Dr Kevin Bawn, Principal
Accounting Officer**

Date: 2 December 2013

**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees (who act as governors of Clyst Vale Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees' and signed on its behalf by:

**Simon Sanger-Anderson
Chair of Trustees**

Date: 2 December 2013

**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLYST VALE ACADEMY TRUST

We have audited the financial statements of Clyst Vale Academy Trust for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the Academy Trust'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 Academy Trust's members those matters we are required to state to them in an Auditors' 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 Academy Trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2013 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLYST VALE ACADEMY TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

23 December 2013

**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO CLYST VALE
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 15 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Clyst Vale Academy Trust during the year 1 September 2012 to 31 August 2013 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 Clyst Vale Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Clyst Vale Academy Trust and the EFA 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 Clyst Vale Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF CLYST VALE ACADEMY TRUST'S ACCOUNTING OFFICER AND
THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Clyst Vale Academy Trust's funding agreement with the Secretary of State for Education dated 28 March 2011, and the Academies Financial Handbook extant from 1 September 2012, 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 2013. 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 year 1 September 2012 to 31 August 2013 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 2013 issued by the EFA. 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 on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy Trust complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the

**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO CLYST VALE
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants
Statutory Auditors

2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

23 December 2013

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	17 months ending 31 August 2012 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer from local authorities on conversion	2	-	-	-	-	10,547,096
Other voluntary income	2	875	-	-	875	3,746
Activities for generating funds	3	138,837	-	-	138,837	129,147
Investment income	4	2,776	-	-	2,776	1,195
Incoming resources from charitable activities	5	96,073	5,297,521	501,044	5,894,638	7,787,490
TOTAL INCOMING RESOURCES		238,561	5,297,521	501,044	6,037,126	18,468,674
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		139,758	-	-	139,758	135,698
Charitable activities		94,542	5,246,451	342,606	5,683,599	7,840,218
Governance costs	7	-	10,400	-	10,400	23,170
TOTAL RESOURCES EXPENDED	10	234,300	5,256,851	342,606	5,833,757	7,999,086
NET INCOMING RESOURCES BEFORE TRANSFERS		4,261	40,670	158,438	203,369	10,469,588

**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	17 months ending 31 August 2012 £
Transfers between Funds	20	-	(65,181)	65,181	-	-
NET INCOME FOR THE YEAR		4,261	(24,511)	223,619	203,369	10,469,588
Actuarial gains and losses on defined benefit pension schemes		-	(53,000)	-	(53,000)	(396,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		4,261	(77,511)	223,619	150,369	10,073,588
Total funds at 1 September 2012		-	(927,891)	11,001,479	10,073,588	-
TOTAL FUNDS AT 31 AUGUST 2013		4,261	(1,005,402)	11,225,098	10,223,957	10,073,588

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 25 to 44 form part of these financial statements.

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07564519

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	17		10,840,829		10,980,940
CURRENT ASSETS					
Debtors	18	99,079		166,354	
Cash at bank and in hand		1,043,601		583,488	
			1,142,680	749,842	
CREDITORS: amounts falling due within one year	19	(362,552)		(394,194)	
NET CURRENT ASSETS			780,128		355,648
TOTAL ASSETS LESS CURRENT LIABILITIES			11,620,957		11,336,588
Defined benefit pension scheme liability	25		(1,397,000)		(1,263,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			10,223,957		10,073,588
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	20	391,598		335,109	
Fixed asset funds	20	11,225,098		11,001,479	
Restricted funds excluding pension liability		11,616,696		11,336,588	
Pension reserve		(1,397,000)		(1,263,000)	
Total restricted funds			10,219,696		10,073,588
Unrestricted funds	20		4,261		-
TOTAL FUNDS			10,223,957		10,073,588

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2013 and are signed on their behalf, by:

Simon Sanger-Anderson
Chair of Trustees

The notes on pages 25 to 44 form part of these financial statements.

**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	2013 £	17 months ending 31 August 2012 £
Net cash flow from operating activities	22	158,788	186,106
Returns on investments and servicing of finance	23	2,776	1,227
Capital expenditure and financial investment	23	298,549	(92,704)
INCREASE IN CASH IN THE YEAR		460,113	94,629

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013**

	2013 £	17 months ending 31 August 2012 £
Increase in cash in the year	460,113	94,629
MOVEMENT IN NET FUNDS IN THE YEAR	460,113	94,629
Net funds at 1 September 2012	583,488	488,859
NET FUNDS AT 31 AUGUST 2013	1,043,601	583,488

The notes on pages 25 to 44 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 FUND ACCOUNTING

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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 are 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	2% straight line
Fixtures and fittings	-	10%/20% straight line
Computer equipment	-	20% straight line

With the exception of long term leasehold property, fixed assets transferred on conversion to an Academy Trust are depreciated over their useful economic life from the date in which they were originally purchased by the predecessor school.

1.6 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.7 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 TAXATION

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

1.9 PENSIONS

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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.10 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Clyst Vale Community College to an Academy Trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Clyst Vale Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

1.11 RESTATING OF COMPARATIVES

Guidance in the Accounts Direction 2013 has changed from last year and where this impacts the comparative figures these have been adjusted.

2. VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months ending 31 August 2012 £
Transfer from local authorities on conversion	-	-	-	10,547,096
Donations	875	-	875	3,746
Voluntary income	875	-	875	10,550,842

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months ending 31 August 2012 £
Lettings	5,098	-	5,098	5,873
Trip Income	133,739	-	133,739	123,274
	138,837	-	138,837	129,147

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

4. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months ending 31 August 2012 £
Bank interest	2,776	-	2,776	1,195
	<u>2,776</u>	<u>-</u>	<u>2,776</u>	<u>1,195</u>

5. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months ending 31 August 2012 £
DfE/EFA grants				
Academy Trust main building grants	-	501,044	501,044	41,514
General Annual Grant	-	4,767,497	4,767,497	6,681,767
Start up Grants	-	-	-	25,000
Other DfE/EFA grants	-	137,939	137,939	211,816
	<u>-</u>	<u>5,406,480</u>	<u>5,406,480</u>	<u>6,960,097</u>
Other government grants				
Special Educational Needs	-	365,225	365,225	544,321
School standards funds	-	-	-	10,946
	<u>-</u>	<u>365,225</u>	<u>365,225</u>	<u>555,267</u>
Other funding				
Sales to students	3,890	-	3,890	11,050
Other	92,183	26,860	119,043	261,076
	<u>96,073</u>	<u>26,860</u>	<u>122,933</u>	<u>272,126</u>
	<u>96,073</u>	<u>5,798,565</u>	<u>5,894,638</u>	<u>7,787,490</u>

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months ending 31 August 2012 £
Education	94,542	5,589,057	5,683,599	7,840,218
	<u>94,542</u>	<u>5,589,057</u>	<u>5,683,599</u>	<u>7,840,218</u>

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
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7. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months ending 31 August 2012 £
Auditors' remuneration	-	5,900	5,900	5,500
Auditors' non audit costs	-	2,845	2,845	4,650
Legal and Professional	-	1,655	1,655	13,020
	<u>-</u>	<u>10,400</u>	<u>10,400</u>	<u>23,170</u>

8. DIRECT COSTS

	2013 £	17 months ending 31 August 2012 £
Pension finance costs	34,000	56,000
Educational supplies	113,974	208,346
Examination fees	91,718	102,499
Staff development	24,160	32,908
Other costs	66,430	87,918
Supply teachers	20,177	17,878
Wages and salaries	2,900,622	3,958,662
National insurance	224,421	306,675
Pension cost	454,303	541,805
Depreciation	294,642	420,420
	<u>4,224,447</u>	<u>5,733,111</u>

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FOR THE YEAR ENDED 31 AUGUST 2013

9. SUPPORT COSTS

	2013 £	17 months ending 31 August 2012 £
Bad debts	15,817	-
Recruitment and other staff costs	12,163	12,483
Maintenance of premises and equipment	93,394	235,461
Cleaning	8,825	11,538
Rent and rates	88,323	121,761
Heat and light	70,819	98,053
Insurance	36,402	72,302
Security and transport	12,480	36,862
Catering	40,810	44,903
Office overheads	99,049	247,695
Legal and professional	128,244	104,917
Bank interest and charges	-	546
Wages and salaries	666,223	873,229
National insurance	38,184	47,804
Pension cost	100,455	131,113
Depreciation	47,964	68,440
	<u>1,459,152</u>	<u>2,107,107</u>

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	17 months ending 31 August 2012 £
Trip expenses	-	-	139,758	139,758	135,698
COSTS OF GENERATING FUNDS	<u>-</u>	<u>-</u>	<u>139,758</u>	<u>139,758</u>	<u>135,698</u>
Education	3,579,346	294,642	350,459	4,224,447	5,733,111
Support costs - Education	804,862	345,786	308,504	1,459,152	2,107,107
CHARITABLE ACTIVITIES	<u>4,384,208</u>	<u>640,428</u>	<u>658,963</u>	<u>5,683,599</u>	<u>7,840,218</u>
GOVERNANCE	<u>-</u>	<u>-</u>	<u>10,400</u>	<u>10,400</u>	<u>23,170</u>
	<u>4,384,208</u>	<u>640,428</u>	<u>809,121</u>	<u>5,833,757</u>	<u>7,999,086</u>

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FOR THE YEAR ENDED 31 AUGUST 2013**

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	17 months ending 31 August 2012 £
Education	<u>4,224,447</u>	<u>1,459,152</u>	<u>5,683,599</u>	<u>7,840,218</u>

12. NET INCOMING RESOURCES

This is stated after charging:

	2013 £	17 months ending 31 August 2012 £
Depreciation of tangible fixed assets: - owned by the charity	342,606	488,859
Auditors' remuneration	5,900	5,500
Auditors' remuneration - non-audit	2,845	4,650
	<u> </u>	<u> </u>

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FOR THE YEAR ENDED 31 AUGUST 2013

13. STAFF COSTS

Staff costs were as follows:

	2013	17 months ending 31 August 2012
	£	£
Wages and salaries	3,556,349	4,823,667
Social security costs	262,605	354,479
Other pension costs (Note 25)	554,758	672,918
	<u>4,373,712</u>	<u>5,851,064</u>
Supply teacher costs	10,496	8,224
	<u>4,384,208</u>	<u>5,859,288</u>

The average number of persons (including the senior management team) employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2013	17 months ending 31 August 2012
	No.	No.
Teachers	63	65
Administration and support	47	53
Management	7	7
	<u>117</u>	<u>125</u>

The number of employees whose emoluments fell within the following bands was:

	2013	17 months ending 31 August 2012
	No.	No.
In the band £70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for this member of staff amounted to £11,040 (2012: £11,040).

14. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 6 Trustees (2012: 5) in respect of defined contribution pension schemes.

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During the year, no Trustees received any reimbursement of expenses (2012: £NIL).

The Principal and staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members, and not in respect of their services as Trustees. Other Trustees did not receive any payments other than expenses from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration was as follows: Lois Angell £5,000 - £10,000 (2012: £35,000 - £40,000); Kevin Bawn £85,000 - £90,000 (2012: £75,000 - £80,000); Richenda Battishill £Nil (2012: £40,000 - £45,000); Paul Colin £60,000 - £65,000 (2012: £50,000 - £55,000); Ben Preston £Nil (2012: £25,000 - £30,000); Linda Smith £15,000 - £20,000 (2012: £25,001 - £30,000). David Hewlett £20,000 - £25,000 (2012: Nil); Melanie Prance £30,000 - £35,000 (2012: £Nil); Sara Watt £5,000 - £10,000 (2012: £Nil).

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £2,383 (2012: £3,109).

The cost of this insurance is included in the total insurance cost.

16. OTHER FINANCE INCOME

	2013	17 months ending 31 August 2012
	£	£
Expected return on pension scheme assets	64,000	79,000
Interest on pension scheme liabilities	(98,000)	(135,000)
	(34,000)	(56,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

17. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2012	10,948,808	199,566	321,425	11,469,799
Additions	117,618	32,817	52,060	202,495
	<u>11,066,426</u>	<u>232,383</u>	<u>373,485</u>	<u>11,672,294</u>
At 31 August 2013	<u>11,066,426</u>	<u>232,383</u>	<u>373,485</u>	<u>11,672,294</u>
DEPRECIATION				
At 1 September 2012	310,033	43,734	135,092	488,859
Charge for the year	218,976	32,534	91,096	342,606
	<u>529,009</u>	<u>76,268</u>	<u>226,188</u>	<u>831,465</u>
At 31 August 2013	<u>529,009</u>	<u>76,268</u>	<u>226,188</u>	<u>831,465</u>
NET BOOK VALUE				
At 31 August 2013	<u>10,537,417</u>	<u>156,115</u>	<u>147,297</u>	<u>10,840,829</u>
At 31 August 2012	<u>10,638,775</u>	<u>155,832</u>	<u>186,333</u>	<u>10,980,940</u>

18. DEBTORS

	2013 £	2012 £
Trade debtors	3,105	15,897
Other debtors	60,380	131,402
Prepayments and accrued income	35,594	19,055
	<u>99,079</u>	<u>166,354</u>
	<u>99,079</u>	<u>166,354</u>

**19. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £	2012 £
Trade creditors	30,821	50,424
Other taxation and social security	80,161	148,736
Other creditors	182,912	114,000
Accruals and deferred income	68,658	81,034
	<u>362,552</u>	<u>394,194</u>
	<u>362,552</u>	<u>394,194</u>

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**19. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

	£
DEFERRED INCOME	
Deferred income at 1 September 2012	36,595
Resources deferred during the year	31,749
Amounts released from previous years	(36,595)
	<hr/>
Deferred income at 31 August 2013	31,749
	<hr/> <hr/>

At the balance sheet date the school was holding funds of £3,935 received in advance for school trips for Spring and Summer term 2014.

CLYST VALE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	-	238,561	(234,300)	-	-	4,261
RESTRICTED FUNDS						
General Annual Grant (GAG)	318,328	4,767,497	(4,651,696)	(65,181)	-	368,948
Special Educational Needs	-	365,225	(365,225)	-	-	-
Pupil premium	8,331	122,329	(108,010)	-	-	22,650
Other Govt Grants	8,450	42,470	(50,920)	-	-	-
Pension reserve	(1,263,000)	-	(81,000)	-	(53,000)	(1,397,000)
	<u>(927,891)</u>	<u>5,297,521</u>	<u>(5,256,851)</u>	<u>(65,181)</u>	<u>(53,000)</u>	<u>(1,005,402)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	11,036,242	-	(321,639)	(138,202)	-	10,576,401
Fixed assets purchased from GAG	(75,857)	-	(17,060)	203,798	-	110,881
Capital grants	41,094	501,044	(3,907)	(415)	-	537,816
	<u>11,001,479</u>	<u>501,044</u>	<u>(342,606)</u>	<u>65,181</u>	<u>-</u>	<u>11,225,098</u>
Total restricted funds	<u>10,073,588</u>	<u>5,798,565</u>	<u>(5,599,457)</u>	<u>-</u>	<u>(53,000)</u>	<u>10,219,696</u>
Total of funds	<u><u>10,073,588</u></u>	<u><u>6,037,126</u></u>	<u><u>(5,833,757)</u></u>	<u><u>-</u></u>	<u><u>(53,000)</u></u>	<u><u>10,223,957</u></u>

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

Restricted Funds

General Annual Grant - Income from the EFA which is to be use for the normal running costs of the Academy Trust, including education and support costs.

Special Educational Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Pension reserve – This represents the Academy Trust's share of the assets and liabilities in the Local Government Pension Scheme.

Fixed Asset Funds

CLYST VALE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

20. STATEMENT OF FUNDS (continued)

Fixed assets transferred on conversion – This represent the buildings and equipment donated to the school from the Local Authority on conversion to an Academy Trust.

Fixed assets purchased from GAG - This represents fixed assets which were purchased from GAG funding. The balance at the year end represents the NBV of assets.

Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

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 2013.

SUMMARY OF FUNDS

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
General funds	-	238,561	(234,300)	-	-	4,261
Restricted funds	(927,891)	5,297,521	(5,256,851)	(65,181)	(53,000)	(1,005,402)
Restricted fixed asset funds	11,001,479	501,044	(342,606)	65,181	-	11,225,098
	<u>10,073,588</u>	<u>6,037,126</u>	<u>(5,833,757)</u>	<u>-</u>	<u>(53,000)</u>	<u>10,223,957</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	17 months ending 31 August 2012
	2013	2013	2013	2013	2012
	£	£	£	£	£
Tangible fixed assets	-	-	10,840,829	10,840,829	10,980,940
Current assets	4,261	754,150	384,269	1,142,680	749,842
Creditors due within one year	-	(362,552)	-	(362,552)	(394,194)
Provisions for liabilities and charges	-	(1,397,000)	-	(1,397,000)	(1,263,000)
	<u>4,261</u>	<u>(1,005,402)</u>	<u>11,225,098</u>	<u>10,223,957</u>	<u>10,073,588</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	17 months ending 31 August 2012 £
Net incoming resources before revaluations	203,369	10,469,588
Returns on investments and servicing of finance	(2,776)	(1,227)
Net assets transferred on conversion	-	(10,547,095)
Depreciation of tangible fixed assets	342,606	-
Capital grants from DfE	(501,044)	-
Decrease/(increase) in debtors	67,275	(166,354)
(Decrease)/increase in creditors	(31,642)	394,194
FRS17 pension finance (income)/cost	34,000	56,000
FRS17 pension costs less contributions paid	47,000	(19,000)
NET CASH INFLOW FROM OPERATIONS	158,788	186,106

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £	17 months ending 31 August 2012 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	2,776	1,227
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(202,495)	(92,704)
Capital grants from DfE	501,044	-
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	298,549	(92,704)

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	31 August 2013 £
Cash at bank and in hand:	583,488	460,113	1,043,601
NET FUNDS	583,488	460,113	1,043,601

25. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council. Both are 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 2004 and of the LGPS 31 March 2010.

Contributions amounting to £68,056 were payable to the scheme at 31 August 2013 (2012: NIL) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of

**NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy Trust has taken advantage of the exemption in FRS 17 and 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £193,000, of which employer's contributions totalled £147,000 and employees' contributions totalled £46,000. The agreed contribution rates for future years are 19.7% for employers and 5.5 - 7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of Academy Trust closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows:

	2013	17 months ending 31 August 2012
	£	£
Present value of funded obligations	(2,878,000)	(2,387,000)
Fair value of scheme assets	1,481,000	1,124,000
	<hr/>	<hr/>
Net liability	(1,397,000)	(1,263,000)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the Statement of financial activities are as follows:

	2013	17 months ending 31 August 2012
	£	£
Current service cost	(194,000)	(178,000)
Interest on obligation	(98,000)	(135,000)
Expected return on scheme assets	64,000	79,000
	<hr/>	<hr/>
Total	(228,000)	(234,000)
	<hr/> <hr/>	<hr/> <hr/>

Movements in the present value of the defined benefit obligation were as follows:

	2013	17 months ending 31 August 2012
	£	£
Opening defined benefit obligation	2,387,000	-
Current service cost	194,000	178,000
Interest cost	98,000	135,000
Contributions by scheme participants	46,000	62,000
Actuarial Losses	153,000	417,000
Benefits paid	-	1,000
Liability transferred on conversion	-	1,594,000
	<hr/>	<hr/>
Closing defined benefit obligation	2,878,000	2,387,000
	<hr/> <hr/>	<hr/> <hr/>

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25. PENSION COMMITMENTS (continued)

Movements in the fair value of the Academy Trust's share of scheme assets:

	2013	17 months ending 31 August 2012
	£	£
Opening fair value of scheme assets	1,124,000	-
Expected return on assets	64,000	79,000
Actuarial gains and (losses)	100,000	21,000
Contributions by employer	147,000	197,000
Contributions by employees	46,000	62,000
Benefits paid	-	1,000
Asset transferred on conversion	-	764,000
	1,481,000	1,124,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £449,000 loss (2012: £396,000 loss).

The Academy Trust expects to contribute £147,000 to its Defined benefit pension scheme in 2014.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013	2012
Equities	73.00 %	74.00 %
Property	9.00 %	6.00 %
Cash	3.00 %	5.00 %
Target return portfolio	15.00 %	15.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate for scheme liabilities	4.70 %	3.90 %
Expected return on scheme assets at 31 August	6.00 %	5.20 %
Rate of increase in salaries	5.10 %	4.10 %
Rate of increase for pensions in payment / inflation	2.90 %	1.90 %

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

	2013	2012
Retiring today		
Males	20.6	20.5
Females	24.6	24.5
Retiring in 20 years		
Males	22.6	22.5
Females	26.5	26.4

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25. PENSION COMMITMENTS (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2013 £	2012 £	2011 £	2010 £	2009 £
Defined benefit obligation	(2,878,000)	(2,387,000)	-	-	-
Scheme assets	1,481,000	1,124,000	-	-	-
Deficit	(1,397,000)	(1,263,000)	-	-	-
Experience adjustments on scheme liabilities	(153,000)	(417,000)	-	-	-
Experience adjustments on scheme assets	100,000	21,000	-	-	-

26. OPERATING LEASE COMMITMENTS

At 31 August 2013 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
EXPIRY DATE:				
Within 1 year	-	-	8,018	782
Between 2 and 5 years	-	-	15,096	23,114

27. RELATED PARTY TRANSACTIONS

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

In the prior period the Academy Trust purchased buildings services to the amount of £13,360 from MJH Enterprises. The College Manager's husband is the sole proprietor of this business.