

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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

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**CLYST VALE ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members	Kevin Bawn Simon Sanger-Anderson Levon Stephan Jonathan Farnhill Vanessa Francis
Trustees	Kevin Bawn, Principal ^{1,2,3} Vanessa Francis (resigned 27 June 2014) ^{1,3} Levon Stephan ^{2,3} Jonathan Farnhill ^{2,3} Georgina Stroud ^{1,3} Paul Colin, Staff Trustee ^{2,4} Cathryn Durston ^{2,3,4} Simon Sanger-Anderson, Chair ^{1,3} Greg Evans ^{2,3} Melanie Prance, Staff Trustee ² David Hewlett, Staff Trustee ¹ James Lee (resigned 19 May 2014) ^{2,3} Teresa Grieve ^{1,3,4} Kate Hoskins (resigned 16 January 2014) ^{1,3} Sara Watt, Staff Trustee ¹ Ben Brook (appointed 13 June 2014) ¹

- 1 Finance and Premises
- 2 Curriculum, Learning and Teaching
- 3 Pay
- 4 Audit Committee

Company registered number 07564519

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

Company secretary Jillian Collins

Senior leadership 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 LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

**CLYST VALE ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Bankers	Lloyds Bank High Street Exeter Devon
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**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 18 in East Devon. It has a pupil capacity of 182 and had a roll of 986 in the school census on 3 October 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Clyst Vale Academy Trust are also the directors of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 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.

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1st April 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. 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's Board of Trustees comprises the Principal, a minimum of 6 Parent Trustees, up to 4 Staff Trustees (providing that the total number of Trustees, including the Principal, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) 4 Member Appointed Trustees and 3 Co-opted Trustees.

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.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

When appointing new Trustees, 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's development.

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 is 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 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. Advantage is taken of specific courses offered by the Local Authority training provider and other bodies. An experienced Trustee is encouraged to adopt and mentor a new Trustee.

A minimum of one Trustees' away day is organised each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees normally meets at least 5 times each 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 Resources Committee - this meets 8 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, Learning and Teaching Committee - this meets 6-8 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 a year to confirm recommendations for pay progression with regard to performance management 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.

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 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 day to day management of the Academy to the Principal and Senior Leadership Team (SLT). The SLT comprises the Principal, Vice Principal, 4 Deputy Principals and the College Manager. The SLT implement the policies laid down by the Trustees and report back to them on performance.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The SLT is responsible for 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.

Connected Organisations, including Related Party Relationships

The Academy has strong collaborative links with 8 feeder 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 Head teacher network (DASH). Clyst Vale belongs to the Jurassic Coast Teaching School Alliance and to PIXL. 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 full potential, exceed their expectations and play a positive, active and responsible role in society.

The Academy Trust's mission is as follows:

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

- Enable students of all abilities to make outstanding progress beyond their expected capabilities and so gain qualifications and skills they need to achieve their potential and aspirations
- 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.
- 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.
- 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. The plan is a response to 2014 exam results and the 2013 Ofsted report, and seeks to ensure an Ofsted 'Good' judgement when re-inspected. Key activities and targets are identified in the College Improvement Plan; the three central foci are to improve achievement, ensure all teaching is good, and to raise student aspirations. Seven mechanisms have been identified to achieve this.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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. The Academy Trust supports a dual-use Library and had 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, Computing, Sport and Performing Arts 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'. Further support was provided in the accounting year through the Jurassic Coast Teaching Schools' Alliance and the East and Mid-Devon 14-19 partnership.

STRATEGIC REPORT

Achievements and Performance

The Academy Trust is in its third year of operation. The total number of students (7-11) in the year ended 31 August 2014 was 986. The Academy Trust has, in agreement with Devon County Council agreed to admit 182 students each year.

Examination results for 2014 represented an improvement in a year when many schools have struggled with the national changes to GCSE, our students have posted the best-ever results in the College's history.

- 71.5% of our 165 students achieved 5 or more A*-C grades including English and Maths.
- 55.2% achieved at least one A or A* grade in their results.
- 94% achieved at least one C grade, and 99.4% at least one G grade.
- 75% achieved 5 or more A*-C grades in any subject.
- 7.5% of all grades were A*, which bucks the national trend; 26% were A* or A, another best-ever result; 84.3% of all grades were C or better.
- Most subjects saw improvement from 2013, including significant improvement in English Language (80.4% A*-C).

At A Level we achieved the best results in the College's history. Nearly half of the grades achieved were at A*-B, and the overall pass rate improved to 99.2%. As a result of these excellent results, almost all of the year group have the requirements to move on to their chosen courses or the next stage in their lives. Their achievement is even greater taken in context of the national picture of falling grades and pass rates.

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 has been addressing the result of the inspection by Ofsted when the College was graded as 'Requiring improvement', and has made significant improvement.

Continuing professional development for staff has been very successful with a strong focus on teaching and learning to address the Ofsted 2013 key issues for action. Further to this Teaching and Learning Responsibility holders have benefitted from in-house training on their leadership role and expectations.

During the year, the Academy's charity fundraising activities raised £2,232.16 all funds have been transferred to the relevant charity.

The Academy is a member of the Jurassic Coast Teaching Schools' Alliance. The Alliance is continuing to work

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

on mutual staff development, with the primary aim of driving up standards.

Key Performance Indicators

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2014 were 986, a decrease of 33 over 2013, with extensive local housing development it is anticipated that this number will stabilise and rise for September 2015.

Please see the table below-

College	2013/14 (Oct 13 Census)	2012/13 (Oct 12 Census)
Student Numbers: Years 7-11	803	819
Student Numbers: Sixth Form	183	200
No. FSM Students	89	73

The following KPIs were set at the start of the year:

College	2013/14 Actual	2013/14 Target	2012/13 Actual
Student Attendance %	94.9%	95%	94.8%
GCSE 5 A-C inc Maths & English	71.5%	75%	60%
% Students making expected progress in English (GCSE)	74.5%	80%	62%
% Students making expected progress in Maths	72.2%	82%	80%

Going Concern

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

FINANCIAL REVIEW

Financial Review

Most of the Academy'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 year ended 31 August 2014 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2014, total expenditure of £5,651,653 was covered by recurrent grant funding from the DfE and other incoming resources, totalling £5,674,713. The surplus of income over expenditure for the year (before transfers to restricted fixed asset funds and the exceptional item) was £23,060.

At 31 August 2014 the net book value of fixed assets was £12,910,794 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.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 1st April 2011 at £10,934,500. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The Academy 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 26 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, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Reserves Policy

The Trustees review the reserve levels of the Academy 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, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be a maximum of 5% of the General Annual Grant (GAG), which represents just over 50% of our current average monthly outgoings, with a minimum level of around 2% of GAG. The level of reserves held is monitored closely by the College Manager to ensure they are sufficient for the needs of the Academy and corrective action is taken where necessary. These are identified on the monthly budget monitors and 3 year forecasts which are presented at the Finance and Premises Committee. These reserves are taken into account when any budget planning or forecasts are produced.

The level of free reserves as at 31 August 2014 were £154,869, which is 3% of GAG.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 95% of the Academy's incoming resources were 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.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk 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 the 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 is reliant upon 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 Body 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 has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

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

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.

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; national changes will have resource implications.
- Responding to the national changes to assessment in public examinations and performance

Staffing:

- Implementation of changes to Teachers' pay and conditions
- The future of our learning community
- Succession planning
- Managed reductions in light of funding changes and increased pension/NI contributions

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Finance and Premises:

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

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

The Trustees have assessed the major risks to which the Academy 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 from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

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

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue to strive to provide an outstanding standard of education and improve the 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 will continue to work with partner schools to improve the educational opportunities for students in the wider community.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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.

Following the notification of a successful capital funding bid, the Academy has completed construction of its new Humanities teaching block. The Academy will continue to seek funding to complete the second and third phases of a site 'master plan'.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 8 December 2014 and signed on the board's 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr K Bawn (Principal & Accounting Officer)	5	6
S Sanger-Anderson (Chair)	5	6
L Stephen	6	6
G Stroud	6	6
C Durston	5	6
J Farnhill	6	6
V Francis (Term ended June 2014)	4	5
G Evans	6	6
M Prance (Staff Trustee)	4	6
D Hewlett (Staff Trustee)	5	6
P Colin (Staff Trustee)	6	6
T Grieve	6	6
K Hoskins (Resigned January 2014)	2	3
J Lee (Resigned May 2014)	4	5
S Watt (Staff Trustee)	6	6
B Brook (Appointed June 2014)	1	2

During the year two governors resigned due to personal commitments, and a third completed her term of office and decided not to stand for re-election. The need to recruit replacements prompted a skills review by the Chair and Principal which informed the subsequent parent governor elections. Following the elections there were changes made to the membership of the two sub-committees. Aside from this the key posts remained unchanged.

The governors completed an on-line self-assessment of their knowledge of key areas and the results were used to inform the content of the June Away-day. The Trust plans to repeat the self-assessment again in 2015.

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 9 times during the period 1 September 2013 to 31 August 2014. During the latter part of the year Ben Brook, who is a Business Manager, joined the committee.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
K Bawn (Principal)	9	9
S Sanger-Anderson	7	9
G Stroud (Chair)	8	9
V Francis (Term ended June 2014)	5	8
T Grieve	9	9
K Hoskins (Resigned January 2014)	3	3
D Hewlett (Staff Trustee)	7	9
S Watt (Staff Trustee)	5	9
B Brook (Appointed June 2014)	1	1

The Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to to maintain an oversight of the Academy Trust's governance, risk management, internal control and value for money systems and frameworks. A report will be presented by the Audit Committee to the Board at least annually in this regard, showing any recommendations they feel necessary.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
C Durston (Chair)	4	4
P Colin (Staff Trustee)	4	4
T Grieve	4	4

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 2013 to 31 August 2014 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 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and 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;

GOVERNANCE STATEMENT (continued)

- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to continue to operate a separate Audit Committee with the services of North Somerset County Council which undertakes a programme of checks on the financial systems and controls. They 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.

The Trustees have appointed C Durston, a trustee, as Responsible Officer (RO).

During the year we conducted our checks as planned and submitted reports of our findings and recommendations to the Governing Body as defined in our Terms of Reference.

Our overall opinion is that the controls over the financial activities are reasonably effective. There were no material control issues which arose as a result of these checks.

The Audit Committee was also asked to carry out a special investigation of the financial controls regarding the incident as described in the Accounting Officers' 'Review of Effectiveness' below.

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 work of the Audit Committee;;
- the work of the external auditors;
- the financial management and governance self-assessment process; and
- 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.

One specific area that has been changed with immediate effect is the procedure for the request to change authorised supplier bank account details on our system. This was as a result of the fraudulent incident described below.

Clyst Vale Academy Trust has been a victim of theft which involved the receipt of a fraudulent request to change the bank account details of one of the Academy's suppliers in order to gain an unlawful benefit. This resulted in a supplier payment being made to an account under the control of an unknown person(s), which we are attempting to recover. This has been disclosed as 'other resources expended' in our Statement of Financial Activities on page 21. In this particular case our internal financial control did not detect the fraudulent activity and has now been strengthened to help detect any similar future occurrence. We have reported this incident to all relevant parties.

Approved by order of the members of the board of trustees on 8 December 2014 and signed on its behalf, by:

**S Sanger-Anderson
Chair of Trustees**

**Dr K 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 the following instance of material irregularity, impropriety or funding non-compliance discovered to date has been notified to the board of trustees and the EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and the EFA also:

- Theft as described in the Accounting Officers 'Review of effectiveness' on page 14.

**Dr K Bawn, Principal
Accounting Officer**

Date: 8 December 2014

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

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

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 (including the Strategic 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 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: 8 December 2014

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 2014 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 to 2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 to 2014 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, incorporating the Strategic 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 LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

12 December 2014

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

INDEPENDENT REPORTING ACCOUNTANTS' 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 to 2014, 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 2013 to 31 August 2014 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 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 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 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 ACCOUNTANT

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 2013, 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 to 2014. 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 2013 to 31 August 2014 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 to 2014 issued by 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, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year, Clyst Vale Academy Trust was a victim of theft which involved the receipt of a fraudulent request to change the bank account details of one of the Academy's suppliers in order to gain an unlawful benefit. This resulted in a supplier payment of £320,897 being made to an account under the control of an unknown person(s), which the academy is attempting to recover. This has been disclosed as an 'exceptional item' in the Statement of Financial Activities on page 21, with further details in Note 8. The academy has conducted its own internal review and as a result, strengthened its internal controls to prevent such a fraud occurring in the future.

Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
12 December 2014

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

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer from local authorities on conversion	2	114,000	-	-	114,000	-
Other voluntary income	2	2,009	-	-	2,009	875
Activities for generating funds	3	137,215	-	-	137,215	138,837
Investment income	4	4,108	-	-	4,108	2,776
Incoming resources from charitable activities	5	43,841	5,373,540	1,941,111	7,358,492	5,894,638
TOTAL INCOMING RESOURCES		301,173	5,373,540	1,941,111	7,615,824	6,037,126
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		151,479	-	-	151,479	139,758
Charitable activities		21,188	5,467,434	236,545	5,725,167	5,683,599
Governance costs	7	-	11,552	-	11,552	10,400
Exceptional item	8	-	320,897	-	320,897	-
TOTAL RESOURCES EXPENDED	11	172,667	5,799,883	236,545	6,209,095	5,833,757
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		128,506	(426,343)	1,704,566	1,406,729	203,369

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

**STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	20	-	(52,153)	52,153	-	-
NET INCOME FOR THE YEAR		128,506	(478,496)	1,756,719	1,406,729	203,369
Actuarial gains and losses on defined benefit pension schemes		-	(291,000)	-	(291,000)	(53,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		128,506	(769,496)	1,756,719	1,115,729	150,369
Total funds at 1 September		4,261	(1,005,402)	11,225,098	10,223,957	10,073,588
TOTAL FUNDS AT 31 AUGUST		132,767	(1,774,898)	12,981,817	11,339,686	10,223,957

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 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	17		12,910,794		10,840,829
CURRENT ASSETS					
Debtors	18	368,628		99,079	
Cash at bank and in hand		531,080		1,043,601	
			899,708	1,142,680	
CREDITORS: amounts falling due within one year	19	(673,816)		(362,552)	
NET CURRENT ASSETS			225,892		780,128
TOTAL ASSETS LESS CURRENT LIABILITIES			13,136,686		11,620,957
Defined benefit pension scheme liability	26		(1,797,000)		(1,397,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			11,339,686		10,223,957
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	20	22,102		391,598	
Fixed asset funds	20	12,981,817		11,225,098	
Restricted funds excluding pension liability		13,003,919		11,616,696	
Pension reserve		(1,797,000)		(1,397,000)	
Total restricted funds			11,206,919		10,219,696
Unrestricted funds	20		132,767		4,261
TOTAL FUNDS			11,339,686		10,223,957

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2014 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 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	22	(430,041)	158,788
Returns on investments and servicing of finance	23	4,108	2,776
Capital expenditure and financial investment	23	(86,588)	298,549
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u>(512,521)</u>	<u>460,113</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
(Decrease)/Increase in cash in the year	<u>(512,521)</u>	<u>460,113</u>
MOVEMENT IN NET FUNDS IN THE YEAR	(512,521)	460,113
Net funds at 1 September 2013	<u>1,043,601</u>	<u>583,488</u>
NET FUNDS AT 31 AUGUST 2014	<u><u>531,080</u></u>	<u><u>1,043,601</u></u>

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, with the exception of investments which are included at market value. 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 to 2014 issued by 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 funders 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

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.

1.4 RESOURCES EXPENDED

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2014.

1.6 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:

Long term leasehold land	-	Over the length of the lease
Long term leasehold buildings	-	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.

1.7 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

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 26, 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.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfer from local authorities on conversion	114,000	-	114,000	-
Donations	2,009	-	2,009	875
Voluntary income	116,009	-	116,009	875

During the year, the Academy received confirmation from the EFA that an amount of £114,000 advanced to it as settlement regarding a building project completed just before academy conversion in 2011 is not payable to the EFA. Previously, a liability for this amount had been accrued in the accounts. Accordingly, the £114,000 has been recognised as income this year. It represents the surplus that the school had accrued prior to conversion that had not previously been recognised.

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	5,509	-	5,509	5,098
Trip Income	131,706	-	131,706	133,739
	<u>137,215</u>	<u>-</u>	<u>137,215</u>	<u>138,837</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	4,108	-	4,108	2,776
	<u>4,108</u>	<u>-</u>	<u>4,108</u>	<u>2,776</u>

5. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
Capital Grants	-	1,941,111	1,941,111	501,044
General Annual Grant	-	4,762,744	4,762,744	4,767,497
Other DfE/EFA grants	-	164,089	164,089	137,939
	<u>-</u>	<u>6,867,944</u>	<u>6,867,944</u>	<u>5,406,480</u>
Other government grants				
High Needs	-	401,688	401,688	365,225
	<u>-</u>	<u>401,688</u>	<u>401,688</u>	<u>365,225</u>
Other funding				
Sales to students	8,106	-	8,106	3,890
Other	35,735	45,019	80,754	119,043
	<u>43,841</u>	<u>45,019</u>	<u>88,860</u>	<u>122,933</u>
	<u>43,841</u>	<u>7,314,651</u>	<u>7,358,492</u>	<u>5,894,638</u>

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6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Education	<u>21,188</u>	<u>5,703,979</u>	<u>5,725,167</u>	<u>5,683,599</u>

7. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	6,650	6,650	5,900
Auditors' non audit costs	-	2,005	2,005	2,845
Legal and Professional	-	1,296	1,296	1,655
Other costs	-	1,601	1,601	-
	<u>-</u>	<u>11,552</u>	<u>11,552</u>	<u>10,400</u>

8. EXCEPTIONAL ITEM

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Loss through theft	<u>-</u>	<u>320,897</u>	<u>320,897</u>	<u>-</u>

The Academy has been a victim of theft which involved the receipt of a fraudulent request to change the bank account details of one of the Academy's suppliers in order to gain an unlawful benefit. This resulted in an a supplier payment to an account under the control of an unknown person(s), which the Academy is attempting to recover. At present the academy is unable to reliably estimate the value of funds that may be recovered and therefore, the entire amount has been recognised as an expense above.

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9. DIRECT COSTS

	2014	2013
	£	£
Pension finance costs	47,000	34,000
Educational supplies	90,676	113,974
Examination fees	96,787	91,718
Staff development	21,780	24,160
Other costs	106,620	66,430
Supply teachers	27,648	20,177
Wages and salaries	2,975,303	2,900,622
National insurance	227,437	224,421
Pension cost	475,869	454,303
Depreciation	169,861	294,642
	<u>4,238,981</u>	<u>4,224,447</u>

10. SUPPORT COSTS

	2014	2013
	£	£
Bad debts	-	15,817
Recruitment and other staff costs	19,413	12,163
Maintenance of premises and equipment	68,925	93,394
Cleaning	9,198	8,825
Rent and rates	81,696	88,323
Heat and light	68,087	70,819
Insurance	37,681	36,402
Security and transport	13,809	12,480
Catering	39,417	40,810
Office overheads	79,906	99,049
Legal and professional	109,959	128,244
Wages and salaries	741,300	666,223
National insurance	41,925	38,184
Pension cost	108,186	100,455
Depreciation	66,684	47,964
	<u>1,486,186</u>	<u>1,459,152</u>

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11. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
	2014	Premises	Other	2014	2013
	£	2014	2014	£	£
	£	£	£	£	£
Costs of generating funds	-	-	151,479	151,479	139,758
COSTS OF GENERATING FUNDS	-	-	151,479	151,479	139,758
ACADEMY'S EDUCATIONAL OPERATIONS:					
Direct costs	3,706,257	272,615	260,109	4,238,981	4,224,447
Allocated support costs	891,411	332,271	262,504	1,486,186	1,459,152
Subtotal charitable activities	4,597,668	604,886	522,613	5,725,167	5,683,599
GOVERNANCE	-	-	11,552	11,552	10,400
OTHER RESOURCES EXPENDED	-	-	320,897	320,897	-
	4,597,668	604,886	1,006,541	6,209,095	5,833,757

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000	
		Amount £	Reason
Loss through theft	320,897	320,897	See note 8 for further details.

12. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	236,545	342,606
Auditors' remuneration	6,650	5,900
Auditors' remuneration - non-audit	2,005	2,845
Operating lease rentals:		
- plant and machinery	3,300	3,300
- other operating leases	19,814	19,814

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FOR THE YEAR ENDED 31 AUGUST 2014**

13. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	3,693,512	3,556,349
Social security costs	269,362	262,605
Pension costs (Note 26)	584,055	554,758
	<u>4,546,929</u>	<u>4,373,712</u>
Supply teacher costs	23,091	10,496
Agency supply teacher costs	27,648	20,177
	<u>4,597,668</u>	<u>4,404,385</u>

b. Staff numbers

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

	2014 No.	2013 No.
Teachers	61	63
Administration and support	52	47
Management	7	7
	<u>120</u>	<u>117</u>

c. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	1	1
	<u>2</u>	<u>1</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these members of staff amounted to £19,667 (2013: £11,040).

14. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Trustees (2013: 6) in respect of defined contribution pension schemes.

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During the year, no Trustees received any reimbursement of expenses (2013: £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 from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration, including pension contributions in the year was as follows: Kevin Bawn £90,000 - £95,000 (2013: £85,000 - £90,000); Paul Colin £60,000 - £65,000 (2013: £60,000 - £65,000); David Hewlett £40,000 - £45,000 (2013: £20,000 - £25,000); Melanie Prance £45,000 - £50,000 (2013: £30,000 - £35,000); Sara Watt £35,000 - £40,000 (2013: £5,000 - £10,000).

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 2014 was £2,254 (2013: £2,383). The cost of this insurance is included in the total insurance cost.

16. OTHER FINANCE INCOME

	2014 £	2013 £
Expected return on pension scheme assets	94,000	64,000
Interest on pension scheme liabilities	(141,000)	(98,000)
	<u>(47,000)</u>	<u>(34,000)</u>

17. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2013	11,066,426	232,383	373,485	11,672,294
Additions	2,210,292	67,519	28,699	2,306,510
At 31 August 2014	<u>13,276,718</u>	<u>299,902</u>	<u>402,184</u>	<u>13,978,804</u>
DEPRECIATION				
At 1 September 2013	529,009	76,268	226,188	831,465
Charge for the year	116,300	35,363	84,882	236,545
At 31 August 2014	<u>645,309</u>	<u>111,631</u>	<u>311,070</u>	<u>1,068,010</u>
NET BOOK VALUE				
At 31 August 2014	<u>12,631,409</u>	<u>188,271</u>	<u>91,114</u>	<u>12,910,794</u>
At 31 August 2013	<u>10,537,417</u>	<u>156,115</u>	<u>147,297</u>	<u>10,840,829</u>

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17. TANGIBLE FIXED ASSETS (continued)

The Academy Trust's transactions relating to land and buildings included:

- the construction of new school buildings by the trust at a value of £2,210,292.

18. DEBTORS

	2014 £	2013 £
Trade debtors	33,151	3,105
Other debtors	210,401	60,380
Prepayments and accrued income	125,076	35,594
	<u>368,628</u>	<u>99,079</u>

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

	2014 £	2013 £
Trade creditors	1,225	30,821
Other taxation and social security	79,677	80,161
Other creditors	69,318	182,912
Accruals and deferred income	523,596	68,658
	<u>673,816</u>	<u>362,552</u>

DEFERRED INCOME

Deferred income at 1 September 2013	31,749
Resources deferred during the year	81,671
Amounts released from previous years	<u>(31,749)</u>
Deferred income at 31 August 2014	<u>81,671</u>

At the balance sheet date the school was holding funds of £47,130 received in advance for school trips for the Spring and Summer term 2015.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	4,261	301,173	(172,667)	-	-	132,767
RESTRICTED FUNDS						
General Annual Grant (GAG)	368,948	4,762,744	(5,057,437)	(52,153)	-	22,102
High Needs	-	401,688	(401,688)	-	-	-
Pupil premium	22,650	136,290	(158,940)	-	-	-
Other restricted funds	-	72,818	(72,818)	-	-	-
Pension reserve	(1,397,000)	-	(109,000)	-	(291,000)	(1,797,000)
	<u>(1,005,402)</u>	<u>5,373,540</u>	<u>(5,799,883)</u>	<u>(52,153)</u>	<u>(291,000)</u>	<u>(1,774,898)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	10,576,401	-	(205,338)	-	-	10,371,063
Fixed assets purchased from GAG	110,881	-	(25,732)	52,153	-	137,302
DfE/EFA capital grants	537,816	1,941,111	(5,475)	-	-	2,473,452
	<u>11,225,098</u>	<u>1,941,111</u>	<u>(236,545)</u>	<u>52,153</u>	<u>-</u>	<u>12,981,817</u>
Total restricted funds	<u>10,219,696</u>	<u>7,314,651</u>	<u>(6,036,428)</u>	<u>-</u>	<u>(291,000)</u>	<u>11,206,919</u>
Total of funds	<u><u>10,223,957</u></u>	<u><u>7,615,824</u></u>	<u><u>(6,209,095)</u></u>	<u><u>-</u></u>	<u><u>(291,000)</u></u>	<u><u>11,339,686</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.

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20. STATEMENT OF FUNDS (continued)

Fixed Asset Funds

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 2014.

SUMMARY OF FUNDS

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
General funds	4,261	301,173	(172,667)	-	-	132,767
Restricted funds	(1,005,402)	5,373,540	(5,799,883)	(52,153)	(291,000)	(1,774,898)
Restricted fixed asset funds	11,225,098	1,941,111	(236,545)	52,153	-	12,981,817
	<u>10,223,957</u>	<u>7,615,824</u>	<u>(6,209,095)</u>	<u>-</u>	<u>(291,000)</u>	<u>11,339,686</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds
	2014	2014	2014	2014	2013
	£	£	£	£	£
Tangible fixed assets	-	-	12,910,794	12,910,794	10,840,829
Current assets	132,767	337,107	429,834	899,708	1,142,680
Creditors due within one year	-	(315,005)	(358,811)	(673,816)	(362,552)
Pension scheme liability	-	(1,797,000)	-	(1,797,000)	(1,397,000)
	<u>132,767</u>	<u>(1,774,898)</u>	<u>12,981,817</u>	<u>11,339,686</u>	<u>10,223,957</u>

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22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	1,406,729	203,369
Returns on investments and servicing of finance	(4,108)	(2,776)
Net assets transferred on conversion	(114,000)	-
Depreciation of tangible fixed assets	236,545	342,606
Capital grants from DfE	(1,941,111)	(501,044)
(Increase)/decrease in debtors	(189,549)	67,275
Increase/(decrease) in creditors	66,453	(31,642)
FRS17 pension finance (income)/cost	47,000	34,000
FRS17 pension costs less contributions paid	62,000	47,000
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	(430,041)	158,788

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

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	4,108	2,776
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,947,699)	(202,495)
Capital grants from DfE	1,861,111	501,044
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	(86,588)	298,549

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	1,043,601	(512,521)	-	531,080
NET FUNDS	1,043,601	(512,521)	-	531,080

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**NOTES TO THE FINANCIAL STATEMENTS
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25. CAPITAL COMMITMENTS

At 31 August 2014 the Academy Trust had capital commitments as follows:

	2014 £	2013 £
Contracted for but not provided in these financial statements	<u>71,024</u>	<u>-</u>

26. 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.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual 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

26. 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.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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 have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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 2014 was £210,000, of which employer's contributions totalled £160,000 and employees' contributions totalled £50,000. 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 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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26. PENSION COMMITMENTS (continued)

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities and gilts	6.40	1,013,000	6.40	1,082,000
Bonds	3.60	63,000	-	-
Property	5.90	151,000	6.00	133,000
Cash	2.90	32,000	5.00	44,000
Target return portfolio	5.90	226,000	5.00	222,000
Infrastructure and alternative assets	4.50	73,000	-	-
Total market value of assets		<u>1,558,000</u>		<u>1,481,000</u>
Present value of scheme liabilities		<u>(3,335,000)</u>		<u>(2,878,000)</u>
(Deficit)/surplus in the scheme		<u><u>(1,777,000)</u></u>		<u><u>(1,397,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(3,355,000)	(2,878,000)
Fair value of scheme assets	<u>1,558,000</u>	<u>1,481,000</u>
Net liability	<u><u>(1,797,000)</u></u>	<u><u>(1,397,000)</u></u>

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

	2014 £	2013 £
Current service cost	(222,000)	(194,000)
Interest on obligation	(141,000)	(98,000)
Expected return on scheme assets	<u>94,000</u>	<u>64,000</u>
Total	<u><u>(269,000)</u></u>	<u><u>(228,000)</u></u>

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26. PENSION COMMITMENTS (continued)

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

	2014	2013
	£	£
Opening defined benefit obligation	2,878,000	2,387,000
Current service cost	222,000	194,000
Interest cost	141,000	98,000
Contributions by scheme participants	50,000	46,000
Actuarial Losses	64,000	153,000
Liability transferred on conversion	-	-
	<hr/>	<hr/>
Closing defined benefit obligation	3,355,000	2,878,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2014	2013
	£	£
Opening fair value of scheme assets	1,481,000	1,124,000
Expected return on assets	94,000	64,000
Actuarial (gains) and losses	(227,000)	100,000
Contributions by employer	160,000	147,000
Contributions by employees	50,000	46,000
	<hr/>	<hr/>
	1,558,000	1,481,000
	<hr/> <hr/>	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £740,000 loss (2013: £449,000 loss).

The Academy Trust expects to contribute £155,000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Equities and gilts	65.00 %	73.00 %
Bonds	4.00 %	- %
Property	10.00 %	9.00 %
Cash	2.00 %	3.00 %
Target return portfolio	14.00 %	15.00 %
Infrastructure and alternative assets	5.00 %	- %

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

	2014	2013
Discount rate for scheme liabilities	4.00 %	4.70 %
Expected return on scheme assets at 31 August	6.00 %	6.00 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %

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

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

	2014	2013
Retiring today		
Males	22.7	20.6
Females	26.0	24.6
Retiring in 20 years		
Males	24.9	22.6
Females	28.3	26.5

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

Defined benefit pension schemes

	2014	2013	2012
	£	£	£
Defined benefit obligation	(3,355,000)	(2,878,000)	(2,387,000)
Scheme assets	1,558,000	1,481,000	1,124,000
Deficit	(1,797,000)	(1,397,000)	(1,263,000)
Experience adjustments on scheme liabilities	(64,000)	(153,000)	(417,000)
Experience adjustments on scheme assets	(227,000)	100,000	21,000

27. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
EXPIRY DATE:				
Within 1 year	-	-	6,445	8,018
Between 2 and 5 years	-	-	15,096	15,096

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

**NOTES TO THE FINANCIAL STATEMENTS
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28. 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.