

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

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

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The following pages do not form part of the statutory financial statements:

**CLYST VALE ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2012**

Governors

Kevin Bawn, Principal (Appointed 1 April 2011)^{1,2,3}
Linda Smith, Staff Governor (Appointed 1 April 2011)¹
Vanessa Francis (Appointed 1 April 2011)^{1,3}
Susanne Smye (Appointed 1 April 2011)²
Levon Stephan (Appointed 1 April 2011)^{2,3}
Jonathan Farnhill (Appointed 1 April 2011)^{1,3}
Georgina Stroud (Appointed 30 June 2011)^{1,3}
Lois Angell, Staff Governor (Appointed 1 April 2011)²
Richenda Battishill, Staff Governor (Appointed 8 April 2011, Resigned 1 June 2012)
²
Paul Colin, Staff Governor (Appointed 15 July 2011)²
Andrew Revesz (Appointed 7 May 2011, Resigned 21 March 2012)¹
Cathryn Durston (Appointed 30 June 2011)^{1,3}
Kate Getcliffe (Appointed 20 October 2011, Resigned 3 September 2012)¹
Annabel McDonald (Appointed 20 October 2011)²
Stuart Mackay (Appointed 1 April 2011, Resigned 30 March 2012)²
Graeme Robb (Appointed 1 April 2011)^{1,3}
Benjamin Preston, Staff Governor (Appointed 1 April 2011, Resigned 1 July 2011)²
Barbara Rusbridge (Appointed 1 April 2011)^{2,3}
Simon Sanger-Anderson, Chair (Appointed 8 April 2011)²

¹ Finance and Premises

² Curriculum, Learning and Teaching

³ Pay

**Company registered
number**

07564519

**Principal and Registered
office**

Station Road
Broadclyst
Exeter
Devon
EX5 3AJ

**Senior Management
Team**

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

Auditors

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

Bankers

Lloyds TSB Plc
High Street
Exeter
Devon

**CLYST VALE ACADEMY TRUST
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**GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2012**

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the period ended 31 August 2012.

Constitution

The Academy was incorporated on 15th March 2011 and opened as an Academy on the 1st April 2011. It is a company limited by guarantee (registration 07564519.) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy.

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

Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administration Details on page 1.

Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the 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.

Governors' Indemnities

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Governors 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 Governors knew to be a breach of trust or breach of duty or which was committed by the Governors 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 Governors in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10m and this cover is provided by QBE.

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

Principal Activities

The principal activity is to advance for the public benefit by maintaining, managing and developing a secondary school offering a broad and balanced curriculum.

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

GOVERNORS

Method of recruitment and appointment or election of Governors

On 1st April 2011 the Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a

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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

staggered re-election or replacement process.

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

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

- up to 4 Governors who are appointed by Members.
- minimum of 2, maximum 6 Parent Governors who are elected by parents of registered pupils at the Academy
- 4 staff Governors, not including the Principal
- the Principal who is treated for all purposes as being an ex officio Governor.
- up to 3 co-opted Governors who are appointed by the Governing Body

Governors 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 Governor, any Governor can be re-appointed or re-elected.

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

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

Policies and Procedures adopted for the Induction and Training of Governors

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

Organisational Structure

The full Board of Governors meets five times per year. The Board establishes an overall framework for the governance of the Academy 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 & Premises Committee - this meets eight times per year, approximately every four to five weeks, and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, reviewing and making recommendations to the Full Board of Governors on the annual budget including setting staffing levels. This committee also considers Premises and Health & Safety on a regular basis.
- Curriculum Committee - this meets eight times per year, approximately every four to five weeks, to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues including staff and student welfare.
- Pay Committee – this meets once per year to confirm recommendations with regard to pay progression and other pay matters which may be appropriate
- Audit Committee – the Full Board of Governors has resolved that this committee's functions are included within the responsibilities of the Finance & Premises Committee (above), that is to receive reports from the Responsible Officer and Devon Audit Partnership (Internal Audit)

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**GOVERNORS' REPORT (continued)
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The following decisions are reserved to the Board of Governors; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to the Governors, to approve the Annual Improvement Plan (AIP) and budget.

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

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

The Senior Leadership Team is responsible for the authorisation of spending within 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, though appointment panels for teaching posts and senior support staff posts always include a Governor.

The Principal is the Accounting Officer.

Risk management

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

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

Connected Organisations, including Related Party Relationships

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

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal activity is to advance for the public benefit education in the UK, in particular by maintaining, 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

**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

What students will do -

Students who will realise their potential, exceed their expectations and play a positive, active and responsible role in society"

The Academy's mission is as follows:

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

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

Objectives, Strategies and Activities

The Academy has strong collaborative links with eight partner primary schools which form part of the Clyst Vale Learning Community. The Academy has a formal agreement with Bickton College in respect of the Exeter Chiefs Rugby Academy, to support A-level teaching for students at the Rugby Academy (there are no financial risks to Clyst Vale Academy if there are no eligible students, or in the unlikely event of the Exeter Chiefs Rugby Academy not continuing). There are looser collaborative links with other secondary schools in East and Mid Devon through a 14-19 partnership and other networks including 14-16 vocational provision at Exeter College and Bickton College. The Academy also has strong connections with Exeter University, especially with the Faculty of Education. Clyst Vale is also in partnership with Ndururumo High School, Nyahururu, Kenya.

Public Benefit

The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

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

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

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

The Academy is in its first period of operation and continues to achieve the forecast numbers of students. Total students in the period ended 31st August 2012 numbered 1009. The Academy has, in agreement with Devon County Council agreed to admit 174 students each year from September 2012 and 182 from September 2013.

Examination results

- At A2, in 2012 the Academy achieved a 96.5% pass rate (A* to E). The AS A-E pass rate was 74.9%.
- This year the College had three successful Oxbridge candidates at A2, achieving 4A*, 3A*A, 2A*AB. The students will read Natural Sciences, Geography and Biochemistry respectively.
- The Academy GCSE results in June 2012 were 72.6% of students achieving 5 A*- C and 55.5% achieving 5 A* to C including English and Maths. These results are above the Devon average.

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• The College's 5 A* to G rate at GCSE was much improved with 95.1% of students achieving this standard, and no student left Clyst Vale without a GCSE qualification (100% 1A*-G). In addition the capped average point score per student at GCSE continues to increase to 326 in 2012 (323 in 2011).

During the period of these accounts, the Academy was accredited as a Thinking School by Exeter University, and re-accredited as an Investor in Work-Related Learning.

To ensure that standards are continually raised the Academy 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.

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

During the year, the Academy's charity fundraising activities have raised in excess of £5,500.

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

Going Concern

After making appropriate enquiries, the Governing Board 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 principles in preparing the financial statements.

Key Financial Performance Indicators

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

Please see table below.

<u>College</u>	2011/2012 (Jan Census)	2010/2011 (Jan Census)
Student Numbers: Years 7-11	833	816
Student Numbers: Sixth Form	177	174
No. Exceptional Arrangements	44	37.2
No. of FSM Students	64	60

The following KPI's were set at the start of the year

College	2011/2012 Target	2011/2012 Actual	2010/2011 Actual
Student attendance %	95.1%	95%	94.6%
GCSE 5 A-C inc Maths	870%	55%	66%
English			
% students making expected progress in English (GCSE)	82%	59.9%	63.9%
% students making expected progress in Maths (GCSE)	78%	66.8%	75.3%

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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 period ended 31 August 2012 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 and 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 period ended 31 August 2012, total expenditure of £7,544,955 was covered by recurrent grant funding from the DfE and other incoming resources totalling £7,880,064. The excess of income over expenditure for the year (excluding restricted fixed asset funds and pension funds) was £335,109.

At 31 August 2012 the net book value of fixed assets was £10,980,940 and movements in tangible fixed assets are shown in note 18 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 1 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.

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 27 to the financial statements.

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

Governors have appointed Devon Audit Partnership to undertake a programme of internal checks on financial controls (internal audit and Responsible Officer quarterly checks). During the year, the Governors received the reports from Devon Audit Partnership which contained no matters of significance.

Financial and Risk Management Objectives and Policies

The Academy has a Risk Register and a Risk Management Action Plan. These have been discussed by Governors and include the financial risks to the Academy. The register and plan are currently under review in light of new requirements.

The Governors 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 Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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

The Governors examine the financial health regularly, reviewing performance against budgets and overall

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expenditure by means of regular budget monitoring reports at all Finance & Premises Committee meetings, reported to the Full Board. The Governors also regularly review bank balances 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 which would represent a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 27 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Principal Risks and Uncertainties

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 was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

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

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 to financial and comparative reputational risk should student numbers fall. To mitigate this risk, Governors strive to secure the latest information available, and adopt the strategies indicated above.

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

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

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer (Devon Audit Partnership) 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.

Disability and Equality - The governing board is committed to the elimination of discrimination and equal treatment in employment. This applies to all stages of employment including recruitment, selection, learning and training, pay, working relationships, carer development, redundancy and retirement. This commitment is clearly demonstrated in the Academy's policies.

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 is currently under review.

Over the next 3 years there are significant challenges which we need to address. Some are within our control,

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others await national resolution and further development:

Learning

- Making teaching good across the Academy, with a third of lessons outstanding.
- Making sure all learners make good progress
- Improving the effectiveness of the curriculum to support the above
- Responding to the national changes to GCSE/E-Bacc and A-Level assessment
- Responding to the National Curriculum changes from September 2014
- Responding to the Raising of the Participation Age from September 2013

Staffing

- Changes to School Teachers' Pay and Conditions' particularly post Threshold
- The future of our Learning Community
- Succession planning

Finance & Premises

- Managing uncertain student numbers in light of changing local demographic position
- Addressing the quality and sustainability of the learning environment
- Changes to School Teachers' Pay and Conditions' particularly post Threshold
- Changes to national and local school funding formulae
- Changes to the funding of students with special educational needs
- Raising of the Participation Age

Reserves Policy

The Governors 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 Governors take into consideration the future plans of the Academy, the uncertainty over future income streams, student numbers and staffing requirements and other key risks.

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect. On a daily basis this is achieved by automatic transfer of surplus funds to overnight deposit. Where cash flow allows, sums in excess of £100,000 may be invested on deposit for extended periods.

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. 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 Finance Director within strict guidelines approved by the Governing Body.

PLANS FOR FUTURE PERIODS

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

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

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

The Academy is committed to improve the facilities of the College. To this end, a Masterplan for the site has

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been drawn up in conjunction with local architects, and the Academy will seek to access capital funding to deliver this plan.

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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


AUDITORS

In so far as the Governors are aware:

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

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

Approved by order of the members of the Governing Body on 31 December 2012 and signed on its behalf by:


Simon Sanger-Anderson
Chair of Governors

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As governors, 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 Full Governing Body 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 Full Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Full Governing Body has formally met 7 times during the year. Attendance during the year at meetings of the Full Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Kevin Bawn, Principal	7	7
Linda Smith, Staff Governor	6	7
Vanessa Francis	7	7
Susanne Smye	4	7
Levon Stephan	6	7
Jonathan Farnhill	7	7
Georgina Stroud	4	5
Lois Angell, Staff Governor	5	7
Richenda Battishill, Staff Governor	3	6
Paul Colin, Staff Governor	5	7
Andrew Revesz	5	5
Cathryn Durston	6	6
Kate Getcliffe	3	5
Annabel McDonald	3	4
Stuart Mackay	4	5
Graeme Robb	6	7
Benjamin Preston, Staff Governor	2	2
Barbara Rusbridge	6	7
Simon Sanger-Anderson, Chair	6	7

The **Finance and General Purposes Committee** is a sub-committee of the main Full Governing Body. 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 Governors on the annual budget including setting staffing levels. This committee also considers Premises and Health & Safety on a regular basis.

The Finance and General Purposes Committee has formally met 10 times during the period 1 April 2012 to 31 August 2012. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Kevin Bawn, Principal	10	10
Vanessa Francis	10	10
Jonathan Farnhill	8	1
Cathryn Durston	7	8
Graeme Robb	9	10
Linda Smith	10	10
Georgina Stroud	7	8
Andrew Revesz	5	7
Kate Getcliffe	3	6

GOVERNANCE STATEMENT (continued)

The Curriculum, Learning and Teaching Committee has formally met 10 times during the period 1 April 2012 to 31 August 2012. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Kevin Bawn	9	10
Barbara Rusbridge	10	10
Lois Angell	6	10
Paul Colin	8	8
Annabel McDonald	4	7
Simon Sanger-Anderson	7	9
Susanne Smye	8	10
Levon Stephan	10	10
Richenda Battishill	5	10
Stuart Mackay	5	8
Benjamin Preston	2	2

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 period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Full Governing Body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Full Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Full Governing Body.

THE RISK AND CONTROL FRAMEWORK

The academy'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 Full Governing Body;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (as set purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Full Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Devon Audit Partnership, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO reports to the Full Governing Body on the operation of the systems of control and on the discharge of the Full Governing Body's financial responsibilities.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS


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

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

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

Approved by order of the members of the Full Governing Body on ^{3 December} and signed on their behalf, by:


Simon Sanger-Anderson
Chair of Governors


Kevin Bawn, Principal
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting officer of Clyst Vale Academy Trust I have considered my responsibility to notify the academy Full Governing Body 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 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 Full Governing Body 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's funding agreement and the Academies Financial Handbook.

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



Kevin Bawn, Principal

3 December 2012

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

**GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012**

The Governors (who act as trustees for charitable activities 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 Governors' report and the financial statements in accordance with the Annual Accounts Requirements 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Full Governing Body and signed on its behalf by:


Simon Sanger-Anderson
Chair of Governors

Date: 3-12-2012

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

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

We have audited the financial statements of Clyst Vale Academy Trust for the period ended 31 August 2012 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 Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the academy 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's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

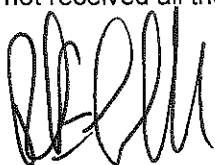
**CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Tim Borton FCA DChA (Senior Statutory Auditor)
for and on behalf of

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

Date:

11 December 2012

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

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

In accordance with the terms of our engagement letter dated 19 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction, 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 period 15 March 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Clyst Vale Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Clyst Vale Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Clyst Vale Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

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 as published by DfE in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 15 March 2011 to 31 August 2012 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 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

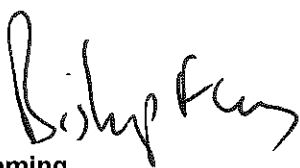
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

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

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 15 March 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Bishop Fleming

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

Date:

11 December 2012

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Transfer from local authorities on conversion	3	-	(830,000)	11,377,096	10,547,096
Other voluntary income	3	3,746	-	41,514	45,260
Activities for generating funds	4	129,147	-	-	129,147
Investment income	5	1,195	-	-	1,195
Incoming resources from charitable activities		267,822	7,478,154	-	7,745,976
TOTAL INCOMING RESOURCES		401,910	6,648,154	11,418,610	18,468,674
RESOURCES EXPENDED					
Costs of generating funds:					
Fundraising expenses and other costs		135,698	-	-	135,698
Charitable activities	12	266,212	7,085,146	488,860	7,840,218
Governance costs	8	-	23,170	-	23,170
TOTAL RESOURCES EXPENDED	11	401,910	7,108,316	488,860	7,999,086
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		-	(460,162)	10,929,750	10,469,588
Transfers between Funds	21	-	(71,729)	71,729	-
NET INCOME FOR THE YEAR		-	(531,891)	11,001,479	10,469,588
Actuarial gains and losses on defined benefit pension schemes		-	(396,000)	-	(396,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		-	(927,891)	11,001,479	10,073,588
Total funds at 15 March 2011		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2012		-	(927,891)	11,001,479	10,073,588

All activities relate to continuing operations.

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

The notes on pages 23 to 40 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£	2012 £
FIXED ASSETS			
Tangible assets	18		10,980,940
CURRENT ASSETS			
Debtors	19	166,354	
Cash at bank and in hand		583,488	
		<u>749,842</u>	
CREDITORS: amounts falling due within one year	20	(394,194)	
NET CURRENT ASSETS			<u>355,648</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,336,588</u>
Defined benefit pension scheme liability	27	(1,263,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>10,073,588</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
General funds	21	335,109	
Fixed asset funds	21	11,001,479	
		<u>11,336,588</u>	
Restricted funds excluding pension liability			
Pension reserve		(1,263,000)	
		<u></u>	
Total restricted funds			<u>10,073,588</u>
TOTAL FUNDS			<u><u>10,073,588</u></u>

The financial statements were approved by the Governors, and authorised for issue, on and are signed on their behalf, by:



Simon Sanger-Anderson, Chair

3 December 2012
The notes on pages 23 to 40 form part of these financial statements.

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

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012**

	Note	2012 £
Net cash flow from operating activities	23	674,965
Returns on investments and servicing of finance	24	1,227
Capital expenditure and financial investment	24	(92,704)
INCREASE IN CASH IN THE PERIOD		583,488

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2012**

	2012 £
Increase in cash in the period	583,488
MOVEMENT IN NET FUNDS IN THE PERIOD	583,488
NET FUNDS AT 31 AUGUST 2012	583,488

The notes on pages 23 to 40 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

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 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 COMPANY STATUS

The academy is a company limited by guarantee. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 FUND ACCOUNTING

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

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

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

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

1.4 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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.

Sponsorship income provided to the academy 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.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy 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's policies.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.5 RESOURCES EXPENDED

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

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's depreciation policy.

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

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

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 STOCKS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

1. ACCOUNTING POLICIES (continued)

1.9 TAXATION

The academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 PENSIONS

Retirement benefits to employees of the academy 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.

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 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 27, the TPS is a multi-employer scheme and the academy 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 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.

1.11 CONVERSION TO AN ACADEMY TRUST

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

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

Further details of the transaction are set out in note 26.

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

2. GENERAL ANNUAL GRANT (GAG)

	2012 £
Result and Carry Forward for the Year	
GAG Allocation for current year	6,833,607
Total GAG Available to spend	6,833,607
Recurrent expenditure from GAG	(6,443,550)
Fixed assets purchased from GAG	(71,729)
GAG Carried forward to next year	318,328
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(565,652)
GAG to surrender to DfE	(247,324)
(12% rule breached if result is positive)	No breach

3. VOLUNTARY INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Transfer from local authorities on conversion	-	10,547,096	10,547,096
Donations	3,746	-	3,746
Government grants	-	41,514	41,514
Subtotal	3,746	41,514	45,260
Voluntary income	3,746	10,588,610	10,592,356

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Lettings	5,873	-	5,873
Trip Income	123,274	-	123,274
	129,147	-	129,147

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

5. INVESTMENT INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Bank interest	1,195	-	1,195

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	267,822	7,478,154	7,745,976

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
DfE/EFA revenue grant			
General Annual Grant	-	6,681,767	6,681,767
Start up Grants	-	25,000	25,000
Other DfE/EFA grants	-	211,816	211,816
	-	6,918,583	6,918,583
Other government grants			
School standards funds	-	10,946	10,946
Special Educational Needs	-	544,321	544,321
	-	555,267	555,267
Other funding			
Sales to students	11,050	-	11,050
Other	256,772	4,304	261,076
	267,822	4,304	272,126
	267,822	7,478,154	7,745,976

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	266,212	7,574,006	7,840,218

8. GOVERNANCE COSTS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Auditors' remuneration	-	5,500	5,500
Auditors' non audit costs	-	4,650	4,650
Legal and Professional	-	13,020	13,020
	-	23,170	23,170

9. DIRECT COSTS

	Education £
Pension finance costs	56,000
Educational supplies	208,346
Examination fees	102,499
Staff development	32,908
Other costs	87,918
Supply teachers	17,878
Wages and salaries	3,958,662
National insurance	306,675
Pension cost	541,805
Depreciation	488,860
	5,801,551

CLYST VALE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

10. SUPPORT COSTS

	Education £
Recruitment and other staff costs	12,483
Maintenance of premises and equipment	235,461
Cleaning	11,538
Rent and rates	121,761
Heat and light	98,053
Insurance	72,302
Security and transport	36,862
Catering	44,903
Office overheads	247,695
Legal and professional	104,917
Bank interest and charges	546
Wages and salaries	873,229
National insurance	47,804
Pension cost	131,113
	<u>2,038,667</u>

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £
Trip expenses	-	-	135,698	135,698
COSTS OF GENERATING FUNDS	<u>-</u>	<u>-</u>	<u>135,698</u>	<u>135,698</u>
Education	5,859,288	488,860	1,492,070	7,840,218
Governance	-	-	23,170	23,170
	<u>5,859,288</u>	<u>488,860</u>	<u>1,650,938</u>	<u>7,999,086</u>

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £
Education	<u>5,801,551</u>	<u>2,038,667</u>	<u>7,840,218</u>

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13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2012 £
Depreciation of tangible fixed assets:	
- owned by the charity	488,859
Auditors' remuneration	5,500
Auditors' remuneration - non-audit	4,650
	<u>498,950</u>

During the period, no Governors received any benefits in kind.

During the period, no Governors received any reimbursement of expenses.

14. STAFF COSTS

Staff costs were as follows:

	2012 £
Wages and salaries	4,831,891
Social security costs	354,479
Other pension costs (Note 27)	672,918
	<u>5,859,288</u>

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

	2012 No.
Teachers	65
Administration and support	53
Management	7
	<u>125</u>

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

	2012 No.
In the band £60,001 - £70,000	3
In the band £70,001 - £80,000	1
In the band £80,001 - £90,000	1
	<u>5</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £39,970.

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NOTES TO THE FINANCIAL STATEMENTS
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15. GOVERNORS' REMUNERATION

During the period retirement benefits were accruing to 5 Governors in respect of defined contribution pension schemes, 5 of these Governors for the full period.

The Principal and staff governors 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 governors. Other governors did not receive any payments other than expenses from the academy in respect of their role as governors. The value of governors' remuneration was as follows, for the twelve-month period September 2011 - August 2012 except where shown: Lois Angell £35,001-£40,000; Kevin Bawn £75,001 - £80,000; Richenda Battishill £40,001 - £45,000; Paul Colin £50,001 - £55,000; Ben Preston (September 2010 - August 2011) £25,001 - £30,000; Linda Smith £25,001 - £30,000.

16. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors 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 period ended 31 August 2012 was £3,109.

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

17. OTHER FINANCE INCOME

	2012 £
Expected return on pension scheme assets	79,000
Interest on pension scheme liabilities	(135,000)
	<hr/>
	(56,000)
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NOTES TO THE FINANCIAL STATEMENTS
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18. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 15 March 2011	-	-	-	-
Additions	14,308	43,718	34,678	92,704
Transfer on conversion	10,934,500	155,848	286,747	11,377,095
	<u>10,948,808</u>	<u>199,566</u>	<u>321,425</u>	<u>11,469,799</u>
At 31 August 2012				
DEPRECIATION				
At 15 March 2011	-	-	-	-
Charge for the period	310,033	43,734	135,092	488,859
	<u>310,033</u>	<u>43,734</u>	<u>135,092</u>	<u>488,859</u>
At 31 August 2012				
NET BOOK VALUE				
At 31 August 2012	<u>10,638,775</u>	<u>155,832</u>	<u>186,333</u>	<u>10,980,940</u>

19. DEBTORS

	2012 £
Trade debtors	15,897
Other debtors	131,402
Prepayments and accrued income	19,055
	<u>166,354</u>

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

	2012 £
Trade creditors	50,424
Social security and other taxes	148,736
Other creditors	114,000
Accruals and deferred income	81,034
	<u>394,194</u>
	£
DEFERRED INCOME	
Resources deferred during the year	<u>36,595</u>

At the balance sheet date the school was holding fund received in advance for school trips for Spring and Summer term 2013.

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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	-	401,910	(401,910)	-	-	-
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	6,833,607	(6,443,550)	(71,729)	-	318,328
Special Educational Needs	-	342,323	(342,323)	-	-	-
Pupil premium	-	45,277	(36,946)	-	-	8,331
Start up grant	-	25,000	(25,000)	-	-	-
HSC Funding	-	201,998	(201,998)	-	-	-
Other Govt Grants	-	29,949	(21,499)	-	-	8,450
Pension reserve	-	(830,000)	(37,000)	-	(396,000)	(1,263,000)
	-	6,648,154	(7,108,316)	(71,729)	(396,000)	(927,891)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	-	11,377,096	(340,854)	-	-	11,036,242
Fixed assets purchased from GAG	-	-	(147,586)	71,729	-	(75,857)
Capital grants	-	41,514	(420)	-	-	41,094
	-	11,418,610	(488,860)	71,729	-	11,001,479
Total restricted funds	-	18,066,764	(7,597,176)	-	(396,000)	10,073,588
Total of funds	-	18,468,674	(7,999,086)	-	(396,000)	10,073,588
SUMMARY OF FUNDS						
	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	401,910	(401,910)	-	-	-
Restricted funds	-	6,648,154	(7,108,316)	(71,729)	(396,000)	(927,891)
Restricted fixed asset funds	-	11,418,610	(488,860)	71,729	-	11,001,479
	-	18,468,674	(7,999,086)	-	(396,000)	10,073,588

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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (continued)

Restricted funds

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

Start up Grant - One off Grant from EFA which has been used to help towards the costs associated with running a larger school and to cover the economies of scale, as well as to cover start up costs.

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

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.

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.

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	-	-	10,980,940	10,980,940
Current assets	-	729,303	20,539	749,842
Creditors due within one year	-	(394,194)	-	(394,194)
Provisions for liabilities and charges	-	(1,263,000)	-	(1,263,000)
	-	(927,891)	11,001,479	10,073,588

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

	2012 £
Net incoming resources before revaluations	10,469,588
Returns on investments and servicing of finance	(1,227)
Net assets transferred on conversion	(10,547,095)
Depreciation of tangible fixed assets	488,859
Increase in debtors	(166,354)
Increase in creditors	394,194
FRS17 pension finance (income)/cost	56,000
FRS17 pension costs less contributions paid	(19,000)
NET CASH INFLOW FROM OPERATIONS	674,965

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

	2012 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
Interest received	1,227
	2012 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
Purchase of tangible fixed assets	(92,704)

25. ANALYSIS OF CHANGES IN NET DEBT

	15 March 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand:	-	583,488	-	583,488
NET FUNDS	-	583,488	-	583,488

26. CONVERSION TO AN ACADEMY TRUST

On 1 April 2011 Clyst Vale Community College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Clyst Vale Academy Trust from Devon County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

CLYST VALE ACADEMY TRUST
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FOR THE PERIOD ENDED 31 AUGUST 2012

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	10,934,500	10,934,500
- Other tangible fixed assets	-	-	442,595	442,595
LGPS pension surplus/(deficit)	-	(830,000)	-	(830,000)
Net assets/(liabilities)	-	(830,000)	11,377,095	10,547,095

27. PENSION COMMITMENTS

The academy'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 was 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 period.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ('SCR') is 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 investigation, 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 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the

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27. PENSION COMMITMENTS (continued)

estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost sharing agreement between employers' and teachers' representatives, 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 cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

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 period ended 31 August 2012 was £259,000, of which employer's contributions totalled £197,000. The agreed contribution rate for future years are 19.7% for employers and 5.5 - 7.5% for employees.

As described in note 26 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The amounts recognised in the Balance sheet are as follows:

	2012 £
Present value of funded obligations	(2,387,000)
Fair value of scheme assets	1,124,000
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Net liability	(1,263,000)
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NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

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

	2012 £
Current service cost	(178,000)
Interest on obligation	(135,000)
Expected return on scheme assets	79,000
	<hr/>
Total	(234,000)
	<hr/> <hr/>

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

	2012 £
Current service cost	178,000
Interest cost	135,000
Contributions by scheme participants	62,000
Actuarial Losses	417,000
Benefits paid	1,000
Liability transferred on conversion	1,594,000
	<hr/>
Closing defined benefit obligation	2,387,000
	<hr/> <hr/>

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

	2012 £
Expected return on assets	79,000
Actuarial gains and (losses)	21,000
Contributions by employer	197,000
Contributions by employees	62,000
Benefits paid	1,000
Asset transferred on conversion	764,000
	<hr/>
	1,124,000
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The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £396,000 Loss.

The academy expects to contribute £122,000 to its Defined benefit pension scheme in 2013.

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

	2012
Equities	74.00 %
Property	6.00 %
Cash	5.00 %
Target return portfolio	15.00 %

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27. PENSION COMMITMENTS (continued)

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

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

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

	2012
Retiring today	
Males	20.5
Females	24.5
Retiring in 20 years	
Males	22.5
Females	26.4

Amounts for the current period are as follows:

Defined benefit pension schemes

	2012 £
Defined benefit obligation	(2,387,000)
Scheme assets	1,124,000
Deficit	(1,263,000)
Experience adjustments on scheme liabilities	(417,000)
Experience adjustments on scheme assets	21,000

28. OPERATING LEASE COMMITMENTS

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as follows:

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

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29. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of governors 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 governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The academy purchased buildings services to the amount of £13,360 from MJH Enterprises. The School Business Manager's husband is the sole proprietor of this business.