

**Academies South West
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year Ended 31 August 2015**

Company Registration Number 7451553

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Academies South West

Financial Statements

Year Ended 31 August 2015

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Academies South West

Reference and Administrative Details

Year Ended 31 August 2015

Members

D Arnold
J Turner
J Fothergill
S Tucker

Trustees

D Arnold (Chairman)
S Anderson (Resigned 17.3.15)
L Evans
J Fothergill
N Hindmarsh (resigned 31.8.15)
S Gotch (appointed 21.9.15)
A Johnson (Resigned 21.9.15)
L Matthews
R Pope (CEO and Accounting Officer)
M Rolls
M Shaw (Resigned 22.6.15)
B Taylor
S Tucker

Company Secretary

L Collard

Senior Management:

- . CEO and Principal Kingsbridge Academy
- . Principal Dartmouth Academy
- . Executive Primary Academy Head
- . Director of Finance and Operations

R Pope
N Hindmarsh (Resigned 31.8.15)
M Rolls
S White

Principal and Registered Office

Balkwill Road
Kingsbridge
Devon
TQ7 1PL

Company Registration Number

7451553(England and Wales)

Independent Auditor

Francis Clark LLP
Sutton Harbour
Plymouth,
Devon
PL4 0RA

Bankers

Lloyds TSB
Kingsbridge
Devon

Solicitors

Michelmores
Woodwater House
Pynes Hill
Exeter
EX2 5WR

Academies South West

Trustees' Report

Year Ended 31 August 2015

The trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2015. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates six academies, comprising a secondary with sixth form (Kingsbridge Community College), an all-through academy comprising primary, secondary and sixth form (Dartmouth Academy, and 4 primary academies (Blackawton Primary School, Stoke Fleming Primary School, East Allington Primary School and Kingswear Primary School) serving a catchment area in the South Hams, Devon. It has a pupil capacity of 2,928 and had a roll of 2,325 in the school census in May 2015. The financial comparatives throughout this report for 2014 relate to Kingsbridge Community College only.

Structure, Governance and Management

Constitution

The Multi-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 Trust.

The trustees are also the directors of the charitable company for the purposes of company law. The Charitable Company, formerly known as Kingsbridge Academy changed its' name on 10 March 2015 and is known as Academies South West. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Every trustee or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Principal Activities

The Trust's object is specifically restricted to the advancement of education for the public benefit in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Trustees

It is accepted that a well-informed, supportive and challenging Trust Board is an essential prerequisite for a successful Multi Academy Trust. The Directors are appointed by Members and may appoint up to 2 from the Local Governing Bodies (1 Primary, 1 Secondary) on a one year term, 1 Primary Head and 1 Secondary Head on a one year term, and 7 other Directors on four year terms. In addition the Chief Executive Officer may be a Director.

The chairman and vice chairman of the Board are elected annually according to the process outlined in the Board's Terms of Reference.

Academies South West

Trustees' Report

Year Ended 31 August 2015

Policies and Procedures Adopted for the Induction and Training of Trustees

All new trustees are assigned an experienced trustee mentor to assist them in taking on new responsibilities. They are booked on to essential training courses (e.g. interpreting RAISEonline). We subscribe to the national training and information organisation "The Key" in order to give trustees access to updates in national policy and access to essential documents and policy changes.

Organisational Structure

The structure consists of three levels: The Members, the Trustees and the Local Governing Bodies.

The Members of the Trust comprise the signatories of the Memorandum, including the Chair of the Board. The Members meet annually to determine the strategic direction of the Trust and review progress against the strategic objectives of the Board.

The Board operates in accordance with documented terms of reference and its role is to effectively scrutinise operations and standards in all schools, with the aim of delegating as much of the day-to-day operation of each Academy to LGBs within the framework of delegation. A minimum of 3 Board meetings are scheduled annually to oversee finance, educational standards, safeguarding and other matters.

Each Trustee is, in addition to being a member of the Trust Board a member of either the Learning & Community Committee or the Finance and Operations Committee, with a minimum of 6 Trustees on each committee. The Governing Body Committees operate in accordance with documented terms of reference. The terms of reference for the Learning and Community Committee are to help formulate, approve and evaluate the achievement of the Community & Learning sections of each Academy's Improvement Plan. The terms of reference for the Finance & Operations Committee is to formulate policy, review and interrogate financial reports, approve Trust budgets, approve financial statements for Companies House, receive the audit report, determine capital expenditure plans, and review and make recommendations on IT, catering, health & safety and maintenance of premises.

Individual local governing bodies (LGBs) take responsibility for all matters delegated by the Board including proposing the budget to the Board for approval and to be informed of higher level scrutiny of management accounts and identification of risks. Individual LGBs focus on safeguarding, achievement and school improvement with how these focus areas are administered and/or delegated to each LGB.

The Chief Executive Officer has the executive responsibility for implementing the Trust Board policies and delivering on the Objects of the Articles of Association. The Trust Business Manager leads Finance, Information Technology, Facilities Management, Catering and Administration. In accordance with the Academy Financial Handbook, the Directors appointed the CEO as the Accounting Officer and the Trust Business Manager as the Principal Finance Officer.

Connected Organisations, including Related Party Relationships

Kingsbridge Academy is a designated National Teaching School entitling it to lead the training and professional development for staff. As a National Teaching School, Kingsbridge Academy works with Ivybridge Community College and the University of Exeter to lead an alliance of secondary, primary and special schools in the South West in order to raise standards for all students. Teaching Schools will help to develop new approaches to initial teacher training, promote professional development for staff, nurture future school leaders and help support schools that are in challenging circumstances.

Kingsbridge Academy and the four primary academies are members of Challenge Partners, which is an organisation of schools which works collaboratively to raise standards for all pupils in member schools, currently 180 in number spanning primary and secondary schools. The CEO is a Senior Partner of Challenge Partners, and as such represents the views of the regional hub, defining strategy

Academies South West

Trustees' Report

Year Ended 31 August 2015

and monitoring progress against Challenge Partner objectives. He is also a member of the Management Board which implements the policy of the Partners.

Kingsbridge Academy is also a founding member of Leading Schools South West, which is a not for profit organisation comprising seven schools in the South West and Southern Education Leadership Trust a charitable not for profit company specialising in school leadership. Leading Schools South West has been licensed by the National College of School Leaders to deliver modular leadership programmes. The CEO chairs the Board of Leading Schools South West.

Three registered charities (note 13) organised by parents, staff and other members of the community have as their object raising funds for particular academies within the Trust.

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age.

Under the banner "excellence together", we are a relentlessly aspirational community of schools. By working together, we give all our students an inspirational education that looks out across the world, enabling them to seize opportunities now and in the future. We are outstanding in all we do.

Our aims and aspirations

We build trust through :

Integrity	- we do what we say we will do
Respect	- for each school's individuality
Deed	- our actions have impact

So that our students enjoy the very best education, we are :

Collaborative	- because we are stronger together
Courageous	- in challenging each other to do better
Resilient	- we do not give up on the quest for excellence

Objectives, Strategies and Activities

By capitalising on our collective strength and resources, we:

- Raise the academic achievement and personal growth of all our students.
- Improve the quality of teaching and learning by providing better opportunities for staff to create new knowledge and develop skills.
- Provide better support services at improved value for money to increase resources for teaching and learning.
- Recruit and retain higher quality staff by offering opportunities across the group.
- Support and hold each academy to account through stronger governance.
- Build a cohesive identity rooted in the unique identity of each academy.

Academies South West

Trustees' Report

Year Ended 31 August 2015

Public Benefit

The Trustees have ensured through review and monitoring of the activities of each Academy within its Trust that the primary objective of the Academy Trust to provide education for the public benefit has been met.

Strategic Report

Achievements and Performance

Results at Kingsbridge Academy were excellent showing positive value added on the majority of measures at KS4. At KS5 results were very good, showing improvement from the previous year at A2.

In the primary academies, results were very good and showed a general improvement over the previous year; they are above national averages in most measures.

At Dartmouth Academy results at KS1 showed pleasing improvement. At KS2, KS4 and KS5 they were below national averages and in a majority of cases showed a decline from the previous year.

Risk Management

The Trustees use the Risk Register as defined in the Academy Financial Handbook to evaluate strategic and reputational, operational, compliance, and financial risks to which the Academy Trust is exposed and have ensured that the management structure, systems and controls are in place to manage these risks, as well as insurance to cover financial loss and legal exposure.

The Board ensure regular review of risks through the reporting provided by the Senior Management Team and the Audit Committee.

Going Concern

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

Key Financial Performance Indicators

The key financial performance indicator for the Trust is the adherence to the financial budget set at the beginning of the year. Excluding any generated funds, all income for the Academy is Government or Local Authority funded and therefore the income of the Academy is largely a given.

An expenditure budget is set at the beginning of the year, taking into consideration the level of Government funding. The Trustees have reviewed detailed capital and revenue expenditure reports compared to expenditure budgets, which confirms that the processes and procedures in place for controlling expenditure are acceptable.

Academies South West

Trustees' Report

Year Ended 31 August 2015

Financial Review

The Trust held fund balances at 31 August 2015 of £32,371,000 comprising £31,501,000 of restricted funds and £870,000 of unrestricted funds. A pension reserve deficit on the Local Government Pension Scheme of £3,712,000 is included in the restricted funds balance.

The Trust converted to a multi academy model on 1 September 2014. Incoming resources connected with the academies joining the Trust include £10,062,000 land and buildings, £260,000 IT equipment and £80,000 of furniture, fixtures and equipment. A further £203,000 of unrestricted surplus was transferred to the Trust from the same academies. Offsetting this increase to reserves was a combined brought forward deficit on the Local Government Pension Scheme of £1,572,000.

In accordance with the Funding Agreement, the principal source of general funding with which to finance the operations of the Academy Trust, is the Department for Education. £301,000 of general funding was spent on capital items.

The Trust received £323,000 from the Academies Condition Improvement Fund during the year which, combined with a Condition Improvement Loan of £75,000, was used to refurbish and upgrade the four primary academies.

The Trust spent £796,000 on fixed assets. £460,000 of this was spent on buildings, which as well as Condition Improvement works, included additional works to the sports field at Kingsbridge. The expenditure on IT included a £100,000 complete network and computer replacement programme across the four primary academies, as well as a further £129,000 of planned upgrade and replacement of the network infrastructure and computers in the secondary academies.

Principal Risks and Uncertainties

The principal risk facing the Trust is the future level of Government Funding. This risk is managed by careful control over budgeted expenditure which ensures that a deficit does not arise for the year, combined with a prudent reserves policy.

Reserves Policy

A reserve of £200,000 is held within the unrestricted funds to provide protection against unforeseen financial risk. Of the funds balances held at 31st August 2015 the following provisions have been approved by the Governors:

£120,000 is held to replace the playing surface of the All Weather Pitch at Kingsbridge Academy and is expected to be spent in 2017-2018.

£87,000 to support essential and unforeseen building maintenance at Kingsbridge and Dartmouth academies.

£392,000 to replace IT network infrastructure and computer equipment (based on the expected life of the equipment); the periodicity of spending this reserve varies depending on the equipment.

£25,000 to replace catering & kitchen plant and equipment.

£538,000 is held to support the future stability of the trust in the face of falling education funding, as well as to provide support to Dartmouth Academy and the four primary academies as the Trust works to increase the number of students on roll.

Academies South West

Trustees' Report

Year Ended 31 August 2015

Plans for Future Periods

The Trust is still engaged in a programme of intensive staff development implementing its teaching for learning strategy which it believes will continue to drive improvement. This has been reorganised at Kingsbridge Community College so that it follows a more personalised approach; following an analysis of gaps in staff expertise, training sessions are organised in order to fill areas of need on a triad model. The four primary schools have collectively organised their meeting schedule in order to facilitate joint planning and development in order to raise the skill level of all staff to that of the best. Dartmouth Academy is in most need. Staff have been paired up with appropriate staff in Kingsbridge Community College and the four primary schools, and senior staff are attending Dartmouth in order to run particular training sessions.

Auditor

In so far as the trustees 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 Trustees' Report, incorporating a Strategic Report was approved by order of the Board on 16th December 2015 and signed on its behalf by:



David Arnold - Chair

Academies South West

Governance Statement

Year Ended 31 August 2015

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Academies South West 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 trustees have delegated the day-to-day responsibility to the CEO, 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 Academies South West and Secretary of State for Education. He is also responsible for reporting to the trustees any material weaknesses or breakdown in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees Responsibilities. The full Trust Board has formally met 5 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
D Arnold (Chairman)	5	5
S Anderson	1	3
L Evans	2	5
J Fothergill	4	5
N Hindmarsh	5	5
A Johnson	5	5
L Matthews	4	5
R Pope	5	5
M Rolls	5	5
M Shaw	5	5
B Taylor	5	5
S Tucker	5	5

The **Finance & Operations Committee** is a sub-committee of the Trust Board. The terms of reference for the Finance & Operations Committee is to formulate policy, review and interrogate financial reports, approve College budgets, approve financial statements for Companies House, receive the audit report, determine capital expenditure plans, and review and make recommendations on IT, catering, health & safety and maintenance of premises. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J Fothergill (Chairman)	3	3
D Arnold	4	4
N Hindmarsh	3	4
A Johnson	3	4
R Pope	4	4
M Rolls	4	4
B Taylor	4	4

Academies South West

Governance Statement

Year Ended 31 August 2015

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved. The accounting officer for the academy trust has delivered improved value for money during the year by :

Improving Educational Results

- Results improved strongly at Kingsbridge Community College. Performance at A and AS level was marginally better in value added terms and performance, and at GCSE considerably better with the best ever result of 77% 5A* - C including English and Maths. All EBACC subjects were significantly positive with a score of 0.6+ on-Progress 8. This has been achieved through the relentless focus on improving the quality of teaching and refined tracking systems. Additional intervention measures such as after-school study clubs also had a big impact.
- Results improved in most measures in the four primary academies. This was as a result of greater focus by the Executive Leaders on the quality of teaching and as a result of their focus on improving leadership.
- Results at Dartmouth improved slightly at Key Stage 1 but were still unsatisfactory at Key Stages 3, 4 and 5. This has been addressed by a radical restructure of the senior leadership team and the appointment of a new Head for 1 September 2015. A number of measures had started to be put in place but have not yet embedded and we hope to see further strong improvement next year.
- All schools are benefiting from direct membership or cascaded benefits from external organisations such as Teaching School Alliance, PiXL and Challenge Partners. We have also benefitted from a number of days support from outside consultants who have proved to be very helpful.

Management of Financial Resources to support teaching & learning

- The formation of the multi-academy trust has been supported by the centralisation of financial, IT, and maintenance services, creating economy of scale resulting from the sharing of resources, coupled with providing all academies in the trust with higher levels of expertise, benefiting financial management and the support of teaching and learning.
- A significant restructure of Dartmouth Academy preceded and has following the sponsorship of the academy by the Trust, removing considerable cost, putting that academy in a better financial position for the future.
- The commercial approach to procurement already established by Kingsbridge Academy prior to the formation of the multi academy trust has been extended to provide a centralised procurement service to the Trust as a whole leading to cost savings across the Trust.
- The management of the catering operations of the incoming academies has been consolidated, and operational and procurement models extended across them, bringing down the high cost of provision to Dartmouth Academy to break even, and significantly reducing the cost of the provision to the primary academies.
- The centralised provision of a skilled maintenance team has significantly reduced the dependence on external contractors across all academies; during the year a back log of essential building maintenance and repair has been conducted across the primary schools.
- The student transport provision for Dartmouth Academy has been reorganised enabling more students to attend the academy, at a reduced cost.

Academies South West

Governance Statement

Year Ended 31 August 2015

- The cleaning operation for Dartmouth Academy has been insourced, and under centralised management is delivering a higher quality provision for a lower cost.
- The drive to reduce energy costs, working with the Ashden Less Co2 Programme has continued to see benefits from directly reducing consumption supported by improved management of the facilities' plant.
- Community use of facilities, including the development of adult learning courses, had in addition to underpinning strong community relations, has lead to an increase in income resulting from these activities.

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 Academies South West for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees have 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 is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees through the work of the audit committee.

The Risk and Control Framework

The 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 trustees;
- regular reviews by the Finance and Operations Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.
- the work of the audit committee.

Review of Effectiveness

As Accounting Officer, the CEO Principal, who also serves on the Finance and Operations Committee, has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

Academies South West

Governance Statement

Year Ended 31 August 2015

- regular update meetings with the Director of Finance & Operations, including detailed review during the set up of new academy systems, setting of budgets, and detailed review of management information;
- attendance of all the Finance and Operations Committee meetings
- review of the reports of the audit committee.

The review has not given rise to any internal control weaknesses.

Approved by order of the Board on 16th December 2015 and signed on its behalf by:



David Arnold
Chair



Roger Pope
Accounting Officer

Academies South West

Statement on Regularity, Propriety and Compliance

Year Ended 31 August 2015

As accounting officer of Academies South West I have considered my responsibility to notify the trust Board 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 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 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 trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

A handwritten signature in black ink, appearing to read 'R Pope', is positioned above the printed name of the Accounting Officer.

Roger Pope
Accounting Officer

Academies South West

Statement of Trustees' Responsibilities

Year Ended 31 August 2015

The trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Academies Accounts Direction 2014 to 2015 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 in the Charities SORP;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order the Board on 16th December 2015 and signed on its behalf by:



David Arnold
Chair

Academies South West

Independent Auditor's Report on the Financial Statements to the Members of Academies South West

Year Ended 31 August 2015

We have audited the financial statements of Academies South West for the year ended 31 August 2015 which comprises the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared under the Academies Accounts Direction 2014 to 2015 issued by the EFA.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and 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 set out on page 13, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 charitable company'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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 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 the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given by the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Academies South West

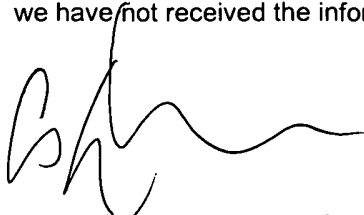
Independent Auditor's Report on the Financial Statements to the Members of Academies South West

Year Ended 31 August 2015

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 the information and explanations we require for our audit.



C D Evans (Senior Statutory Auditor)

**For and on behalf of
FRANCIS CLARK LLP**

North Quay House

Plymouth

PL4 0RA

18/12/15

Academies South West

Independent Reporting Accountant's Assurance Report on Regularity to Academies South West and the Education Funding Agency

Year Ended 31 August 2015

In accordance with the terms of our engagement letter dated 13 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Academies South West during the year to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Academies South West and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Academies South West 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 the Academies South West and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trusts funding agreement with the Secretary of State for Education 20th December 2010 and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

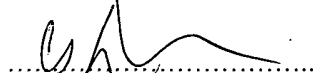
We conducted our engagement in accordance with the Annual Accounts Direction 2014 to 2015 issued by the Education Funding Agency. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- inspection and review of documentation providing evidence of governance procedures
- evaluation of the system of internal controls for authorisation and approval
- performing substantive tests on relevant transactions

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 year from 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


.....
Charles Evans

Date : 18/12/15

For and on behalf of Francis Clark LLP, Chartered Accountants
North Quay House, Sutton Harbour, PLYMOUTH, Devon, PL4 0RA

Academies South West

Statement of Financial Activities for the year ended 31 August 2015

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000	Total 2014 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	142	25	35	202	34
Voluntary income – transfer from local authority on conversion	2	148	(435)	-	(287)	-
Voluntary income – transfer from Local authority of leasehold	2	-	-	10,062	10,062	-
Voluntary income – transfer from academy trust	2	55	(1,137)	340	(742)	-
Activities for generating funds	3	216	126	-	342	186
Investment income	4	8	-	-	8	9
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	727	13,318	383	14,428	9,155
Total incoming resources		1,296	11,897	10,820	24,013	9,384
Resources expended						
<i>Cost of generating funds:</i>						
Costs of generating funds		33	-	-	33	26
<i>Charitable activities:</i>						
Academy's educational operations	7	704	13,152	1,694	15,550	9,529
Governance costs	8	-	56	-	56	30
Total resources expended	6	737	13,208	1,694	15,639	9,585
Net incoming / (outgoing) resources before transfers		559	(1,311)	9,126	8,374	(201)
Gross transfers between funds	19	(205)	(172)	377	-	-
Net income/(expenditure) for the year		354	(1,483)	9,503	8,374	(201)
Other recognised gains and losses						
Actuarial (losses) /gains on defined benefit pension schemes	19,28	-	(68)	-	(68)	(193)
Net movement in funds		354	(1,551)	9,503	8,306	(394)
Reconciliation of funds						
Funds brought forward at 1 September 2014		516	(1,357)	24,906	24,065	24,459
Funds carried forward at 31 August 2015		870	(2,908)	34,409	32,371	24,065

All of the Academy's activities derive from continuing operations in the year. A Statement of Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Academies South West

Balance Sheet as at 31 August 2015

Registration number 7451553

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible assets	14		34,409		24,906
Current assets					
Stock	15	71		53	
Debtors	16	591		747	
Cash at bank and in hand		2,409		1,011	
		<u>3,071</u>		<u>1,811</u>	
Creditors: Amounts falling due within one year	17	<u>1,322</u>		<u>856</u>	
Net current assets			1,749		955
Total assets less current liabilities			<u>36,158</u>		<u>25,861</u>
Creditors: Amounts falling due after more than one year	18		75		-
Net assets excluding pension liability			<u>36,083</u>		<u>25,861</u>
Pension scheme liability	28		(3,712)		(1,796)
Net assets including pension liability			<u>32,371</u>		<u>24,065</u>
Funds of the academy:					
Restricted funds					
Fixed asset funds	19		34,409		24,906
General funds	19		804		439
Pension Reserve	19		(3,712)		(1,796)
Total restricted funds			<u>31,501</u>		<u>23,549</u>
Unrestricted funds					
General funds	19		870		516
Total unrestricted funds			<u>870</u>		<u>516</u>
Total funds			<u>32,371</u>		<u>24,065</u>

The financial statements on pages 17 to 40 were approved by the Trustees, and authorised for issue on 16th December 2015 and are signed on their behalf by:



David Arnold

Chair

Academies South West

Cash Flow Statement for the year ended 31 August 2015

	Notes	2015 £000	2014 £000
Net cash inflow from operating activities	22	1,767	(72)
Returns on investments and servicing of finance	23	8	9
Capital expenditure (net of grants)	24	(377)	(278)
Increase/(Decrease) in cash in the year	25	1,398	(341)
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		1,011	1,352
Net funds at 31 August 2015		2,409	1,011

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

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

Incoming Resources

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

- **Grants receivable**

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 grants are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated assets**

The properties at which the Kingsbridge Academy, Blackawton Primary Academy, Stoke Fleming Academy, East Allington Academy and Kingswear Academy operate have been provided by the Local Authority (Devon County Council). The value of this property (at depreciated replacement cost) has been included in the Statement of Financial Activities in the restricted fixed asset fund. Fixtures, fittings and plant transferred at nil cost have also been accounted for in this way (at market value). The amounts are included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

The property at which Dartmouth Academy operates is under the license conveyed under the Development Agreement with Devon County Council, under which the academy was built in 2014. On issue of the final rectification certificate a 125 year leasehold agreement will complete. Academies South West controls, manages and occupies the academy and is wholly liable for all costs of running and maintaining the asset. The value of this property (at depreciated replacement cost) has been included in the Statement of Financial Activities restricted fixed asset fund. Fixtures, fittings and plant transferred at nil cost have also been accounted for in this way (at

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

1. Statement of Accounting Policies (continued)

market value). The amounts are included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

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**

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

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Computer equipment	20%
Plant and equipment	33%
Fixtures and fittings	25%
Motor Vehicles	33%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Stock

Stocks of catering provisions, cleaning consumables, and stationary are valued at cost.

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

1. Statement of Accounting Policies (continued)

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.

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, 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 28, 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 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 until 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.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and other 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 Education Funding Agency.

Agency Arrangements

The academy trust acts as agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 31.

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

2 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Capital funds	-	10,437	10,437	9
Other donations	42	-	42	9
Other funds	100	25	125	16
Transfer from local authority on conversion	148	(435)	(287)	-
Transfer from academy trust	55	(1,137)	(1,082)	-
	<u>345</u>	<u>8,890</u>	<u>9,235</u>	<u>34</u>

3 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Educational lecturing/consultancy	119	-	119	108
Community & Letting income	46	-	46	27
Miscellaneous income	51	-	51	28
Student Transport Income	-	29	29	-
Preschool Income	-	43	43	-
Student contributions	-	54	54	23
	<u>216</u>	<u>126</u>	<u>342</u>	<u>186</u>

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Interest on short term deposits	8	-	8	9
	<u>8</u>	<u>-</u>	<u>8</u>	<u>9</u>

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

5 Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
DfE/EFA capital grant				
Devolved Formula Capital allocations	-	60	60	27
Other capital funds	-	323	323	840
	-	383	383	867
DfE / EFA revenue grants				
General Annual Grant (GAG)	-	11,599	11,599	6,559
Start Up Grants	-	104	104	-
Other DfE / EFA grants	-	484	484	522
	-	12,187	12,187	7,081
Other Government grants				
SEN from LA	-	197	197	157
Other Funds from LA	-	369	369	69
Other Income	-	219	219	199
	-	785	785	425
Other Income				
Catering Income	727	-	727	528
Other Income	-	346	346	254
	727	346	1073	782
	727	13,701	14,428	9,155

6 Resources Expended

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2015 £000	Total 2014 £000
Costs of generating voluntary income	-	-	-	-	-
Costs of activities for generating funds	-	-	33	33	26
Academy's educational operations					
Direct costs	8,438	-	1,293	9,731	5,964
Allocated support costs	1,751	2,000	1,616	5,367	3,528
Redundancy costs	452	-	-	452	37
	10,641	2,000	2,942	15,583	9,555
Governance costs including allocated support costs	3	-	53	56	30
	10,644	2,000	2,995	15,639	9,585

Net Incoming/outgoing resources for the year include:

	2015 £000	2014 £000
Fees payable to auditor - audit	10	6
- other services	2	-
Operating Leases – plant and machinery	48	-
	60	6

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

7 Charitable Activities – Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Direct costs				
Teaching and educational support staff costs	-	8,688	8,688	5,012
Educational supplies	-	337	337	245
Examination fees	-	175	175	135
Staff development	-	36	36	29
Other direct costs	-	250	250	169
Teaching School & Other Grants payable	-	495	495	411
	-	9,981	9,981	6,001
Allocated support costs				
Support staff costs	324	1,420	1,744	919
FRS17 current service cost adjustment	-	209	209	48
Depreciation	-	1,694	1,694	1,479
Recruitment and support	-	70	70	23
Maintenance of premises and equipment	6	249	255	88
Cleaning	-	51	51	8
Rent & rates	-	182	182	118
Energy Costs	-	191	191	110
Bank Interest & Charges	-	2	2	2
Insurance	-	74	74	50
Security and transport	-	184	184	54
FRS17 Pension finance costs	-	67	67	53
Other support costs	374	472	846	576
	704	4,865	5,569	3,528
	704	14,846	15,550	9,529

8 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Legal and professional fees	-	40	40	21
Auditor's remuneration				
Audit of financial statements	-	10	10	6
Other	-	2	2	-
Support costs	-	3	3	1
Governor training	-	1	1	2
	-	56	56	30

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

9 Staff costs

Staff costs during the period were:	2015	2014
	£000	£000
Wages and salaries	8,154	4,844
Social security costs	563	342
Pension costs	1,312	697
	10,029	5,883
Supply teacher costs	163	59
Redundancy costs	452	37
	10,644	5,979

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

	2015	2014
	No.	No.
Charitable Activities		
Teachers	137	84
Education support	60	37
Administration and support	61	35
Management	13	7
	271	163

The number of employees whose emoluments exceed £60,000 was :

	2015	2014
	No.	No.
£60,001 - £70,000	3	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,000 - £110,000	1	-
£120,000 - £130,000	-	-
£130,000 - £140,000	-	-
£140,000 - £150,000	1	1

Of the above employees, 5 participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these employees amounted to £64,064

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

10 Central Services

The academy trust has provided the following central services to its academies during the year :

- human resources
- financial, accounting and procurement services
- legal services
- management of the catering operation
- facilities management
- IT services
- communications and marketing
- educational support services

The staff and related costs with respect to the provision of these services is allocated to the individual academies in the trust according to affordability, shared based on core pupil funding as a proportion of the total core pupil funding for the trust.

The actual amounts charged during the year were as follows:

	2015 £000
Kingsbridge Academy	379
Dartmouth Academy	182
Blackawton Primary Academy	30
Stoke Fleming Primary Academy	24
East Allington Primary Academy	13
Kingswear Primary Academy	11
	<hr/> 639 <hr/>

11 Related Parties Transactions - Trustees' remuneration and expenses

Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO, Principal and Trust staff and not in respect of their services as trustees. Local governors did not receive any payments from the Trust in respect of their role as governors. The value of the trustees' remuneration and other benefits was as follows :

R Pope (CEO and principal) :

Remuneration £140,000-£150,000 (2014 : £140,000-£150,000)
Employers pension contributions £20,000-£25,000 (2014 : 20,000-£25,000)

N Hindmarsh (principal):

Remuneration £100,000-£110,000 (2014 : NIL)
Employers pension contributions £15,000-£20,000 (2014 : NIL)

M Rolls (principal):

Remuneration £65,000-£70,000 (2014: NIL)
Employers pension contributions £5,000-£10,000 (2014 :NIL)

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

12 Governors' and Officers' Insurance

The Trust has registered Dartmouth Academy and the four primary academies with the Risk Protection Arrangement programme administered by the Department of Education; Kingsbridge Academy has been insured commercially for this period, under a prevailing insurance arrangement. The insurance under both schemes provides cover up to £5,000,000 on any one claim. The cost is not separately identifiable under the Risk Protection Arrangement; the cost for Kingsbridge Academy for the year ended 31 August 2015 was £1,600 (£1,600, 2014). The cost of this insurance is included in the total insurance cost.

13 Connected Charities

Parents and friends of some of the academies in the trust have registered charitable operations with the purpose of raising funds for the academy trust.

Name of registered charity	Friends of Stoke Fleming £000	Friends of Blackawton Primary School £000	Kingsbridge Community College PTFA £000
Cash	4	6	11
Income for the year to 31.8.15	7	4	14
Expenditure for the year to 31.8.15	5	3	10
Annual surplus	2	1	4

14 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Computer Equipment £000	Plant & Equipment £000	Fixture & Fittings £000	Motor Vehicles £000	Total £000
Cost						
At 1 September 2014	27,748	779	402	109	-	29,038
Additions	460	229	59	19	29	796
Transfers from academy trust	9,192	260	-	80		9,532
Transfers from local authority	870	-	-	-		870
At 31 August 2015	38,270	1,268	461	208	29	40,236
Depreciation						
At 1 September 2014	3,477	365	244	46	-	4,133
Charged in year	1,281	224	127	49	14	1,694
At 31 August 2015	4,758	589	371	95	14	5,827
Net book values						
At 31 August 2015	32,512	679	90	113	15	34,409
At 31 August 2014	24,271	414	158	63	-	24,096

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

15 Stock

	2015	2014
	£000	£000
Stationery Supplies	42	34
Cleaning Supplies	6	3
Catering Supplies	20	16
Other	3	-
Total Stock	<u>71</u>	<u>53</u>

16 Debtors

	2015	2014
	£000	£000
Trade debtors	55	33
Prepayments	245	173
Other debtors	86	58
Grant and other income	114	394
VAT recoverable	91	89
	<u>591</u>	<u>747</u>

17 Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	245	221
Other taxation and social security	189	105
Other creditors	210	103
Accruals and deferred income	678	352
Capital expenditure	-	75
	<u>1,322</u>	<u>856</u>

Deferred income

	2015	2014
	£000	£000
Brought forward	221	227
Resources deferred in the year	161	221
Amounts released from previous years	(221)	(227)
Deferred Income at 31 August 2015	<u>161</u>	<u>221</u>

Deferred Income includes rates reimbursements from EFA (£29,000), devolved formula capital (£37,000), Universal Infant Free School Meal funding (£41,000), payments received for future school trips (£28,000).

18 Creditors: amounts falling due after more than one year

	2015	2014
	£000	£000
EFA Condition Improvement Loan	<u>75</u>	-

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

19 Funds

	Balance at 1 September 2014	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2015
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	-	11,599	(11,110)	(139)	350
Start Up Grants	-	104	(104)	-	-
Other DfE/EFA grants	287	484	(497)	(33)	241
LEA and other grants	152	785	(724)	-	213
Other General Funds	-	472	(472)	-	-
Voluntary Income	-	25	(25)	-	-
	439	13,469	(12,932)	(172)	804
Pension Fund Reserve	(1,796)	(1,572)	(276)	(68)	(3,712)
Restricted fixed asset funds					
Fixed Asset Fund	24,906	10,437	(1,694)	760	34,409
DfE/EFA capital grants	-	383	-	(383)	-
	24,906	10,820	(1,694)	377	34,409
Total restricted funds	23,549	22,717	(14,902)	137	31,501
Unrestricted funds					
Unrestricted funds	516	1,296	(737)	(205)	870
Total unrestricted funds	516	1,296	(737)	(205)	870
Total funds	24,065	24,013	(15,639)	(68)	32,371

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

Restricted General Funds

The General Annual Grant(GAG) is applied in strict accordance with the terms of the Model Fund Agreement executed on the 20th December 2010, and varied to re-state the terms to form a multi academy trust on the 29th August 2014, which prescribes that this funding is used to cover the normal running costs of the Academy. Under the Funding Agreement there are no limits on the amount of GAG which can be carried forward.

Other DfE and EFA Grants includes £333,000 Pupil Premium which is used by the Academy to raise attainment in pupils from low income families which has been spent during the year; also included is Universal Infant Free School Meal funding of £59,000

LEA and other grants includes £197,000 funding to support specific provisions for pupils with special educational needs, £133,000 preschool childcare, and £69,000 to support community nursery outreach support, £20,000 to support broad band access all from Devon County Council. In addition £41,000 of grants to support local area based learning from the local learning community is included.

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

Other General Funds represents contributions from students £54,000, preschool income from parents £43,000, student transport £29,000, and £336,000 relating to school trips, all spent during the year.

The Pension Fund Reserve deficit represents the net shortfall in funds in the Local Government Pension Scheme in relation to employees past and present.

The DFE and EFA capital grants represents funding specifically provided to support capital expenditures on fixed assets. The Fixed Asset Fund represents the current value of all fixed assets owned by the Trust, including buildings and other assets transferred from the Local Authority and previous academy sponsor to the Academy on the 1st September 2014.

Unrestricted Funds

Unrestricted Funds can be applied at the discretion of the Governing Body. Funds were generated during the year from the catering operations £727,000, rental of academy premises and general community use £46,000 to community groups, fees for consultancy to other educational institutions including that related to Teaching School designation £119,000. In addition £148,000 is surplus revenue funds relating to the converting primary schools, £55,000 from the previous sponsor of Dartmouth Academy, and £100,000 paid by the same sponsor in compensation for novated contracts.

Transfers

The net transfer from the General Annual Grant, Other General Funds and the Unrestricted Funds to the Restricted Fixed Asset fund represents expenditure from these funds on fixed assets, offset by a transfer from the Pension Fund to cover financing and service costs included in the allocated support costs and transfers from unrestricted reserves to cover restricted fund expenditure.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £000
Kingsbridge Academy	1,450
Dartmouth Academy	134
Blackawton Primary Academy	79
Stoke Fleming Primary Academy	(31)
East Allington Primary Academy	(66)
Kingswear Primary Academy	78
Central Services	30
Total before fixed assets and pension reserve	1,674
Restricted fixed asset fund	34,409
Pension reserve	(3,712)
Total	32,371

Stoke Fleming Primary Academy and East Allington Primary Academy carry forward deficits. Prior to converting to academy status, the four primary schools were run by the Local Authority under a single budget. The Trust whilst recognising the individual surpluses and deficits of the component primary academies (not including the pension deficit effect) is supporting the necessary provision of primary education in these communities recognising a degree of financial offset. Generally the Trust is promoting the success of all of the academies to attract more parents and students, including the provision of breakfast and after school care.

Academies South West

Notes to the Financial Statements for the year ended 31 August 2015

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding depreciation)	Total
	£000	£000	£000	£000	£000
Kingsbridge Academy	4,685	582	213	2,087	7,567
Dartmouth Academy	2,509	456	99	916	3,980
Blackawton Primary Academy	417	73	7	142	639
Stoke Fleming Primary Academy	592	88	11	168	859
East Allington Primary Academy	291	43	4	80	418
Kingswear Primary Academy	148	21	3	57	229
Central Services	46	481	-	(550)	(23)
Academy Trust	8,688	1,744	337	2,900	13,669

20 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2014
	£000	£000	£000	£000
Tangible fixed assets	-	-	34,409	34,409
Current assets	870	2,201	-	3,071
Current liabilities	-	(1,322)	-	(1,322)
Non current liabilities	-	(75)	-	(75)
Pension scheme liability	-	(3,712)	-	(3,712)
Total net assets	870	(2,908)	34,409	32,371

21 Operating Leases

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows; none related to land and buildings :

	2015 £000	2014 £000
Expiring within one year	1	-
Expiring within two and five years inclusive	48	-
Expiring in over five years	-	-
	49	-

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Notes to the Financial Statements for the year ended 31 August 2015

		2015	2014	
		£000	£000	
22	Reconciliation of net income to net cash inflow from operating activities			
	Net income	8,374	(201)	
	Depreciation (note 12)	1,694	1,479	
	Pension deficits transferred on conversion	1,572	-	
	Capital grants from DfE and other capital income	(10,820)	(876)	
	Capital grants from DfE brought forward	-	(77)	
	Interest receivable (note 4)	(8)	(9)	
	FRS 17 net pension cost/profit less contributions payable (note 28)	276	101	
	Decrease/(Increase) in stocks	(18)	(5)	
	(Increase)/decrease in debtors	156	(389)	
	Increase/(decrease) in creditors	541	(95)	
	Net cash inflow from operating activities	1,767	(72)	
	Returns on investments and servicing of finance			
23	Interest received	8	9	
	Net cash inflow from returns on investment and servicing of finance	8	9	
	Capital expenditure and financial investment			
	Purchase of tangible fixed assets	(796)	(1,231)	
	Capital grants from DfE/YPLA	383	944	
	Capital funding received from local authority and others	35	9	
	Capital funding received	10,402	-	
	Receipts from sale of tangible fixed assets	-	-	
	Assets transferred from local authority	(10,062)	-	
	Assets transferred from academy trust	(340)	-	
	Net cash outflow from capital expenditure and financial investment	(377)	(278)	
25	Analysis of changes in net funds	At 1 September 2014	Cash flows £000	At 31 August 2015
	Cash in hand and at bank	1,011	1,398	2,409

26 Contingent Liabilities

There are no contingent liabilities.

27 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

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Notes to the Financial Statements for the year ended 31 August 2015

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

28 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Peninsular Pensions. 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 August 2013.

Contributions amounting to £142,790 (2014 £93,000) were payable to the schemes at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and lecturers 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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of the future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with notional investments held at valuation date) of £176,600 million, giving a past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determine an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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Notes to the Financial Statements for the year ended 31 August 2015

The pension costs paid to TPS in the period amounted to £1,315,000 (2014 £812,000)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £368,635 (2014 £208,416), of which employer's contributions totalled £265,599 (2014 £155,985) and employees' contributions totalled £103,036 (2014 £52,431). The agreed contribution rates for future years are £74,000 plus 14.8% per cent for employers and variable per cent for employees. Due to the scheme being in deficit lump sum amounts of £67,326 (2014 £13,750) were paid into the scheme in the year.

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.

Principal Actuarial Assumptions

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.4%	4.4%
Rate of increase for pensions in payment / inflation	2.6%	2.6%
Discount rate for scheme liabilities	4.0%	3.9%
Inflation assumption (CPI)	2.6%	2.6%
RPI	3.5%	3.4%

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

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.8	22.7
Females	26.1	26.0
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	28.4	28.3

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Notes to the Financial Statements for the year ended 31 August 2015

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

	Expected return at 31 August 2014 £000	Fair value at 31 August 2014 £000	Expected return at 31 August 2014 £000	Fair value at 31 August 2014 £000
UK Equities	6.0%	175	6.7%	455
Overseas Equities	6.0%	876	6.7%	598
Gilts	6.0%	1,138	3.0%	99
Other bonds	6.0%	379	3.6%	72
Property	6.0%	106	5.9%	172
Infrastructure	6.0%	528	3.6%	50
Cash	6.0%	82	2.9%	36
Alternative Assets	6.0%	174	5.9%	32
Other assets	6.0%	63	5.9%	256
Total market value of assets		3,521		1,770
Present value of scheme liabilities				
- Funded		(7,233)		(3,566)
Surplus/(deficit) in the scheme		(3,712)		(1,796)

The bid values of been estimated where necessary. The final asset allocation of the Fund assets as at 31 August 2015 is likely to be different from that shown due to estimation techniques. For the year to 31 August 2015, the expected rate of return was 6% per annum, which was used to determine the profit and loss charge for the year ended 31 August 2015.

The expected rates of return for 2015 are set equal to the discount rate (as per the forthcoming FRS102 disclosure requirements).

The actual return on scheme assets was £269,000. (2014, £144,000)

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Notes to the Financial Statements for the year ended 31 August 2015

Amounts recognised in the statement of financial activities

	2015 £000	2014 £000
Current service cost	516	267
Past service cost	-	-
Losses on curtailments and settlements	142	13
Total operating charge	<u>658</u>	<u>280</u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	202	91
Interest on pension liabilities	(269)	(144)
Pension finance income / (costs)	<u>(67)</u>	<u>(53)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £607,000 loss (2014 £539,000 loss).

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

	2015 £000	2014 £000
At 1 September	6,532	2,928
Current service cost	516	267
Interest cost	269	144
Employee contributions	104	52
Liabilities assumed/(extinguished) on settlements	97	-
Actuarial (gain)/loss	(145)	184
Benefits paid	(230)	(22)
Past Service cost	-	-
Curtailments and settlements	90	13
At 31 August	<u>7,233</u>	<u>3,566</u>

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

	2015 £000	2014 £000
At 1 September	3,216	1,426
Expected return on assets	202	91
Actuarial gain/(loss)	(213)	53
Employer contributions	397	170
Employee contributions	104	52
Benefits paid	(230)	(22)
Settlement prices received/(paid)	45	-
At 31 August	<u>3,521</u>	<u>1,770</u>

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Notes to the Financial Statements for the year ended 31 August 2015

The estimated value of the employer contributions for the year ended 31 August 2016 is £363,000.

The five year history of experience adjustments is as follows:

	2015 £,000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	7,233	3,566	2,928	2,426	1,552
Fair value of share of scheme assets	3,521	1,770	1,426	1,087	668
Deficit in the scheme	3,712	1,796	1,502	1,339	884
Experience adjustments on share of scheme assets					
Amount £'000	(213)	53	97	12	(1)
Experience adjustments on scheme liabilities:					
Amount £'000	-	(16)	-	-	-

29 Related Party Transactions

There are no related party transactions for the year ending 31 August 2015.

30 Conversion to an Academy Trust

On 1 September 2014 Blackawton Primary School, Stoke Fleming Primary School and East Allington Primary School, and on 1 January 2015 Kingswear Primary School, converted to academy status under the Academies Act 2010 and all operations and assets and liabilities were transferred to Academies South West 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 on the balance sheet under the appropriate headings with the corresponding net amount recognised as voluntary income in the Statement of Financial Activities.

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition on the SOFA.

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Notes to the Financial Statements for the year ended 31 August 2015

Blackawton Primary School	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Tangible Fixed Assets	-	-	170	170
Budget Surplus/(Deficit) on LA Funds	47	-	-	47
LGPS pension surplus / (deficit)	-	(164)	-	(164)
Net Assets/Liabilities	47	(164)	170	53

Stoke Fleming Primary School	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Tangible Fixed Assets	-	-	400	400
Budget Surplus/(Deficit) on LA Funds	49	-	-	49
LGPS pension surplus / (deficit)	-	(99)	-	(99)
Net Assets/Liabilities	49	(99)	400	350

East Alington Primary School	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Tangible Fixed Assets	-	-	207	207
Budget Surplus/(Deficit) on LA Funds	5	-	-	5
LGPS pension surplus / (deficit)	-	(120)	-	(120)
Net Assets/Liabilities	5	(120)	207	92

Kingswear Primary School	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Tangible Fixed Assets	-	-	93	93
Budget Surplus/(Deficit) on LA Funds	47	-	-	47
LGPS pension surplus / (deficit)	-	(52)	-	(52)
Net Assets/Liabilities	47	(52)	93	88

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Notes to the Financial Statements for the year ended 31 August 2015

31 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period 31 August 2015 the trust received £47,000 and distributed £34,000 from the fund. An amount of £26,000 (which includes £13,000 brought forward from 2014) relating to undistributed funds repayable to EFA are netted with other grant income receivable from EFA, and included in debtors.