

Registered number: 07748248

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013



THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

Members

T Fisher
Father I Grieves (resigned 31 August 2013)
James O'Neill
H Radcliffe #
S Richardson *

Directors

S Battensby *
R Gartland *
A Gerner #
Father I Grieves (resigned 31 August 2013)
R Ireland
L Job
A MacKenzie #
B McKnight #
James O'Neill, Chair
John O'Neill (resigned 22 January 2013)
S Parker-Harrison (appointed 21 January 2013, resigned 5 August 2013)
H Radcliffe #
S Richardson, Chief Executive and Accounting Officer *
H Scott OBE *
M Willis (resigned 25 June 2013)

Governors

K Antoncich ‡
D Barley ‡
S Battensby †
A Bramfitt ‡ (appointed 25 October 2012)
B Clarke ‡
L Crosby †
A Dallin *† (appointed 20 June 2013)
R Flowers † (resigned 31 August 2013)
D Garthwaite †
C Green ‡
Father I Grieves † (resigned 31 August 2013)
I Hartley † (resigned 31 August 2013)
S Heritage †
E Horne ‡
K Humpleby ‡ (resigned 31 August 2013)
L Job ‡
J Joyce * ‡
C Lee ‡
A MacKenzie †
B McKnight ‡
S Parker-Harrison ‡ (resigned 5 August 2013)
S Richardson † ‡
N Robson ‡
D Ross †
A Scott ‡
H Scott OBE ‡
G Taylor ‡
D Usher †
E Weston ‡
S Williams ‡
M Willis † (resigned 20 March 2013)
K Wills ‡ (appointed 25 October 2012, resigned 25 June 2013)

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

Advisers (continued)

Key

- # members of the Audit Committee
- * members of the Support and Resources Committee
- † Gurney Pease Local Governing Body
- ‡ Education Village Local Governing Body

Company registered number

07748248

Principal and registered office

The Education Village
Salters Lane South
Darlington
Co Durham
DL1 2AN

Independent auditors

Clive Owen & Co LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds TSB Bank plc
Skinnergate
Darlington
Co Durham
DL3 7ND

Solicitors

Ward Hadaway Solicitors
1A Tower Square
Wellington Street
Leeds
LS1 4DL

THE EDUCATION VILLAGE ACADEMY TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013

The Directors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Education Village Academy Trust (the academy trust and the group) for the year ended 31 August 2013. The Directors confirm that the Annual report and financial statements of the academy trust and the group comply with the current statutory requirements, the requirements of the academy trust and the group's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The directors act as the trustees for the charitable activities of the academies and are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Education Village Academy Trust.

Details of the Directors and Governors who served throughout the period except as noted 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.

Method of recruitment and appointment or election of Directors

The term of office for any Director and Governor shall be four years, save that this time limit shall not apply to the Principal, staff directors appointed by virtue of position and Chairs of the Local Governing Bodies. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Directors

The training and induction provided for new Directors and Governors depends on their existing experience. Where necessary training is provided on charity, educational, legal and financial matters. All new Directors and Governors are given a tour of the academy and the chance to meet with staff and students. All Directors and Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as a Director or Governor. Throughout the year as Directors and Governors join induction takes place informally and is tailored specifically to the individual.

Organisational structure

The structure consists of the Directors, two Local Governing Bodies, the Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the academies use of budgets and making major decisions about the direction of the academies, capital expenditure and senior staff appointments.

The Local Governing Bodies are responsible for monitoring the performance of the individual academies, including reviewing academic performance and behaviour.

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

Organisational structure (continued)

The Executive Leadership Team consists of the Chief Executive and the Principals of each academy, who lead and manage the academy trust at an executive level, implementing the policies laid down by the Directors and reporting back to them. Members of the Executive Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of all staff except those in the Executive Team, which require a committee of the Board of Directors. Some spending control is devolved to members of the Senior Leadership Team, with limits above which a member of the Executive must countersign.

The Senior Leadership Team includes the Executive Leadership Team, and the seven members of the Senior Leadership Team. The middle management of the academy trust is centred around managers with Teaching and Learning Responsibilities (TLRs). These managers are responsible for the day to day operation of the academy trust, in particular organising the teaching staff, facilities and students.

Risk management

Directors and the Senior Leadership Team have assessed the major risks to which the academy trust and its academies are exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the academies and their finances.

Directors have established an Audit Committee to review the Risk Register, consider new risks and identify issues or areas for further investigation, audit or scrutiny by the trust's External Auditor or other appropriate person(s). Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

Directors' indemnities

The academy trust has purchased insurance to protect directors from claims arising against negligent acts, errors or omissions occurring whilst on academy business.

Principal activities

The principal activity is the operation of The Education Village Academy Trust which consists of Haughton Academy, Beaumont Hill Academy, Springfield Academy, Gurney Pease Academy and Marchbank Free School. Further details are provided under 'Objectives and Activities'.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of Haughton Academy, Beaumont Hill Academy, Springfield Academy, Gurney Pease Academy and Marchbank Free School to provide education for students of different abilities between the ages of 2 and 19.

In accordance with the articles of association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academies, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science, outdoor education, vocational subjects and their practical applications.

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

Objectives, strategies and activities

The academy's main objectives are encompassed in its mission statement which is as follows Through The Education Village Multi Academy Trust, we aim to provide a safe, happy, caring and well-ordered environment within which every child can thrive Students will be valued both as individuals and as part of the wider Village community

We want EVAT to be an organisation which is

- Value-driven (compassion, integrity, moral imperative, authenticity, unrelenting focus on 'the whole child')
- Ambitious, with high levels of expectation and challenge for its pupils & staff, investing in them and supporting them to be the best they can be
- Associated with innovative and creative practice and the celebration of diversity
- Working collaboratively in a spirit of trust and openness to achieve outstanding outcomes
- Renowned for world class facilities and provision

We want our students to

- Attain the highest level possible in all areas of school life academic, social, spiritual, cultural emotional and physical development
- Develop lively and enquiring minds and a spirit of curiosity
- Develop a sense of self esteem and self discipline, allied to a positive ethos of community involvement and responsibility
- Acquire a growing awareness and sensitivity towards the needs and rights of others
- Become responsible for their own actions and decisions, whilst developing moral and ethical values

To support this we will

- Provide a nurturing and friendly atmosphere by providing an environment where children are respected and valued and where individual needs are recognised and supported
- A broad and challenging curriculum
- Bring out the best in every child from those identified as gifted and talented to those who require additional or intensive support All children will achieve their potential, regardless of their gender, race, colour or religious beliefs
- Provide for each child as many different experiences, challenges and activities as possible in a safe and secure environment
- Encourage children to care about family, friends, neighbours and their surroundings
- Support children in leading an independent and purposeful life, preparing them for further education and promoting citizenship to encourage them to consider the needs of their local and wider community
- Communicate regularly working in partnership with parents and carers to achieve the very best outcomes

We will support parents/carers to

- Ensure that children attend school regularly and punctually, dressed and equipped according to expectations
- Become actively involved in education, both at home and at school, making full use of our Virtual Learning Environment
- Be part of the Village learning community and regularly communicate with us through a range of means
- Support our teachers in working together

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 2 and 19

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

Public benefit

The charity's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the charity's charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the Directors have paid due regard to this guidance in deciding what activities the charity should undertake.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

Beaumont Hill Academy

	No on roll	GCSE or equivalent achievements						English			Maths		
		5+A*-C (inc Eng and Ma)	5+A*-C	5+A*-G	5+A*-G (inc Eng and Ma)	1+A*-C	1+A*-G	Entered	% cohort attaining A*-C	% cohort attaining A*-G	Entered	% cohort attaining A*-C	% cohort attaining A*-G
Number	25	0	0	5	3	8	15	5	0	3	10	1	8
%		0%	0%	20%	12%	32%	60%	20%	0%	12%	40%	4%	32%

The SEN breakdown of the cohort is as follows,

- 8 students - BESD
- 8 students - MLD
- 5 students - ASD
- 2 students - PMLD
- 2 students - PD

NB 6 students included in the analysis have significant and severe SEN. Where possible, these students have been entered for courses specific to their personalised pathways and the vast majority have achieved certifications in a number of accredited courses at Entry level (i.e. life and living skills, money management, home cooking skills).

Of the remaining 17 students,

- 14 students achieved an English qualification
- 16 achieved a Mathematics qualification
- 15 achieved a Science qualification

Beaumont Hill Academy Breakdown

English

1 student achieved a D grade at GCSE
 2 students achieved Functional skills level 1
 7 students achieved Entry level 3
 4 students achieved Entry level 2
 5 pupils (20%) have made 3 levels progress in English from KS2-4

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

Review of activities (continued)

Mathematics

1 student achieved a C grade at GCSE
3 students achieved a D grade at GCSE
1 student achieved a E grade at GCSE
3 students achieved a F grade at GCSE
5 students achieved Entry level 3
3 students achieved Entry level 2
84% of students are making at least expected (median) progress at the end of Key Stage 4 with some students exceeding expected progress (40%) in Maths

Ofsted

Ofsted inspected Beaumont Hill Academy in May 2013 and found the academy's overall effectiveness to be 'Good'

Haughton Academy

Performance Indicator	2013	2012
5+ A*-C including English and Maths	63%	43%
5+ A*-C	85.2%	89%
Students with 1 A*-G	100%	99.4%
Students achieving 5+ A*/A	10.8%	21%

KS4 Data 2013

AVG Capped 8	3+ A*-C	5+ A*-G	% A*-G English Maths	Inc 8 or more A*-A and
327	91.5%	94.9%	93.8%	11 students 6.3%

- Best ever results for students achieving 5+ A*-C Including English and Mathematics
- Average grade per student B- compared to a C+ in 2012
- Average points per grade per student was 43.05 against 41.8 for 2012
- Students making expected progress in English, was nearly 10% above the national average figure for 2012 (76.4% against 67%)
- Students making better than expected progress in English was over 15% above the national average figure for 2012 (43.7% against 28%)
- Students making expected progress in Mathematics, was 1.5% above the national average figure for 2012 (69.5% against 68%)
- Students making better than expected progress in Mathematics was close to the national average figure for 2012 (28.2% against 31%)
- All subjects who offered alternative qualifications obtained 100% pass rates (apart from ICT – 97%)
- The gap between males and females securing 5+ A* - C grades has reduced from an in school variance of 27% in 2012 to 5% in 2013. This is compared to a national variance in 2012 of 10%
- Significant improvements in EBACC pass rate (although below national average) from 1% to 9%. Further improvements required
- FSM Ever 6 students did not perform as well as NON FSM Ever 6 students in relation to an 'opening gap' in both 5+ A – C grades and 5+ A* - C grades with an in school gap of 27% (against a 2012 national gap of 16%) and 31% (against a 2012 national gap of 26%) respectively
- Overall Value Added measure (all pupils) was 991.2 (against the national average of 1000)
- Female students performed worse than boys in terms of value added against 2012 national averages (987.2 against a 2012 national average for females of 1008.9)
- FSM Ever 6 value added was below the 2012 national average figure (963.6 against 2012 average of 981.9)
- Value added of Key Stage 2 Low Attaining students was below the 2012 national average (964.6 against 2012 national average of 998.4)

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

Review of activities (continued)

Springfield Academy and Gurney Pease Academy

KS1 Data 2013 – Springfield Academy

L2B+ Writing	L2B+ Reading	L2B+ RWM	L2B+ Maths	L3 Writing	L3 Reading	L3 Maths	FSM %	SEN %
67%	77%	67%	73%	10%	23%	13%	47%	10%

- These represent the best ever results for KS1
- Pupils start KS1 below national averages and make good progress but are still below national expectations at the end of Y2
- Average Points Score for all subjects (15.1) remains slightly below the National average (15.8) but has improved every year and was at its highest in 2013

KS1 Data 2013 – Gurney Pease Academy

L2+ Writing	L2+ Reading	L2+ Maths	L2B+ Writing	L2B+ Reading	L2B+ Maths	L3 Maths	FSM %	SEN %
42%	42%	50%	13%	25%	50%	0%	38%	46%

- Whilst attainment for this cohort is below National average, progress made by pupils was good

KS2 Data 2013 – Springfield Academy and Gurney Pease Academy

	L4+ Writing	L4+ Reading	L4+ Maths	L5 Writing	L5 Reading	L5 Maths	L6 Maths	L4 R,W & M	2 levels progress English	2 levels progress Maths	FSM %	SEN %
Springfield	86%	89%	93%	32%	46%	50%	7%	86%	100% 26% made 2 levels progress	100% 44% made 3 levels progress	34%	21%
Gurney Pease*	90%	100%	93%	7%	23%	23%		93%	100%	100%	38%	38%

*2013 Cohort size 13 pupils so each child carried a weighting of 7.7%

KS2 Springfield

- The Key Stage 2 results for 2013 were the best ever for Springfield
- This year the school has to report on levels of progress in Reading, Writing and Mathematics instead of English and Mathematics. This means that pupils are expected to reach level 4 in all of these subjects
- Every pupil made 2 levels of progress in Reading, Writing and Maths and most pleasing is the percentage of pupils who have made accelerated progress of 3 levels or more since Key Stage 1 which shows that we are closing the gap for our most vulnerable pupils and providing challenge to our more able
- For the first time pupils sat the Level 6 Maths paper and 2 pupils achieved L6
- This year pupils in Y6 were also required to sit Grammar, Punctuation and Spelling (GPS) test and were given a level for this. Springfield's results were as follows

	L4+	L4b+	L5+
Springfield	59%	52%	21%
National	74%	65%	47%

- Springfield has identified the teaching of GPS as an area of priority for this year

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

Review of activities (continued)

KS2 Gurney Pease

- The Key Stage 2 results for 2013 were the best ever for Gurney Pease
- 100% of pupils achieved level 4 or above in Reading, with 92% doing so in Writing and Maths
- 100% of pupils made expected progress in Reading, Writing and Maths
- The results for pupils making three levels of progress or more are as follows 58% in Reading, 50% in Writing and 25% in Mathematics
- One child made 4 levels of progress in Reading

Trends over time % Level 4+ in English and Maths

	2008	2009	2011	2012	2013
% achieving L4+ in English and Maths	67.9%	66.7%	80%	71%	93%

Ofsted

Ofsted inspected Gurney Pease Academy in July 2013 and found the academy's overall effectiveness to be 'Good'

FINANCIAL REVIEW

Financial and risk management objectives and policies

The academy trust is subject to a number of risks and uncertainties in common with other trusts. The trust has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report, and in the Governance Statement.

Principal risks and uncertainties

The principal risks and uncertainties are centred around changes in the level of funding from the DfE/EFA. In addition the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy's balance sheet.

Reserves policy

The Directors review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 6% to 9% of 'total incoming resources less restricted fixed asset income', and ideally 7.5% of this income (equivalent to 4 weeks' expenditure, approximately £1,000,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £1,396,000 (see note 20) of this £642,000 has been committed to an IT refresh during 2013/14.

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

Financial report for the period

Most of the academy trust's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the DfE/EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2013, total expenditure of £13,010,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £887,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives.

At 31 August 2013 the net book value of fixed assets was £22,378,000 and movements in tangible fixed assets are shown in note 17 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £3,222,000 recognised on the balance sheet.

The academy trust held fund balances at 31 August 2013 of £21,075,000 comprising £19,679,000 of restricted funds and £1,396,000 of unrestricted funds.

Going concern

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

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

PLANS FOR THE FUTURE

Future developments

Following a successful application to the Department for Education (DfE), the Education Village Academy Trust has been working with the DfE and Darlington Local Authority towards the opening of a 30 place special free school. The school opened in September 2013 accepting 16 primary age children with Behavioural, Emotional and Social Difficulties (BESD). This new provision has been well supported by directors and this year a key focus for the Trust will be to encourage admissions so the School reaches capacity at the earliest opportunity.

We are looking for opportunities to develop the business arm/trading subsidiary of EVAT in order to future proof financial well-being in the context of new national pupil led funding.

IT Systems, the trust's subsidiary, is developing a thriving and sustainable business and over the coming year intends to develop further and drive up profits.

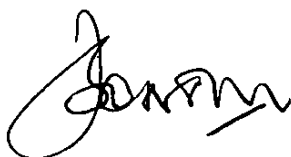
The academy trust continues to plan for the negative impact of local demographics on Haughton's intake which will continue over the next two years. The academy trust seeks to protect the other academies from any implications and to sustain high quality teachers in Haughton until the population begins its projected growth once more.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

This report was approved by order of the Board of Directors on 17 December 2013 and signed on its behalf by



James O'Neill
Chair

THE EDUCATION VILLAGE ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive, 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 The Education Village Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Governors' responsibilities. The Board of Directors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
S Battensby	3	4
R Gartland	3	4
A Gerner	2	4
Father I Grieves	3	4
R Ireland	2	4
L Job	3	4
A MacKenzie	2	4
B McKnight	1	2
James O'Neill, Chair	4	4
John O'Neill	4	4
S Parker-Harrison	1	2
H Radcliffe	2	4
S Richardson, Chief Executive and Accounting Officer	4	4
H Scott OBE	4	4
M Willis	0	1

The EVAT Support and Resources Committee is a sub-committee of the main Board of Directors. Its purpose is to monitor the academies' financial performance and consider issues related to personnel, health & safety and premises. In the year ended 31 August 2013 the Committee considered the academies' budgets, management accounts, services and contracts, staffing proposals, relevant policies and the trusts position in terms of entering into a pension pooling arrangement with other academies and the Local Authority.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
S Battensby	3	4
R Gartland	4	4
J Joyce	1	1
B McKnight	4	4
S Richardson	4	4
H Scott OBE	4	4

The Audit Committee is also a sub-committee of the main Board of Directors. Its purpose is to advise the academy trust on the adequacy and effectiveness of the academy trust's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows

Director	Meetings attended	Out of a possible
A Gerner	1	2
A MacKenzie	2	2
B McKnight	1	1
H Radcliffe	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 The Education Village Academy Trust for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Clive Owen & Co LLP, the external auditors, to perform additional checks. Directors have also established an Audit Committee to advise on the adequacy and effectiveness of the trust's financial controls.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the auditors report to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

THE EDUCATION VILLAGE ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

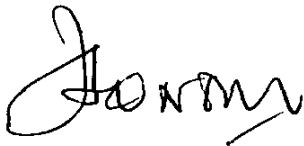
Review of Effectiveness

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

- the work of the external auditors,
- the work of the Audit Committee,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the EVAT Support and Resources And Audit Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Board of Directors on 17 December 2013 and signed on their behalf,
by



James O'Neill
Chair



S Richardson
Accounting Officer

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Education Village Academy Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the academy trust Board of Directors 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 (2012)

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



S Richardson
Accounting Officer

Date 17 December 2013

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

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

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 the group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to

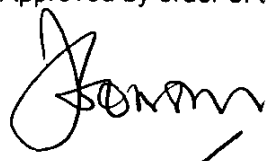
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the charitable company and the group 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 DfE/EFA have been applied for the purposes intended.

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

Approved by order of the members of the Board of Directors on 17 December 2013 and signed on its behalf by



James O'Neill
Chair

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EDUCATION VILLAGE ACADEMY TRUST

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

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

Respective responsibilities of Directors and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent academy trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 group's and the parent charitable academy trust's affairs as at 31 August 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EDUCATION VILLAGE 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

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

Clive Owen & Co LLP

Christopher Beaumont BA(Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen & Co LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
17 December 2013

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Education Village Academy Trust during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to The Education Village 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 The Education Village 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 The Education Village Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of The Education Village Academy Trust's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of The Education Village Academy Trust's funding agreement with the Secretary of State for Education dated 30 March 2012, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

The work undertaken to draw to our conclusion includes

- Review of governing body and committee minutes,
- Review of termly Responsible Officer reports,
- Completion of self assessment questionnaire by Accounting Officer,
- Discussions with the Accounting Officer and finance team,
- Obtained formal letter of representation detailing the responsibilities of Directors,
- Review of payroll, purchases and expenses claims on a sample basis,
- Confirmation that the lines of delegation and limits set have been adhered to,
- Evaluation of internal control procedures and reporting lines,
- Review of credit card transactions,
- Review of register of interests and consideration of related party transactions,
- Review of borrowing agreements,
- Review of land and building transactions, and
- Review of potential and actual bad debts

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE EDUCATION VILLAGE 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 year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

A handwritten signature in black ink that reads "Clive Owen". The signature is written in a cursive, flowing style.

Christopher Beaumont BA(Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen & Co LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

17 December 2013

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds 5 months 2012
	Note	2013 £000	2013 £000	2013 £000	2013 £000	2012 £000
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income - Transfer from Local Authority on conversion	3	-	-	-	-	23,371
Other voluntary income	3	4	-	-	4	-
Activities for generating funds	4	1,147	-	-	1,147	219
Investment income	5	2	-	-	2	1
Incoming resources from charitable activities	6	-	12,254	400	12,654	4,802
TOTAL INCOMING RESOURCES		1,153	12,254	400	13,807	28,393
RESOURCES EXPENDED						
Charitable activities	9	636	11,701	490	12,827	4,977
Governance costs	7	-	183	-	183	73
Other resources expended	8					
Transfer from Local Authority on conversion		-	-	-	-	2,779
TOTAL RESOURCES EXPENDED	10	636	11,884	490	13,010	7,829
NET INCOMING RESOURCES BEFORE TRANSFERS		517	370	(90)	797	20,564
Transfers between Funds	21	-	(120)	120	-	-
NET INCOME FOR THE YEAR		517	250	30	797	20,564
Actuarial gains and losses on defined benefit pension schemes		-	100	-	100	(386)
NET MOVEMENT IN FUNDS FOR THE YEAR		517	350	30	897	20,178
Total funds at 1 September 2012		879	(2,999)	22,298	20,178	-
TOTAL FUNDS AT 31 AUGUST 2013		1,396	(2,649)	22,328	21,075	20,178

All activities relate to continuing operations

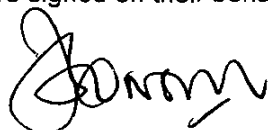
The Statement of Financial Activities includes all gains and losses recognised in the year
The notes on pages 25 to 48 form part of these financial statements

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER 07748248

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Tangible assets	16		22,378	22,298
Investments	17		-	-
			<u>22,378</u>	<u>22,298</u>
CURRENT ASSETS				
Stocks	18	52	-	-
Debtors	19	969	730	
Cash at bank		2,242	1,726	
		<u>3,263</u>	<u>2,456</u>	
CREDITORS: amounts falling due within one year	20	(1,344)	(1,232)	
NET CURRENT ASSETS			<u>1,919</u>	<u>1,224</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,297</u>	<u>23,522</u>
Defined benefit pension scheme liability	27		(3,222)	(3,344)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>21,075</u></u>	<u><u>20,178</u></u>
FUNDS OF THE ACADEMY				
Restricted funds				
Restricted funds	21	573	345	
Restricted fixed asset funds	21	22,328	22,298	
		<u>22,901</u>	<u>22,643</u>	
Restricted funds excluding pension liability				
Pension reserve		(3,222)	(3,344)	
			<u>19,679</u>	<u>19,299</u>
Total restricted funds				
Unrestricted funds	21		1,396	879
			<u>21,075</u>	<u>20,178</u>
TOTAL FUNDS			<u><u>21,075</u></u>	<u><u>20,178</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 17 December 2013 and are signed on their behalf, by



James O'Neill
Chair

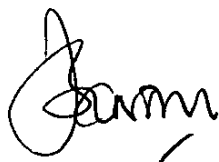
The notes on pages 25 to 48 form part of these financial statements

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07748248

ACADEMY TRUST BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Tangible assets	16		22,328	22,298
CURRENT ASSETS				
Debtors	19	1,181		730
Cash at bank		1,811		1,726
		<u>2,992</u>		<u>2,456</u>
CREDITORS: amounts falling due within one year	20	(1,043)		(1,232)
NET CURRENT ASSETS			<u>1,949</u>	<u>1,224</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,277</u>	<u>23,522</u>
Defined benefit pension scheme liability	27		(3,222)	(3,344)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>21,055</u>	<u>20,178</u>
FUNDS OF THE ACADEMY				
Restricted funds				
Restricted funds	21	573		345
Restricted fixed asset funds	21	22,328		22,298
Restricted funds excluding pension asset		22,901		22,643
Pension reserve		(3,222)		(3,344)
Total restricted funds			19,679	19,299
Unrestricted funds	21		1,376	879
TOTAL FUNDS			<u>21,055</u>	<u>20,178</u>

The financial statements were approved by the Directors, and authorised for issue, on 17 December 2013 and are signed on their behalf, by



James O'Neill
Chair

The notes on pages 25 to 48 form part of these financial statements

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

	Note	year ended 31 August 2013 £000	period ended 31 August 2012 £000
Net cash flow from operating activities	23	762	23,312
Returns on investments and servicing of finance	24	2	1
Capital expenditure and financial investment	24	(248)	(22,479)
Cash transferred on conversion to an academy trust		-	892
INCREASE IN CASH IN THE YEAR		516	1,726

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

	year ended 31 August 2013 £000	period ended 31 August 2012 £000
Increase in cash in the year	516	1,726
MOVEMENT IN NET FUNDS IN THE YEAR	516	1,726
Net funds at 1 September 2012	1,726	-
NET FUNDS AT 31 AUGUST 2013	2,242	1,726

The notes on pages 25 to 48 form part of these financial statements

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the academy trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy trust alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

1.2 FUND ACCOUNTING

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

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

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

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the academy trust being notified of an impending distribution or the legacy being received.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

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

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

1.4 RESOURCES EXPENDED

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

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

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

All resources expended are inclusive of irrecoverable VAT.

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

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

1.6 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of The Education Village Academy Trust and all of its subsidiary undertakings ('subsidiaries').

The academy trust has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The results of material subsidiaries acquired during the year are included from the effective date of acquisition.

1.7 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 Consolidated 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 Consolidated statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	over 50 years
Long term leasehold land	-	over 125 years
Motor vehicles	-	over 4 years
Fixtures and fittings	-	over 7 years
Computer equipment	-	over 3 years

1.8 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.

1.9 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.

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 TAXATION

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

1.11 PENSIONS

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2013.

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

3. VOLUNTARY INCOME

	Unrestricted funds	Restricted funds	Total funds	Total funds 5 months
	2013 £000	2013 £000	2013 £000	2012 £000
Transfer from Local Authority on conversion	-	-	-	23,371
Donations	4	-	4	-
Voluntary income	4	-	4	23,371

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds	Restricted funds	Total funds	Total funds 5 months
	2013 £000	2013 £000	2013 £000	2012 £000
Sundry income	94	-	94	129
Lettings	3	-	3	2
School trips	54	-	54	26
Insurance	129	-	129	61
Catering	13	-	13	1
Operation of IT services to schools	854	-	854	-
	1,147	-	1,147	219

5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	Total funds	Total funds 5 months
	2013 £000	2013 £000	2013 £000	2012 £000
Bank interest	2	-	2	1

THE EDUCATION VILLAGE ACADEMY TRUST
(A company limited by guarantee)

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

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Total funds	Total funds 5 months
	2013 £000	2013 £000	2013 £000	2012 £000
DfE/EFA grants				
Devolved Formula Capital	-	39	39	15
Other Capital Grants	-	-	-	54
EFA Capital Grant	-	361	361	-
General Annual Grant (GAG)	-	10,282	10,282	4,458
Start Up Grant A	-	-	-	100
Pupil Premium	-	519	519	143
PE Teacher Grants	-	15	15	-
Other DfE/EFA grants	-	29	29	3
Project Development Grant	-	220	220	-
	-	11,465	11,465	4,773
Other government grants				
One to One Funding	-	110	110	-
AST Funds	-	40	40	-
Nursery Funding	-	144	144	-
High Needs Funding	-	755	755	-
Other Government grants	-	140	140	29
	-	1,189	1,189	29
	-	12,654	12,654	4,802

7. GOVERNANCE COSTS

	Unrestricted funds	Restricted funds	Total funds	Total funds 5 months
	2013 £000	2013 £000	2013 £000	2012 £000
Auditors' remuneration - audit costs	-	11	11	8
Auditors' remuneration - non audit costs	-	8	8	1
Legal and professional fees	-	164	164	64
	-	183	183	73

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

8. OTHER RESOURCES EXPENDED

	Unrestricted funds	Restricted funds	Total funds	Total funds 5 months
	2013 £000	2013 £000	2013 £000	2012 £000
Transfer on conversion from Local Authority	-	-	-	2,779

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

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Total funds	Total funds 5 months
	2013 £000	2013 £000	2013 £000	2012 £000
DIRECT COSTS				
Wages and salaries	98	5,217	5,315	2,127
National insurance	-	387	387	159
Pension cost	-	616	616	254
Educational supplies	34	306	340	103
Examination fees	-	120	120	17
Staff development	-	73	73	19
Technology costs	-	21	21	3
Educational consultancy	-	18	18	-
	<u>132</u>	<u>6,758</u>	<u>6,890</u>	<u>2,682</u>
SUPPORT COSTS				
Wages and salaries	24	2,266	2,290	863
National insurance	-	140	140	53
Pension cost	-	242	242	283
Depreciation	-	490	490	250
Net interest cost on pension scheme	-	105	105	44
Technology costs	-	385	385	208
Travel and subsistence	-	28	28	3
Recruitment and support	-	13	13	8
Maintenance of premises and equipment	-	690	690	269
Cleaning	-	2	2	-
Rates	-	157	157	31
Energy	-	248	248	72
Insurance	-	19	19	7
Catering	14	175	189	74
Occupancy costs	-	34	34	18
Bank interest and charges	-	112	112	-
Other support costs	-	327	327	111
	<u>38</u>	<u>5,433</u>	<u>5,471</u>	<u>2,294</u>
	<u>170</u>	<u>12,191</u>	<u>12,361</u>	<u>4,976</u>
OTHER ACTIVITIES				
Operation of IT Services to schools	466	-	466	-
	<u>636</u>	<u>12,191</u>	<u>12,827</u>	<u>4,976</u>

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

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs	Depreciation	Other costs	Total	Total 5 months
	2013 £000	2013 £000	2013 £000	2013 £000	2012 £000
Direct costs	6,318	-	572	6,890	2,682
Operation of IT Services to schools	-	-	466	466	-
Support costs	2,672	490	2,309	5,471	2,294
CHARITABLE ACTIVITIES	8,990	490	3,347	12,827	4,976
GOVERNANCE	-	-	183	183	73
Other resources expended	-	-	-	-	2,779
	8,990	490	3,530	13,010	7,828

11. NET INCOMING RESOURCES

This is stated after charging

	year ended 31 August 2013 £000	period ended 31 August 2012 £000
Depreciation of tangible fixed assets - owned by the charitable group	490	250
Auditors' remuneration	11	8

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

12. STAFF COSTS

Staff costs were as follows

	year ended 31 August 2013 £000	period ended 31 August 2012 £000
Wages and salaries	7,475	2,928
Social security costs	527	212
Other pension costs (Note 27)	858	537
	<u>8,860</u>	<u>3,677</u>
Supply teacher costs	7	-
Other costs	123	62
	<u>8,990</u>	<u>3,739</u>

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

	year ended 31 August 2013 No	period ended 31 August 2012 No
Teaching	109	112
Support staff	145	146
Administration staff	28	22
Management	5	6
	<u>287</u>	<u>286</u>

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

	year ended 31 August 2013 No	period ended 31 August 2012 No
In the band £60,001 - £70,000	6	3
In the band £70,001 - £80,000	0	1
In the band £100,001 - £110,000	1	1
	<u>7</u>	<u>5</u>

Pension contributions made on behalf of these employees amounting to £70,000 (2012 £36,000) were paid to the Teachers Pension Scheme during the year and £Nil (2013 £5,000) paid to the Local Government Pension Scheme

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

13. CENTRAL SERVICES

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

- There were no central services during the year

14. DIRECTORS' REMUNERATION AND EXPENSES

The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the academy trust in respect of their role as Directors. The value of governors' remuneration, made up of gross salary plus pension contributions, fell within the following bands:

	year ended 31 August 2013 £000	5 months ended 31 August 2012 £000
S Richardson	115-120	50-55
R Ireland	75-80	35-40
John O'Neill	75-80	35-40
R Gartland	75-80	30-35
S Battensby	75-80	10-15

During the year, no Directors received any benefits in kind (2012 - £NIL)

During the year, no Directors received any reimbursement of expenses (2012 - £NIL)

15. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect Directors 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.

The cost of this insurance is £1,980 and is included in the total insurance cost.

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

16. TANGIBLE FIXED ASSETS

GROUP	Long term leasehold property £000	Leasehold improvements £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST						
At 1 September 2012	22,376	-	4	55	113	22,548
Additions	31	360	-	9	251	651
At 31 August 2013	22,407	360	4	64	364	23,199
DEPRECIATION						
At 1 September 2012	178	-	4	4	64	250
Charge for the year	446	-	-	14	111	571
At 31 August 2013	624	-	4	18	175	821
NET BOOK VALUE						
At 31 August 2013	21,783	360	-	46	189	22,378
At 31 August 2012	22,198	-	-	51	49	22,298

ACADEMY TRUST	Long term leasehold property £000	Leasehold improvements £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST						
At 1 September 2012	22,376	-	4	55	113	22,548
Additions	31	360	-	-	129	520
At 31 August 2013	22,407	360	4	55	242	23,068
DEPRECIATION						
At 1 September 2012	178	-	4	4	64	250
Charge for the year	446	-	-	8	36	490
At 31 August 2013	624	-	4	12	100	740
NET BOOK VALUE						
At 31 August 2013	21,783	360	-	43	142	22,328
At 31 August 2012	22,198	-	-	51	49	22,298

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

17. FIXED ASSET INVESTMENTS

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company

Name	Holding
IT Systems & EVAT Partnership Limited	100%
The aggregate of the share capital and reserves as at 31 August 2013 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows	

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
IT Systems & EVAT Partnership Limited	14	14

18. STOCKS

	GROUP		ACADEMY TRUST	
	2013 £000	2012 £000	2013 £000	2012 £000
Finished goods and goods for resale	52	-	-	-

19. DEBTORS

	GROUP		ACADEMY TRUST	
	2013 £000	2012 £000	2013 £000	2012 £000
DUE AFTER MORE THAN ONE YEAR				
Amounts owed by group undertakings	-	-	37	-
DUE WITHIN ONE YEAR				
Trade debtors	108	2	4	2
VAT recoverable	143	181	143	181
Amounts owed by group undertakings	-	-	359	-
Prepayments and accrued income	718	547	638	547
	969	730	1,181	730

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FOR THE YEAR ENDED 31 AUGUST 2013**

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

	GROUP		ACADEMY TRUST	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade creditors	15	363	15	363
Corporation tax	5	-	-	-
Other taxation and social security	204	164	179	164
Other creditors	119	161	117	161
Accruals and deferred income	1,001	544	732	544
	<u>1,344</u>	<u>1,232</u>	<u>1,043</u>	<u>1,232</u>

	GROUP	ACADEMY TRUST
	£000	£000
DEFERRED INCOME		
Deferred income at 1 September 2012	238	238
Resources deferred during the year	372	221
Amounts released from previous years	(238)	(238)
Deferred income at 31 August 2013	<u>372</u>	<u>221</u>

Deferred income relates to grants received for Devolved Formula Capital, High Needs Funding, and other grants received which straddle the financial year end

21. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS						
Unrestricted funds	<u>879</u>	<u>1,153</u>	<u>(636)</u>	<u>-</u>	<u>-</u>	<u>1,396</u>

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

RESTRICTED FUNDS

General Annual Grant (GAG)	320	10,282	(10,013)	(120)	-	469
Pupil Premium	-	519	(519)	-	-	-
Start Up Grant A	25	-	(25)	-	-	-
PE Teacher Grant	-	15	(15)	-	-	-
Other DfE/EFA grants	-	29	(13)	-	-	16
Project Development Grant	-	220	(168)	-	-	52
One to One Funding	-	110	(110)	-	-	-
AST Funds	-	40	(40)	-	-	-
Nursery Funding	-	144	(144)	-	-	-
High Needs Funding	-	755	(755)	-	-	-
Other Government grants	-	140	(104)	-	-	36
Pension reserve	(3,344)	-	22	-	100	(3,222)
	<u>(2,999)</u>	<u>12,254</u>	<u>(11,884)</u>	<u>(120)</u>	<u>100</u>	<u>(2,649)</u>

RESTRICTED FIXED ASSET FUNDS

Devolved Formula Capital	14	39	(4)	-	-	49
Legacy Assets	22,232	-	(453)	-	-	21,779
Capital expenditure from GAG	15	-	(20)	120	-	115
EFA Capital Project	-	361	-	-	-	361
Other Capital Funds	37	-	(13)	-	-	24
	<u>22,298</u>	<u>400</u>	<u>(490)</u>	<u>120</u>	<u>-</u>	<u>22,328</u>
Total restricted funds	<u>19,299</u>	<u>12,654</u>	<u>(12,374)</u>	<u>-</u>	<u>100</u>	<u>19,679</u>
Total of funds	<u>20,178</u>	<u>13,807</u>	<u>(13,010)</u>	<u>-</u>	<u>100</u>	<u>21,075</u>

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

21. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the academy trust including salaries and related costs, overheads, repairs and maintenance and insurance. The academy trust is allowed to carry forward a total at 31 August 2013 of up to £1,234,000, being equal to 12 % of the current years GAG allocation. Of the carried forward amount up to 2% of GAG can be used for general purposes at the discretion of the academy trust, but any balance over 2% must be used for capital purposes. The carried forward balance available for future general purposes is £206,000.

Pupil Premium is additional funding to be spent as the academies see fit to support deprived students. The PE Teacher Grant is to be spent on the costs of a PE co-ordinator. Other DfE/EFA grants are received to cover salaries and educational resources. The Project Development Funding was received from the EFA to contribute towards to start up costs of Marchbank Free School.

One to One Funding and High Needs Funding are to be spent on those students attending Beaumont Hill Academy. Nursery Funding is to be spent on the costs of nursery staff and resources within Gurney Pease Academy and Springfield Academy.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 26.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated assets.

Unrestricted funds include the income from school trips, lettings, school absences insurance and other sundry income streams with the relevant costs allocated accordingly.

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2013 were allocated as follows

	Total £000
Gurney Pease	70
Springfield Academy	196
Beaumont Hill	812
Haughton Academy	822
Marchbank Free School	55
IT Systems & EVAT Partnership Limited	14
Total before fixed asset fund and pension reserve	1,969
Restricted fixed asset fund	22,328
Pension reserve	(3,222)
Total	21,075

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

21. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total £000
Gurney Pease	479	202	26	191	898
Springfield Academy	587	248	32	235	1,102
Beaumont Hill	2,441	1,033	131	989	4,594
Haughton Academy	2,811	1,189	151	1,141	5,292
Marchbank Free School	-	-	-	168	168
IT Systems & EVAT Partnership Limited	-	-	-	466	466
	<u>6,318</u>	<u>2,672</u>	<u>340</u>	<u>3,190</u>	<u>12,520</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	Total funds 5 months 2012 £000
Tangible fixed assets	50	-	22,328	22,378	22,298
Current assets	1,650	1,613	-	3,263	2,456
Creditors due within one year	(304)	(1,040)	-	(1,344)	(1,232)
Provisions for liabilities and charges	-	(3,222)	-	(3,222)	(3,344)
	<u>1,396</u>	<u>(2,649)</u>	<u>22,328</u>	<u>21,075</u>	<u>20,178</u>

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

	year ended 31 August 2013 £000	period ended 31 August 2012 £000
Net incoming resources before revaluations	797	20,564
Returns on investments and servicing of finance	(2)	(1)
Cash transferred on conversion to an academy trust	-	(892)
Depreciation of tangible fixed assets	571	250
Capital grants from DfE/EFA	(403)	(15)
Capital grants transferred on conversion to an academy trust	-	(54)
Increase in debtors	(239)	(730)
Increase in stock	(52)	-
Increase in creditors	112	1,232
FRS 17 adjustments	(22)	2,958
NET CASH INFLOW FROM OPERATIONS	<u>762</u>	<u>23,312</u>

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

	year ended 31 August 2013 £000	period ended 31 August 2012 £000
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	<u>2</u>	<u>1</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(651)	(22,548)
Capital grants from DfE/EFA	403	15
Capital grants transferred on conversion to an academy trust	-	54
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(248)</u>	<u>(22,479)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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25. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £000	Cash flow £000	Other non-cash changes £000	31 August 2013 £000
Cash at bank and in hand	1,726	516	-	2,242
NET FUNDS	<u>1,726</u>	<u>516</u>	<u>-</u>	<u>2,242</u>

26. CAPITAL COMMITMENTS

At 31 August 2013 the academy trust had capital commitments as follows

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	<u>315</u>	<u>293</u>

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

27. PENSION COMMITMENTS

The group'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 Durham County Council Both are defined benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010

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

Teachers' Pension Scheme

Introduction

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

The TPS is a funded defined benefit scheme, with assets held in separate trust-administered funds The total contributions made for the year ended 31 August 2013 was £911,000 of which employer's contributions totalled £574,000 and employees' contributions totalled £337,000

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004 The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and

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FOR THE YEAR ENDED 31 AUGUST 2013

27. PENSION COMMITMENTS (continued)

the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Teachers' Pension Scheme Changes

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

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

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

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis. The employee contribution rate from April 2012 was between 6.4% and 8.8% and from April 2013 was between 6.4% and 11.2%.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The group is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the group has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The group has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £427,000, of which employer's contributions totalled £312,000 and employees' contributions totalled £115,000. The agreed contribution rates for future years are 18.5% for employers and 5.5% - 7.5% for employees.

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

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.

The amounts recognised in the Balance sheet are as follows

	year ended 31 August 2013 £000	period ended 31 August 2012 £000
Present value of funded obligations	(6,613)	(6,251)
Fair value of scheme assets	3,391	2,907
	<u>(3,222)</u>	<u>(3,344)</u>
Net liability	<u>(3,222)</u>	<u>(3,344)</u>

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

	year ended 31 August 2013 £000	period ended 31 August 2012 £000
Interest on obligation	(264)	(106)
Expected return on scheme assets	159	62
Current service cost	(412)	(190)
	<u>(517)</u>	<u>(234)</u>
Total	<u>(517)</u>	<u>(234)</u>
Actual return on scheme assets	<u>275</u>	<u>(2)</u>

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

	year ended 31 August 2013 £000	period ended 31 August 2012 £000
Opening defined benefit obligation	6,251	-
Interest cost	264	106
Contributions by scheme participants	143	20
Actuarial Losses	16	322
Current service cost	412	190
Benefits paid	(473)	(3)
Inherited on conversion from LA	-	5,045
Net increase from acquisitions	-	571
	<u>6,613</u>	<u>6,251</u>
Closing defined benefit obligation	<u>6,613</u>	<u>6,251</u>

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27. PENSION COMMITMENTS (continued)

Movements in the fair value of the group's share of scheme assets

	year ended 31 August 2013 £000	period ended 31 August 2012 £000
Opening fair value of scheme assets	2,907	-
Expected return on assets	159	62
Actuarial gains	116	(64)
Contributions by employees	143	20
Benefits paid	(473)	(3)
Inherited on conversion from LA	-	2,569
Net increase from acquisitions	-	268
Contributions by employer	539	55
	<u>3,391</u>	<u>2,907</u>

The cumulative amount of actuarial losses recognised in the Consolidated statement of total recognised gains and losses was £286,000 (2012 - £386,000)

The group expects to contribute £438,000 to its Defined benefit pension scheme in 2014

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

	2013	2012
Equities	53 30 %	51 70 %
Property	7 00 %	6 90 %
Government bonds	28 00 %	29 30 %
Corporate bonds	9 40 %	10 80 %
Cash	2 30 %	1 30 %
	- %	- %

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

	2013	2012
Discount rate for scheme liabilities	4 50 %	4 20 %
Rate of increase in salaries	4 70 %	4 70 %
Rate of increase for pensions in payment / inflation	2 80 %	2 20 %
Inflation assumption (CPI)	2 80 %	2 20 %
RPI inflation	3 70 %	3 20 %
Rate of increase to deferred pensions	2 80 %	2 20 %

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

	2013	2012
Retiring today		
Males	22 1	22 0
Females	24 3	24 1
Retiring in 20 years		
Males	23 9	23 8
Females	26 2	26 1

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27. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013 £000	2012 £000
Defined benefit obligation	(6,613)	(6,251)
Scheme assets	3,391	2,907
Deficit	<u>(3,222)</u>	<u>(3,344)</u>
Experience adjustments on scheme liabilities	(16)	(386)
Experience adjustments on scheme assets	<u>116</u>	<u>(64)</u>

28. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other	
GROUP	2013 £000	2012 £000	2013 £000	2012 £000
EXPIRY DATE:				
Within 1 year	-	-	8	-
Between 2 and 5 years	-	-	1	11

29. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a directors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

There were no such transactions during the year.

30. PRINCIPAL SUBSIDIARIES

Company name	Percentage Shareholding
IT Systems & EVAT Partnership Limited	100