

The Primary Academies Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2013

Registration number 07821367

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The Primary Academies Trust

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The Primary Academies Trust

Reference and Administrative Details

Directors

Dr B M Allmark (appointed 18 February 2013 and resigned 31 August 2013)
Mrs J E Baker
Mr J P Barnard (resigned 8 October 2012)
Mr P A Chambers (appointed 14 October 2013)
Mr G C Chown
Mrs J M Cowie (resigned 31 August 2013)
Mrs J L Hopper (resigned 31 August 2013)
Mr C A Jay
Mr P L Jones (resigned 31 August 2013)
Ms P J Lamb (resigned 31 August 2013)
Mr N J Maguire (resigned 31 August 2013)
Miss R Diebner (appointed 14 October 2013)
Mrs H M Nicholls
Mr W P Nolan (resigned 31 August 2013)
Mr M Orlovsky (appointed 14 October 2013)
Mr M E Pitman (resigned 31 August 2013)
Mr R D Rice (resigned 31 August 2013)
Mr N T Rudd (resigned 31 August 2013)
Mr C J Vallance
Rev P Wimsett (resigned 31 August 2013)
Mr H F Whittaker

Company Secretary Ms E Hunt

The Primary Academies Trust

Reference and Administrative Details

Senior Management J Baker, Headteacher (Orchard Vale)

Team

G Chown, Headteacher (Children First Federation) (CFF)

P Jones, Headteacher (First Federation) (FF)

H Nicholls, Headteacher (South Brent)

N Burstow, Deputy Headteacher (South Brent)

S Ord, Head of Teaching & Learning (FF -Blackpool C of E)

R Caunters, Head of Teaching & Learning (FF -Newton Ferrers C of E)

J Huntington, Head of Teaching & Learning (FF -Chudleigh Knighton C of E)

H Slater, Head of Teaching & Learning (FF - Aveton Gifford C of E and Salcombe C of E)

L Arrowsmith, Head of Teaching & Learning (CFF -Hemyock Community)

G Peters, Head of Teaching & Learning (CFF -Sampford Peverell C of E)

C Hill, Head of Teaching & Learning (CFF -Sidbury C of E)

L Oxenham, Head of Teaching & Learning (CFF -Wilcombe Community)

A Leeson, Head of School (CFF, Woodwater)

C Chapman, Trust Business Manager

Registered Office

Woodwater Academy
Woodwater Lane
Exeter
Devon
EX2 5AW

Company 07821367

Registration Number

Auditors

Francis Clark LLP
Chartered Accountants and Statutory Auditor
Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Bankers

Lloyds TSB
234 High Street
Exeter
EX4 3NL

Solicitors

Foot Anstey LLP
Senate Court
Southernhay Gardens
Exeter
EX1 1NT

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 24 October 2011. The company registration number is 07821367.

The trustees of The Primary Academies Trust are also the directors of the charitable company for the purposes of company law. In addition, there was a local governing body for each academy and/or federation of academies within the Academy Trust during the accounting period. The Charitable Company is known as the Primary Academies Trust, and included the following academies during the accounting period:

- Aveton Gifford C of E Primary School, Blackpool C of E Primary School, Chudleigh Knighton C of E Primary School, Newton Ferrers C of E Primary School and Salcombe C of E Primary School, under the local governance of the First Federation
- Sidbury C of E Primary School, Sampford Peverell C of E Primary School, Wilcombe Primary School, Hemyock Community Primary School and since 1 January 2013 Woodwater Academy, under the local governance of the Children First Federation
- Orchard Vale Community Primary School
- South Brent Community Primary School

The directors and members of the Academy Trust resolved at a joint meeting with their peers from the Primary Academies (Voluntary Aided) Trust held on 11 July 2013 to restructure the two Trusts. With effect from 1 September 2013, new Articles of Association were adopted, the five schools under the local governance of the First Federation (as listed above) left the Trust to become part of the Primary Academies (Voluntary Aided) Trust, and The Duchy school converted to academy status and became part of the reformed Primary Academy Trust joining Orchard Vale Primary, South Brent Primary and the schools previously within the Children First Federation.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Members' liability

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

Directors' indemnities

The Trust has purchased Directors' liability insurance and Fidelity Guarantee cover. It also has purchased cover for the co-opted directors under the Trustee and Trust Fund Indemnity from Zurich.

Principal activities

The objects of the Charitable Company are specifically restricted to the following

a) in relation to all of the academies within the Trust to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, and

b) in relation to all Church academies within the Trust these to be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Master Funding Agreement) and in having regard to the advice of the Diocesan Board of Education

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Method of recruitment and appointment or election of Directors

The Articles of Associations of the Trust in effect until 31 August 2013 stated that the number of director positions was sixteen (Article 45), plus up to four co-opted directors and any director appointed by the Secretary of State

In addition, the Articles of Association in effect until 31 August 2013 stated that the composition of the board of directors was as follows

Non-executive directors

Twelve positions as follows (Article 46 a)

- Four foundation directors appointed by EDEN
- Four representatives elected from the parent governors from each of the Local Governing Bodies
- Four representatives elected from the chairs from each of the Local Governing Bodies

Plus

- Up to four co-opted directors appointed by the existing directors of the Trust (Article 47)
- Additional directors appointed by the Secretary of State (Articles 61, 61A, 62 and 67)

Executive directors (Article 50A)

- Four executive directors appointed by the members
- The first four executive directors to be the Headteachers for the First Federation, Children First Federation, South Brent and Orchard Vale schools

One director was appointed during the 2012-13 year by EDEN Dr B Allmark

One coopted director, Mr J Barnard, resigned and was not replaced

All other directors remained in position until 31 Aug 2013

The Articles for PAT as of September 1st 2013 allow for the following

Members may appoint up to 5 Directors, 2 of which shall be of the chair of Local Governing Bodies - Rebecca Diebner, Marcus Orlovsky, Chris Jay, Phil Chambers and Hugh Whittaker are member appointed Directors

Members shall appoint 2 Executive Directors (one of whom shall be the chief Executive Officer (if appointed) and each of whom shall be a Principal of an Academy or group of Academies) – Gary Chown CEO and Helen Nicholls are the Executive Directors

The Foundation Member shall appoint 2 Foundation Directors one of which shall be the Incumbent Colin Vallance continues to be a Diocesan Director, we are at this point still seeking a local incumbent to serve as a director

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Policies and procedures adopted for the induction and training of Directors

Dr B Allmark was recruited to fill the remaining foundation director vacancy

Directors decided at their 31 January 2013 meeting to investigate formally advertising the position of Chair of Directors for the Trust. However, it was decided to delay this until the restructure of the Trust which took effect from 1 September 2013.

Directors and local governors have access to general training and support provided by Babcock Learning & Development Partnership Governor Support, the Diocesan board of Education, as well as Foot Anstey and the Devon Association of Governors. Details of courses and events are circulated to all directors by the Company Secretary and directors are encouraged to attend. Relevant newsletters, publications and guidance are circulated by the Company Secretary to keep the directors informed of statutory requirements and changes in legislation.

Organisational structure

The board of directors delegates to the Executive Directors and their Senior Leadership team the day to day running of their schools. Their activities and decisions are monitored by the board of directors and the local governing bodies.

From 1 September 2012 to 31 August 2013, the board of directors of the Primary Academies Trust delegated the governance of their local schools to the local governing bodies within the Trust, with the exception of the following powers:

- The approval of the first formal budget plan for each financial year
- The approval and monitoring of the central Trust budget
- The appointment of Executive Headteachers / Principals / Headteachers
- The approval of Trust's policies
- Setting the level of delegation to Local Governing Bodies and/or Directors' Committees
- Keeping a register of Directors' business interests

This delegation was set in terms of reference agreed at a meeting of the board of directors on 20 September 2012. The terms of reference are available on request from the Company Secretary. The board of directors also agreed terms of reference for the First and Second Committees (also known as the Pupil & Staff Discipline and the Appeal & Complaints committees) of the board.

From 1 September 2012 to 31 August 2013, each Local Governing Body had their own committees, with agreed terms of reference, as well as agreed delegation to the leadership & management of the school. These are available on request from the clerks to the local governing bodies.

Each school/federation within the Trust has a Finance policy detailing the arrangements for the delegation of financial powers to Trust staff.

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Risk management

The directors have assessed the major risks to which the Trust schools are exposed, in particular those relating to the specific teaching, provision of facilities, and other operational areas of the Trust, and its finance. The directors have implemented a number of systems to assess the risks that the Trust schools face, especially in the operational areas (e.g. in relation to teaching, health & safety, bullying and school trips) and in relation to the control of finances. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimize risk. Where significant financial risk still remains, directors have ensured they have adequate insurance cover. The Trust has a system of internal financial controls which it continuously strives to improve.

Training on establishing an appropriate Risk Register for the Trust was undertaken on 20 May 2013.

Connected organisations, including related party relationships

From 1 September 2012 to 31 August 2013, Lady Seaward's C of E Primary School was a separately constituted Academy part of The Primary Academies (Voluntary Aided) Trust whilst under the local governance of First Federation. During that period, all of Lady Seaward's C of E Primary School accounting and financial transactions were administered by The Primary Academies Trust.

The schools within the Academy Trust work in partnership with Exeter and Marjon universities to support teacher training.

P Jones, Executive Headteacher of the First Federation, is a National Leader of Education and liaises with the National College.

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Objectives and activities

Objects and aims

The objects of the company are specifically restricted to the following

- a) in relation to all of the academies within the Trust to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, and
- b) in relation to all Church academies within the Trust these to be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Master Funding Agreement) and in having regard to the advice of the Diocesan Board of Education

Objectives, strategies and activities

The Trust was formed with a vision to share primary education expertise and resources across the eleven schools within the Trust to provide the best education, opportunities, and experiences for each and every pupil within the Trust. The board of directors defined their purpose as to facilitate this by positioning the board of directors at the right level and directing resources to the front line.

During the period from 1 September 2012 until 31 August 2013, the key objectives and strategies for achieving these objectives were clearly defined in the school/federation improvement plan for each school/federation of school within the Academy Trust. The school/federation improvement plans are monitored by the local governing bodies. In addition, the board of directors review and discuss the school performance data (e.g. RaiseOnline) for all the schools within the Trust, as well as the outcome of Ofsted and SIAS inspections.

Public benefit

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

All the schools within the Academy Trust provide an inclusive curriculum for the pupils within their local community and offer the facility for local organisations to let their premises. All the schools work with their local secondary schools to ensure a smooth transition into secondary education for pupils.

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Achievements and performance

Two schools joined the Primary Academies Trust during the accounting period

- Aveton Gifford C E Primary School converted to academy status on 1 September 2012 and joined the Trust under the local governance of the First Federation on that date. The school had been supported by the First Federation since April 2011.
- Walter Daw Primary Academy converted to academy status on 1 January 2013, sponsored by the Trust, under the local governance of the Children First Federation, and changed its name to Woodwater Academy. The school had been supported by the Executive Headteacher from the Children First Federation since June 2011, following an Ofsted inspection in March 2011 which rated the school as inadequate with an inadequate capacity for sustained improvement and placed the school under special measures. The school was inspected again in October 2012 and rated as 'requires improvement'. The last inspection report, for the Section 8 monitoring visit which took place in December 2012, states that 'School leaders are tackling weaknesses in teaching in a concerted way', 'Senior leaders and governors are taking effective action to tackle the areas requiring improvement identified' and 'Senior leaders and governors are taking effective action to tackle the areas requiring improvement identified'.

Blackpool C E Primary School was successful in applying for Teaching School status, effective from 1 September 2013.

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Going concern

When the Directors conceived of setting up a Multi Academy Trust with the Community, Voluntary Controlled (VC) and Voluntary Aided (VA) Schools we had to secure Diocese approval for our plans. Under legal advice the Diocese proposed that we set up two Trusts, the Primaries Academies Trust (PAT) and the Primary Academies Voluntary Aided Trust (PAVAT). Voluntary Controlled Schools and Community Schools would sit in PAT and Voluntary Aided Schools would sit in PAVAT. It was recognised that this would mean initially that there would be only one small VA school (70 pupils) in PAVAT and that this would also split the First Federation Schools across the two Trusts. The Diocesan Director confirmed that the Diocese would fully support other VA schools joining PAVAT thus making the Trust viable.

The pace of change around the Academies agenda over the last two and a half years has been extraordinary. Following the Exeter Diocese setting up the St Christopher's Trust, the prospect of PAVAT growing significantly diminished. Running a company such as PAVAT with one small school was not viable and thus the Directors undertook a restructure as a solution to this challenge.

Trustees and the PCC for Lady Seawards Voluntary Aided Primary School had consistently requested that the school stays within the First Federation. To ensure that the request from the Trustees and PCC for Lady Seawards VA Primary School were fully met and to maintain the PAVAT Company, it was decided that the five voluntary controlled schools in the First Federation (Aveton Gifford, Blackpool, Chudleigh Knighton, Newton Ferrers and Salcombe) were moved from the PAT into the PAVAT Company shell.

Restructuring our trusts in this way has created two trusts of a similar size. The constituent schools in both reformed trusts have a strong and proven track record of school improvement and improving outcomes for pupils through federation and school to school support.

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

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the balance sheet date. As at the 31st August 2013 there was a restriction on the amount of General Annual Grant that could be carried forward, this was carefully managed to ensure that the current year funding was spent on the pupils attending the academies within the Trust in that year and to also ensure that the amount carried forward was not in excess of that allowed, and this was reported termly to the board of directors.

The DfE funding is based on pupil numbers, so this is also a key financial performance indicator. All the academies in the Trust reported on a termly basis their current and forecast pupil numbers and all schools are aware of the need to promote their schools to ensure that pupil numbers remain at the maximum permitted. Pupil progress was rigorously monitored to ensure that standards are maintained or improved so that all the schools within the Trust work towards becoming outstanding, therefore they will become an attractive option for parents looking for schools.

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Financial review

Most of the Academies income is obtained from the DfES in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfES during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Primary Academies Trust also receives grants from Devon County Council for Individually Assigned Resources, to support students who are eligible for either 'School Action Plus' funding or have a Statement of Educational Need with associated funding allocation. 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.

During the year ended 31 August 2013, total expenditure was £9,520,000 (2012 £6,507,000). Included in this expenditure was depreciation of £334,000 (2012 £169,000). The surplus for the year ended 31 August 2013 was £3,976,000 (2012 £8,026,000).

Our pension liability valued in line with FRS 17, causes concern to The Primary Academies Trust, as it does with all other academies in the UK. Note 26 to the accounts explains these commitments more clearly and shows that as at 31 August 2013 we had a liability of £2,019,000 (2012 £1,531,000). 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.

At 31 August 2013 the net book value of fixed assets was £12,231,000 (2012 £8,464,000) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively in providing education and the associated support services to the pupils within The Primary Academies Trust.

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Principal risks and uncertainties

The Directors of the Primary Academies Trust recognise that a Risk Management Plan and a Business Impact Analysis are important parts of their Business Continuity Plan

By understanding the potential risks to the business and finding ways to minimise their impact, this helps them to prevent incidents which could have a significant impact on the core purpose of the Trust, but will also enable it to recover quickly should a significant event occur. The Risk Management Plan provides details of the Trust's strategy for dealing with risks specific to the business of the Trust and enables it to meet its legal obligations for providing a safe workplace and can reduce the likelihood of an incident negatively impacting on the business.

The Risk Management Plan identifies the risk and the potential impact to the business of the Trust and considers the risk mitigation. For example, Audit and compliance programmes, preventative Action to reduce the consequences – For example, Contingency planning, Contractual arrangements, Disaster recovery plans, regular projections of pupil numbers and reviews of standards in all schools.

All schools have their own Risk Management Plan, which identify risks at a local level and the results of this are reviewed regularly by the Board of Directors.

The Directors and the committees which report to the Board ensure that accurate financial planning is in place to ensure that the business of the Trust can continue, should either a significant event occur, or when there is an increased financial burden e.g. through a fall in pupil numbers or a decline in standards.

Reserves policy

The Directors of the Primary Academies Trust monitor the reserve levels of the Trust on a regular basis. These reviews encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The policy of the Trustees in relation to reserves is to build reserves which can be used for future education purposes, subject to the requirements laid down by the DfE in the Trust Master Funding Agreement.

The level of reserves available to be used for future educational purposes is £1,487,000 (2012 £1,093,000).

Investment policy

The Trust did not invest any cash balances during the accounting period. However, this will be reviewed by the board of directors.

Works undertaken to Church of England Buildings.

Church of England Academies have to apply to the Diocesan Board of Education and Foundation Trustees to obtain consent for approval to undertake building projects.

Approval was sought from the Diocese of Exeter for the following works:

- Roofing work at Blackpool CE Primary School

The Primary Academies Trust

Directors' Report for the Year Ended 31 August 2013

Plans for future periods

Our aim over time is for every school in our Trust to be judged to be excellent by every child, parent, carer and community we work with, and outstanding by Ofsted. We believe we can earn that judgment convincingly and consistently only by having pupils who develop into responsible and resilient citizens of the world, a curriculum that stays relevant to the twenty-first century – enjoyable, purposeful and built around transferable skills and everyone working in the Trust dedicated to being a lifelong learner.

We aim to grow the trust by up to a further ten schools including new provision over the next three years, with a maximum of three further sponsor academies and with no more than twenty percent of schools that require additional targeted support.

Funds held as Custodian Trustee on behalf of others

Primary Academies Trust is the sole trustee and sole member of Hemyock Pre School. Hemyock Pre-School is an independent charity (charity number 1030985), operating as an unincorporated association. As sole trustee Primary Academies Trust is holding all the property (including land) and assets of Hemyock Pre-School for the benefit of the pre-school and manages the administration of the Pre-School. The objectives of Hemyock Pre School are as follows "to enhance the development and education of children under statutory school age by encouraging parents to understand and provide for the needs of their children through community group". This falls within Primary Academies Trust's objectives to advance education in the Academies (including Hemyock Primary School). The Department for Education has approved The Primary Academies Trust acting as trustee and sole member of the Pre-School.

Auditor

In so far as the Directors are aware:

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

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Francis Clark LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by order of the members of the Board of Directors on 17/12/13 and signed on its behalf by



Mr C J Vallance
Director

The Primary Academies Trust

Governance Statement

Scope of responsibility

As directors, we acknowledge we have overall responsibility for ensuring that The Primary Academies 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 Mr G C Chown (Chief Executive from 1 September 2013), 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 Primary Academies 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 Directors' Responsibilities. The Board of Directors has formally met 6 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
Mrs J E Baker	6	6
Mr J P Barnard	1	1
Mr G C Chown	6	6
Mrs J M Cowie	6	6
Mrs J L Hopper	6	6
Mr C A Jay	4	6
Mr P L Jones	5	6
Ms P J Lamb	4	6
Mr N J Maguire	6	6
Mrs H M Nicholls	3	6
Mr W P Nolan	5	6
Mr M E Pitman	4	6
Mr R D Rice	6	6
Mr N T Rudd	5	6
Mr C J Vallance	4	6
Mr H F Whittaker	6	6
Rev P Wimsett	5	6

The Primary Academies Trust

Governance Statement

Mr J P Barnard, Chair of directors, resigned on 8 October 2012. Mr N J Maguire who was Vice-Chair of directors agreed to take on the role of Chair of directors until a new Chair was recruited and remained Chair until 31 Aug 2013. A plan to recruit an experienced Chair was put in place, but the recruitment of a new chair was postponed because of the planned Trust restructure which took effect on 1 September 2013.

Mrs H Nicholls was on sick leave followed by a phased return and therefore missed three of the directors' meetings. Mr N Burstow, acting Headteacher while Mrs H Nicholls was on sick leave, attended the directors' meeting on her behalf.

Dr B Allmark was appointed as Foundation director on 18 February 2013.

The board of directors did not have a Finance and General Purpose Committee during the period from 1 September 2012 to 31 August 2013. However the local governing bodies monitored the finance of their school/federation, and had a committee which included finance and audit functions, while the board of directors monitored the central Trust budget during that period.

The local governing bodies met as follows during that period:

	Children First Federation	First Federation	Orchard Vale	South Brent
Dates of local governing body meetings	18 Sep 2012, 20 Nov 2012, 29 Jan 2013, 5 Mar 2013, 30 Apr 2013, 16 Jul 2013	12 Sep 2012, 12 Dec 2012, 12 Mar 2013, 25 Apr 2013, 3 Jul 2013	22 Nov 2012, 7 Mar 2013, 27 Jun 2013	13 Sep 2012, 22 Nov 2012, 14 Mar 2013, 4 Jul 2013
Dates of meetings of LGB committee(s) with finance responsibility	Not applicable	25 Oct 2012, 24 Jan 2013	15 Nov 2012, 24 Jan 2013, 7 Mar 2013, 13 June 2013	8 Nov 2012, 7 Feb 2012, 11 Jun 2013 (HR) 22 Nov 2012, 17 Dec 2012, 13 Mar 2013, 20 Jun 2013 (Material Resources)

The Primary Academies Trust

Governance Statement

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 Primary Academies Trust for the year ended 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 ending 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 Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (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 Devon Audit Partnership as responsible officer (RO).

The RO's 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 RO reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors's financial responsibilities. The RO has a programme of visits to all the schools/federations of schools within the Trust, which covers items in line with the EFA's requirements. The RO produced three reports - one for visits from Oct to Dec 2012 (focus on Accounting / Petty Cash / Orders & Payments), one for visits from Feb to Mar 2013 (focus on Governance and Contracts & Tendering) and one for visits from Jun to Jul 2013 (focus on Governance and Income collection & banking) - which were shared with directors. The first report highlighted that some accounting procedures required improvements due to the lack of separation of duties for bank reconciliations and BACS payment system in some of the Trust schools, as well as the lack of written records for the use of Trust debit cards. Remedial actions, including staff training, update of the Trust finance policy, and implementation of written procedures, were immediately taken. Other items covered within this report, and all the aspects covered by the other two reports, highlighted that standards were good. Recommendations for improvement were acted upon.

The Primary Academies Trust

Governance Statement

Review of effectiveness

As Accounting Officer, Mr G C Chown 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 responsible officer,
- the work of the external auditor,
- 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 Local Governing Bodies 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 17.12.13, and signed on its behalf by



Mr G C Chown
Accounting Officer



Mr C J Vallance
Director

The Primary Academies Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of The Primary Academies 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.

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.

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



Mr G C Chown
Accounting officer

The Primary Academies Trust

Statement of Directors' Responsibilities

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

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

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

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

Approved by order of the members of the Board on 17/13 and signed on its behalf by



Mr C J Vallance
Director

The Primary Academies Trust

Independent Auditor's Report on the Financial Statements to the members of The Primary Academies Trust

We have audited the financial statements of The Primary Academies Trust for the year ended 31 August 2013, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's directors, 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 charity's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 19), the directors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Annual Accounts Direction issued by the Education Funding Agency, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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 Primary Academies Trust

Independent Auditor's Report on the Financial Statements to the members of The Primary Academies Trust

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

Francis Clark

Christopher Hicks (Senior Statutory Auditor)
For and on behalf of Francis Clark LLP, Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Date *20 December 2013*

The Primary Academies Trust

Independent Auditor's Assurance Report on Regularity to The Primary Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 4 October 2011 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 Primary Academies Trust during the period 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 Board of Directors and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Board of Directors 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 Board of Directors and the EFA, for our work, for this report, or for the conclusion we have formed

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

The accounting officer is responsible, under the requirements of the Board of Directors's funding agreement with the Secretary of State for Education dated 24 October 2011 and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 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 Annual Accounts Direction issued by the Education Funding Agency. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

The work undertaken to draw to our conclusion has been designed to comply with the requirements set out in The Accounts Direction 2013 and includes

- Inspection and review of documentation providing evidence of governance procedures
- Evaluation of the system of internal controls for authorisation and approval
- Performing substantive tests on relevant transactions

The Primary Academies Trust

Independent Auditor's Assurance Report on Regularity to The Primary Academies Trust and the Education Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Christopher Hicks
For and on behalf of Francis Clark LLP, Chartered Accountants

Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Date 20 December 2013

The Primary Academies Trust

Statement of Financial Activities for the Year Ended 31 August 2013 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2013 £ 000	Total 2012 £ 000 (As restated)
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income						
Transfer on conversion	2	39	-	3,853	3,892	9,220
Other voluntary income	2	26	151	-	177	110
Activities for generating funds	3	441	513	-	954	731
Investment income	4	2	-	-	2	1
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	5	13	8,161	686	8,860	5,979
Total incoming resources		521	8,825	4,539	13,885	16,041
Resources expended						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		-	133	-	133	76
Cost of generating funds		378	10	-	388	341
<i>Charitable activities</i>						
Academy's educational operations		91	8,314	529	8,934	6,043
Governance costs	8	-	65	-	65	47
Total resources expended	6	469	8,522	529	9,520	6,507
Net incoming resources before transfers		52	303	4,010	4,365	9,534
Gross transfers between funds		-	(58)	58	-	-
Net income for the year		52	245	4,068	4,365	9,534

The Primary Academies Trust

Statement of Financial Activities for the Year Ended 31 August 2013 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2013 £ 000	Total 2012 £ 000 (As restated)
Other recognised gains and losses						
Opening defined benefit pension scheme liability		-	(281)	-	(281)	(1,127)
Actuarial losses on defined benefit pension schemes	26	-	(108)	-	(108)	(381)
Net movement in funds/(deficit)		52	(144)	4,068	3,976	8,026
Reconciliation of funds						
Funds/(deficit) brought forward at 1 September 2012		716	(1,154)	8,464	8,026	-
Funds/(deficit) carried forward at 31 August 2013		768	(1,298)	12,532	12,002	8,026

During the year ended 31 August 2013 Aveton Gifford C of E Primary School and Woodwater Academy joined the Trust. Further details are included in Note 29 to the accounts.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The Primary Academies Trust

(Registration number: 07821367)
Balance Sheet as at 31 August 2013

		31 August 2013 £ 000	31 August 2012 £ 000 (As restated)
	Note		
Fixed assets			
Tangible assets	13	12,231	8,464
Current assets			
Stocks	14	25	9
Debtors	15	286	159
Cash at bank and in hand		2,007	1,335
		2,318	1,503
Creditors: Amounts falling due within one year	16	(528)	(410)
Net current assets		1,790	1,093
Total assets less current liabilities		14,021	9,557
Net assets excluding pension liability		14,021	9,557
Pension scheme liability	26	(2,019)	(1,531)
Net assets including pension liability		12,002	8,026
Funds of the Academy			
Restricted funds			
Restricted general fund		721	377
Restricted fixed asset fund		12,532	8,464
Restricted pension fund		(2,019)	(1,531)
		11,234	7,310
Unrestricted funds			
Unrestricted general fund		768	716
Total funds		12,002	8,026

The financial statements on pages 24 to 52 were approved by the Directors, and authorised for issue on 17.12.13 and signed on their behalf by



Mr C J Vallance
Director

The Primary Academies Trust

Cash Flow Statement for the Year Ended 31 August 2013

	Note	31 August 2013 £ 000	31 August 2012 £ 000
Net cash inflow from operating activities	21	957	2,077
Cash transferred on conversion to an academy trust		(39)	(665)
Returns on investments and servicing of finance	22	2	1
Capital expenditure and financial investment	23	<u>(248)</u>	<u>(78)</u>
Increase in cash in the year	24	<u>672</u>	<u>1,335</u>

Reconciliation of net cash flow to movement in net funds

Increase in cash in the year	672	1,335
Net funds at 1 September 2012	<u>1,335</u>	<u>-</u>
Net funds at 31 August 2013	<u>2,007</u>	<u>1,335</u>

During the year ended 31 August 2013 Aveton Gifford C of E Primary School and Woodwater Academy joined the Trust. Further details are included in Note 29 to the accounts.

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

1 Accounting policies

Basis of preparation

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

Going concern

The 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 company 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.

Incoming resources

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

Grants receivable

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

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

Sponsorship income

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

Donations

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

Other income

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

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

1 Accounting policies (continued)

Donated services and gifts in kind

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 Academy Trust's policies.

Resources expended

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

All resources expended are inclusive of irrecoverable VAT.

Cost of generating funds

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

Charitable activities

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

Governance costs

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

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

1 Accounting policies (continued)

Tangible fixed assets

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

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

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

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

Asset class	Depreciation method and rate
Buildings	2%
Furniture and equipment	25%
Computer equipment	33%

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

Unsold uniforms, stationery and catering stocks are valued at the lower of cost or net realisable value.

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.

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, 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 the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund accounting

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

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

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

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

2 Voluntary income

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2013 £ 000	Total 31 August 2012 £ 000 (As restated)
Transfer on conversion	39	-	3,853	3,892	9,220
Other voluntary income					
Educational trips and visits	-	151	-	151	82
Other donations	26	-	-	26	28
	<u>26</u>	<u>151</u>	<u>-</u>	<u>177</u>	<u>110</u>
Total voluntary income	<u>65</u>	<u>151</u>	<u>3,853</u>	<u>4,069</u>	<u>9,330</u>

3 Activities for generating funds

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2013 £ 000	Total 31 August 2012 £ 000
Hire of facilities	99	-	99	75
Catering income	229	-	229	189
School shop sales	24	-	24	18
Recharges and reimbursements	-	503	503	409
Other sales	89	10	99	40
	<u>441</u>	<u>513</u>	<u>954</u>	<u>731</u>

4 Investment income

	Unrestricted funds £ 000	Total 2013 £ 000	Total 31 August 2012 £ 000
Short term deposits	<u>2</u>	<u>2</u>	<u>1</u>

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

5 Funding for Academy's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2013 £ 000	Total 31 August 2012 £ 000
DfE/EFA capital grants					
Devolved Formula Capital	-	-	71	71	127
Capital Maintenance Fund	-	-	578	578	-
Other DfE/EFA Capital	-	-	37	37	-
	<u>-</u>	<u>-</u>	<u>686</u>	<u>686</u>	<u>127</u>
DfE/EFA revenue grants					
General Annual Grant (GAG)	-	6,925	-	6,925	5,066
Start Up Grant	-	70	-	70	250
Pupil Premium	-	264	-	264	-
Teaching Schools Grant	-	99	-	99	-
	<u>-</u>	<u>7,358</u>	<u>-</u>	<u>7,358</u>	<u>5,316</u>
Other government grants					
SEN/High Needs Income	-	444	-	444	338
Other Government Grants	13	-	-	13	-
Speech and Language Grant	-	94	-	94	91
Nursery Grant	-	265	-	265	107
	<u>13</u>	<u>803</u>	<u>-</u>	<u>816</u>	<u>536</u>
Total grants	<u>13</u>	<u>8,161</u>	<u>686</u>	<u>8,860</u>	<u>5,979</u>

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

6 Resources expended

	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 2013 £ 000	Total 31 August 2012 £ 000 (As restated)
Costs of generating voluntary income	-	-	133	133	76
Costs of activities for generating funds	50	9	329	388	341
Academy's educational operations					
Direct costs	5,810	-	564	6,374	4,545
Allocated support costs	753	1,287	520	2,560	1,498
	6,563	1,287	1,084	8,934	6,043
Governance costs including allocated support costs	54	-	11	65	47
	6,667	1,296	1,557	9,520	6,507

Net incoming/outgoing resources for the year include

	31 August 2013 £ 000	31 August 2012 £ 000
Operating leases	21	15
Fees payable to auditor - audit	10	7
- other audit services	15	8

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

7 Charitable activities - Academy's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2013 £ 000	Total 31 August 2012 £ 000 (As restated)
Direct costs					
Teaching and educational support staff costs	60	5,750	-	5,810	4,128
Educational supplies	6	492	22	520	380
Examination fees	-	1	-	1	-
Staff development	2	35	-	37	28
Other direct costs	-	6	-	6	9
	<u>68</u>	<u>6,284</u>	<u>22</u>	<u>6,374</u>	<u>4,545</u>
Allocated support costs					
Support staff costs	-	708	-	708	470
FRS 17 service cost adjustment	-	45	-	45	(17)
Depreciation	-	-	334	334	169
Maintenance of premises and equipment	16	287	173	476	95
Cleaning	-	146	-	146	125
Rent and rates	-	77	-	77	56
Energy costs	1	111	-	112	76
Insurance	-	142	-	142	64
Recruitment and support	1	23	-	24	6
Security and transport	1	77	-	78	43
Bank interest and charges	-	3	-	3	2
Expected return on scheme assets	-	(57)	-	(57)	(31)
Interest on defined benefit pension scheme	-	111	-	111	71
Professional fees	4	260	-	264	288
Other support costs	-	97	-	97	81
	<u>23</u>	<u>2,030</u>	<u>507</u>	<u>2,560</u>	<u>1,498</u>
	<u>91</u>	<u>8,314</u>	<u>529</u>	<u>8,934</u>	<u>6,043</u>

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

8 Governance costs

	Restricted funds £ 000	Total 2013 £ 000	Total 31 August 2012 £ 000
Auditors' remuneration			
Audit of financial statements	10	10	7
Support costs	54	54	39
Governors' reimbursed expenses	1	1	1
	<u>65</u>	<u>65</u>	<u>47</u>

9 Staff costs

	2013 £ 000	31 August 2012 £ 000
Staff costs during the year were		
Wages and salaries	5,306	3,776
Social security costs	351	258
Pension costs	764	516
Supply teacher costs	246	112
	<u>6,667</u>	<u>4,662</u>

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

	31 August 2013 No	31 August 2012 No
Charitable Activities		
Teachers	90	85
Administration and support	102	102
Management	16	5
	<u>208</u>	<u>192</u>

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

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

9 Staff costs (continued)

	31 August 2013 No	31 August 2012 No
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	<u>2</u>	<u>-</u>

5 (2012 - 2) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £56,000 (2012 - £20,000)

10 Central services

The Primary Academies Trust has provided the following central services to its academies during the year. These services were also provided to Lady Seawards CE Primary School within The Primary Academies Voluntary Aided Trust.

The list of services provided are:

- Teacher Maternity reimbursements
- Staff insurance
- Trust Staff development
- Health & Safety Service
- Wellbeing @ Work Service
- Financial Services
- Director expenses
- Property maintenance Programme
- Legal Services
- Payroll Provision
- Pupil Assessment Programme
- Business Administration Support
- Company Secretarial Services
- School Improvement Services
- Company stationary
- IT licences including Annual Entitlement and support
- Pension actuary reports
- Governor Support, Education Welfare Service, Educational Psychology, Outdoor Education Services
- HR Services
- Responsible Officer services
- Website

The Primary Academies Trust charges for these services were based on a flat percentage of 5% of each academy's total GAG & Lacseg funding.

The actual amounts charged during the year were as follows:

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

10 Central services (continued)

	31 August 2013 £ 000
First Federation	89
Children First Federation	66
Woodwater Academy	21
South Brent Primary School	30
Orchard Vale Community School	41
	<hr/> 247 <hr/>

11 Directors' remuneration and expenses

The Principal and 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 in respect of their role as directors. The value of directors' remuneration was as follows:

Mr P L Jones (Executive Head) £110,000 - £115,000 (2012 - £80,000 - £85,000)

Mr G C Chown (Executive Head) £105,000 - £110,000 (2012 - £75,000 - £80,000)

Mrs J E Baker (Head Teacher) £80,000 - £85,000 (2012 - £55,000 - £60,000)

Mrs H M Nicholls (Head Teacher) £80,000 - £85,000 (2012 - £65,000 - £70,000)

During the year ended 31 August 2013, travel and expenses totalling £372 (2012 - £Nil) were reimbursed to 1 trustee (2012 - 0).

Related party transactions involving the directors are set out in note 27.

12 Directors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £500,000 on any one claim and the cost for the year ended 31 August 2013 was £2,000 (2012 - £3,000).

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

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

13 Tangible fixed assets

	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 September 2012 (as restated)	8,394	157	82	8,633
Additions	42	159	47	248
Inherited assets	3,828	-	25	3,853
At 31 August 2013	12,264	316	154	12,734
Depreciation				
At 1 September 2012 (as restated)	114	32	23	169
Charge for the year	204	79	51	334
At 31 August 2013	318	111	74	503
Net book value				
At 31 August 2013	11,946	205	80	12,231
At 31 August 2012 (as restated)	8,280	125	59	8,464

14 Stock

	31 August 2013 £ 000	31 August 2012 £ 000
Books and stationery	9	2
Catering	1	1
Shop stock	15	6
	25	9

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

15 Debtors

	31 August 2013 £ 000	31 August 2012 £ 000
Trade debtors	24	21
Prepayments and accrued income	183	47
Other debtors	40	21
Amounts due from The Primary Academies (Voluntary Aided) Trust	-	11
VAT recoverable	39	59
	<u>286</u>	<u>159</u>

16 Creditors, amounts falling due within one year

	31 August 2013 £ 000	31 August 2012 £ 000
Trade creditors	193	97
Other taxation and social security	113	100
Amounts due to The Primary Academies (Voluntary Aided) Trust	58	-
Pension scheme creditor	106	84
Accruals	19	34
Deferred income	39	95
	<u>528</u>	<u>410</u>

	31 August 2013 £ 000
Deferred income at 1 September 2012	95
Resources deferred in the period	39
Amounts released from previous periods	<u>(95)</u>
Deferred income at 31 August 2013	<u>39</u>

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

17 Funds

	Balance at 1 September 2012 £ 000 (As restated)	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2013 £ 000
Restricted general funds					
General Annual Grant	370	6,925	(6,637)	(54)	604
Pupil Premium	-	264	(264)	-	-
Start Up Grant	-	70	(66)	(4)	-
Teaching Schools Grant	-	99	(9)	-	90
SEN/High Needs Income	-	444	(444)	-	-
Speech and Language	-	94	(94)	-	-
Nursery	-	275	(275)	-	-
Recharges and reimbursements	-	503	(503)	-	-
Trips and visits	7	151	(131)	-	27
	<u>377</u>	<u>8,825</u>	<u>(8,423)</u>	<u>(58)</u>	<u>721</u>
Restricted fixed asset funds					
DfE/EFA Capital Grants	49	686	(249)	-	486
Other LA Capital	8,400	3,853	(261)	-	11,992
PTA Capital	3	-	(1)	-	2
Capital expenditure from GAG	12	-	(17)	54	49
Start Up Grant	-	-	(1)	4	3
	<u>8,464</u>	<u>4,539</u>	<u>(529)</u>	<u>58</u>	<u>12,532</u>
Restricted pension funds					
Defined Benefit Pension Liability	<u>(1,531)</u>	<u>-</u>	<u>(380)</u>	<u>(108)</u>	<u>(2,019)</u>
Total restricted funds	7,310	13,364	(9,332)	(108)	11,234
Unrestricted funds					
Unrestricted general funds	<u>716</u>	<u>521</u>	<u>(469)</u>	<u>-</u>	<u>768</u>
Total funds	<u>8,026</u>	<u>13,885</u>	<u>(9,801)</u>	<u>(108)</u>	<u>12,002</u>

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

17 Funds (continued)

Prior Year Adjustment

	£ 000
Other LA Capital - as previously reported	16,154
Prior year adjustment	(7,754)
Other LA Capital - as restated	<u>8,400</u>

At 31 August 2012 all properties occupied by the Academy Trust were included at valuation, on the assumption that the property was either owned outright, or was the subject of at least a 125 year lease. However, on conversion to academy status, 6 properties were in fact occupied under a Supplemental Agreement, and therefore the basis of valuation was incorrect. The impact of the adjustment is to reduce the transfer on conversion by £7,854,000, and to reduce the depreciation charge for the period ended 31 August 2012 by £100,000, being a reduction in net assets of £7,754,000.

Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows

	Total £ 000
First Federation	744
Children First Federation	143
Woodwater Academy	85
South Brent Primary School	227
Orchard Vale Community School	279
Central services	<u>11</u>
Total before fixed assets and pension reserve	1,489
DfE/EFA Capital Grants	12,532
Defined Benefit Pension Liability	<u>(2,019)</u>
Total	<u><u>12,002</u></u>

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

17 Funds (continued)

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total £ 000
First Federation	1,788	235	126	745	2,894
Children First Federation	1,635	182	171	438	2,426
Woodwater Academy	609	68	34	164	875
South Brent Primary School	675	82	42	183	982
Orchard Vale Community School	1,103	141	58	312	1,614
Central services	-	-	89	207	296
Academy Trust	<u>5,810</u>	<u>708</u>	<u>520</u>	<u>2,049</u>	<u>9,087</u>

18 Analysis of net assets between funds

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	12,231	12,231
Current assets	768	1,249	301	2,318
Current liabilities	-	(528)	-	(528)
Pension scheme liability	-	(2,019)	-	(2,019)
Total net assets	<u>768</u>	<u>(1,298)</u>	<u>12,532</u>	<u>12,002</u>

19 Capital commitments

	31 August 2013 £ 000	31 August 2012 £ 000
Contracted for, but not provided in the financial statements	<u>201</u>	<u>-</u>

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

20 Financial commitments

Operating leases

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

Operating leases which expire

	31 August 2013 £ 000	31 August 2012 £ 000
Other		
Within one year	2	6
Within two to five years	14	14
	<u>16</u>	<u>20</u>

21 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	31 August 2013 £ 000	31 August 2012 £ 000
Net income	4,365	9,534
Depreciation	334	169
Donated capital	(3,853)	(8,555)
Cash transferred on conversion to an academy trust	39	665
Interest receivable	(2)	(1)
FRS 17 expected return on scheme assets	(57)	(31)
FRS 17 interest on defined benefit pension scheme	111	71
FRS17 service cost adjustment	45	(17)
Increase in stocks	(16)	(9)
Increase in debtors	(127)	(159)
Increase in creditors	118	410
Net cash inflow from operating activities	<u>957</u>	<u>2,077</u>

22 Returns on investments and servicing of finance

	31 August 2013 £ 000	31 August 2012 £ 000
Interest received	2	1
Net cash inflow from returns on investments and servicing of finance	<u>2</u>	<u>1</u>

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

23 Capital expenditure and financial investment

	31 August 2013 £ 000	31 August 2012 £ 000
Purchase of tangible fixed assets	<u>(248)</u>	<u>(78)</u>

24 Analysis of changes in net funds

	At 1 September 2012 £ 000	Cash flows £ 000	At 31 August 2013 £ 000
Cash at bank and in hand	<u>1,335</u>	<u>672</u>	<u>2,007</u>

25 Members' liability

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

26 Pension and similar obligations

The Academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council Both are defined benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012

Contributions amounting to £(106,000) (£2012 - (84,000)) were payable to the schemes at 31 August and are included within creditors

Teachers' Pension Scheme

Introduction

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

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

26 Pension and similar obligations (continued)

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

26 Pension and similar obligations (continued)

Teachers' Pension Scheme Changes

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £278,000 (2012 - £195,000), of which employer's contributions totalled £212,000 (2012 - £152,000) and employees' contributions totalled £66,000 (2012 - £43,000). The agreed contribution rates for future years are 19.7 per cent for employers and 5.5 to 12.5 per cent for employees.

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

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

26 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2013 %	At 31 August 2012 %
Rate of increase in salaries	5.10	4.10
Rate of increase for pensions in payment/inflation	2.90	1.90
Discount rate for scheme liabilities	4.70	3.90
Inflation assumptions (CPI)	2.90	1.90
RPI increases	<u>3.70</u>	<u>2.70</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below

	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Adjustment to discount rate			
Present value of total obligation	3,325	3,422	3,523
Projected service cost	<u>267</u>	<u>277</u>	<u>287</u>

	+ 1 Year £ 000	None £ 000	- 1 Year £ 000
Adjustment to mortality age rating assumption			
Present value of total obligation	3,298	3,422	3,548
Projected service cost	<u>265</u>	<u>277</u>	<u>289</u>

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

	At 31 August 2013	At 31 August 2012
Retiring today		
Males retiring today	21.00	21.00
Females retiring today	25.00	25.00
Retiring in 20 years		
Males retiring in 20 years	23.00	23.00
Females retiring in 20 years	<u>27.00</u>	<u>26.00</u>

The academy's share of the assets and liabilities in the scheme were

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

26 Pension and similar obligations (continued)

	At 31 August 2013 £ 000	At 31 August 2012 £ 000
Equities	842	519
Gilts	182	121
Property	126	52
Cash	42	43
Other	211	130
Total market value of assets	1,403	865
Present value of scheme liabilities - funded	(3,422)	(2,396)
Deficit in the scheme	(2,019)	(1,531)

The expected rates of return were

	At 31 August 2013 %	At 31 August 2012 %
Equities	7.00	6.30
Gilts	3.50	2.80
Other bonds	4.40	3.90
Property	6.00	5.30
Cash	50	50
Other	5.00	4.70

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £146,000 (2012 - £47,000)

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

26 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	31 August 2013 £ 000	31 August 2012 £ 000
Current service cost	257	135
Total operating charge	257	135

Analysis of pension finance income/(costs)

	31 August 2013 £ 000	31 August 2012 £ 000
Expected return on pension scheme assets	(57)	(31)
Interest on pension liabilities	111	71
Pension finance income	54	40

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is (£489,000) (2012 - (£381,000)).

Movements in the present value of defined benefit obligation

	31 August 2013 £ 000	31 August 2012 £ 000
At 1 September	2,396	1,750
Current service cost	257	135
Interest cost	111	71
Employee contributions	66	43
Actuarial losses	196	397
Liabilities assumed in a business combination	396	-
At 31 August	3,422	2,396

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

	31 August 2013 £ 000	31 August 2012 £ 000
At 1 September	865	623
Expected return on assets	57	31
Actuarial gains	88	16
Employer contributions	212	152
Employee contributions	66	43
Assets assumed in a business combination	115	-
At 31 August	1,403	865

The estimated value of employer contributions for next period is £208,000 (2012 - £165,000)

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

26 Pension and similar obligations (continued)

History of experience adjustments

Amounts for the current and previous period are as follows

	31 August 2013 £ 000	31 August 2012 £ 000
Present value of scheme liabilities	(2,396)	-
Fair value of scheme assets	865	-
Deficit in the scheme	<u>(1,531)</u>	<u>-</u>
	31 August 2013 £ 000	31 August 2012 £ 000
Experience adjustments arising on scheme assets	88	16
Experience adjustments arising on scheme liabilities	<u>-</u>	<u>-</u>

Comparative figures have not been restated as permitted by FRS 17

27 Related party transactions

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

Lady Seaward's C of E Primary School is a member of First Federation, and is a separately constituted Academy known as The Primary Academies (Voluntary Aided) Trust. All of Lady Seaward's C of E Primary School accounting and financial transactions are administered by The Primary Academies Trust.

There were no related party transactions in the year.

28 Post balance sheet events

The directors and members of the Academy Trust resolved at a joint meeting with their peers from the Primary Academies (Voluntary Aided) Trust held on 11 July 2013 to restructure the two Trusts. With effect from 1 September 2013, new Articles of Association were adopted, the five schools under the local governance of the First Federation left the Trust to become part of the Primary Academies (Voluntary Aided) Trust, and The Duchy school converted to academy status and became part of the reformed Primary Academy Trust joining Orchard Vale Primary, South Brent Primary and the schools previously within the Children First Federation.

The Primary Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2013

29 Conversion to an academy trust

On 1 September 2012 and 1 January 2013 Aveton Gifford C of E Primary School and Woodwater Academy, respectively, converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to The Primary Academies Trust from Devon County Council for £Nil consideration

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

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £ 000	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets				
Freehold/leasehold land and buildings	-	-	3,828	3,828
Other tangible fixed assets	-	-	25	25
Budget surplus on LA funds	39	-	-	39
LGPS pension deficit	-	(281)	-	(281)
Net assets/(liabilities)	<u>39</u>	<u>(281)</u>	<u>3,853</u>	<u>3,611</u>

The above net assets include £39,000 that were transferred as cash.