

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

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PARK VIEW EDUCATIONAL TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2014

Denotes member of the charitable company

Trustees	Lindsey Clark, Executive Principal (resigned 28 April 2014) Tahir Alam, Chair, Community Governor (resigned 15 July 2014) David Hughes, Community Governor (resigned 15 July 2014) Nicola Benyahia, Parent Governor (resigned 15 July 2014) Shahid Javed Akmal (resigned 23 July 2014) Mohammed Shafique (appointed 30 January 2014, resigned 14 October 2014) * Yvonne Wilkinson (appointed 11 August 2014) * Kamal Hanif (appointed 11 August 2014) * Patricia Smart (appointed 11 August 2014) Adrian Packer, Executive Principal (appointed 1 September 2014)
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* Denotes member of the charitable company

Company registered number	07949154
Principal/Registered office	Naseby Road Alum Rock Birmingham B8 3HG
Company secretary	Sharon Griffiths
Executive principal	Adrian Packer
Independent auditor	Crowe Clark Whitehill LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
Bankers	Lloyds Bank Plc 22A Great Hampton Street Birmingham West Midlands B18 6AH
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

PARK VIEW EDUCATIONAL TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

INTRODUCTION

The Trustees (who are also directors of the Charitable Company for the purposes of the Companies Act 2006) present their annual report together with the financial statements and auditor's report of the Charitable Company for the year ended 31 August 2014.

The financial statements have been prepared in accordance with the accounting policies set out on page 24 of the financial statements, and comply with the Company's Memorandum and Articles of Association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities," (SORP 2005), and the Academies Accounts Direction 2013 to 2014.

The Trust operates 2 secondary academies and 1 primary academy in Birmingham. It has a combined pupil capacity of 2,400 and a roll of 2,294 in the school census in January 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

Park View Educational Trust is a company limited by guarantee. The Charitable Company's Memorandum and Articles of Association and Funding Agreement are the primary governing documents of the Academy Trust. The Charitable Company was incorporated on 14th February 2012. Park View Business and Enterprise School was replaced with Park View School - the Academy of Mathematics and Science upon conversion to Academy status, on 1 April 2012. Park View Education Trust became a Multi-Academy Trust on 1 October 2012 with the incorporation of Nansen Primary School as Nansen Primary School - A Park View Academy. Golden Hillock School - A Park View Academy joined the Trust on 1 October 2013.

MEMBERS' LIABILITY

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

TRUSTEES

The Trustees are directors of the charitable company for the purpose of the Companies Act 2006 and Trustees for the purpose of charity legislation.

The Trustees who were in office at 31 August 2014 and up to the date of this report are listed on the Reference and Administration Details on page 1.

The Trustees are subject to retirement by rotation. Trustees are eligible for re-election at the meeting at which they retire. The Trustees to retire are those who have served the longest in office since their appointment or re-election. New Trustees are recruited in accordance with the Articles of Association and 'A Guide to the Law for School Governors.' The term of office for any Trustee is 4 years, although this time limit does not apply to the Executive Principal.

During the period under review (i.e. 1 September 2013 – 31 August 2014), the Trustees held 6 meetings. The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal financial matters. All new Trustees will be given the opportunity to tour the academies and the chance to meet with pupils and staff. The Trust continues to procure Governor Support Services provided by Birmingham City Council, the local authority. The Trust is a member of the National Governors Association and FASNA (Freedom and Autonomy for Schools – National Association).

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

Additional training is provided as required based on individual or collective need. External advice and support is commissioned as and when necessary.

TRUSTEES' INDEMNITIES

In accordance with normal commercial practice and in line with the provisions as set out in the Articles of Association the Trust has purchased professional indemnity insurance.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

New Trustees since 19 July 2014 are appointed through a rigorous process which included a skills audit and interview with Members.

The term of office for any Trustee, excluding the Executive Principal, is four years. Subject to remaining eligible to be a particular type of Trustee, any governor may be reappointed or re-elected.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING AND TRUSTEES

All trustees are provided with the policies, procedures, minutes, accounts, budgets and other documents they need to undertake their role.

ORGANISATIONAL STRUCTURE

The structure of the Trust consists of four senior levels; the Trustees, Local Governing Bodies, the Principals and the broader Senior Leadership Teams, which includes Deputy Principals, Assistant Principals and academies Business Managers and a Trust Principal Finance Officer (seconded position). An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the academies nurture the talents of its entire staff to support continual improvement and excellence.

The Trustees are responsible for setting the Trust's strategic direction, ethos and policies. They are responsible for oversight of each of the academies in terms of finance, outcomes and welfare of students and staff.

In each Academy it is the Principal and the Senior Leadership Team that control at an executive level, implementing policies set by the Trustees. The Principal reports to the Local Governing Body. Each Chair of the Local Governing Body holds an ex-officio role on the Trust's Board and it is through this mechanism that the Trustees retain oversight.

It is for each Local Governing Body as described in their Schemes of Delegation to establish if they wish any sub-committees. The expectation is that each Local Governing Body deals with all aspects except for the following, which should be dealt with via sub-committee:-

- Performance management and appraisal of the Principal
- Staff salary reviews
- Pupil and staff discipline
- Staff capability
- Appeal committees
- Complaints
- Significant areas of change management e.g. re-structuring

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

On 15 July 2014, there was a significant change to the structure of the Trust following the resignation of all the members and all but one of the Trustees. 3 new Trustees took over the running of the Trust. They appointed a new Executive Principal who was not able to take up the post until after the financial year to which this report refers. There were no local governing body representatives at this time.

CONNECTED ORGANISATIONS INCLUDING RELATED PARTY RELATIONSHIPS

The Academy Trust did not have any relationships with connected organisations including any related party relationships.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The principal object of the Charitable Company is the operation of Park View Education Trust; in which are the academies of Park View School the Academy of Mathematics and Science, Nansen Primary School - A Park View Academy and Golden Hillock School – A Park View Academy. The purpose is "to advance for the 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 a broad and balanced curriculum". This is exemplified within the Trust's vision that states the following:-

"Our vision is to enable the pursuit of excellence, recognition of abilities and talent, and the realisation of ambitions for all of our learners".

OBJECTIVES, STRATEGIES AND ACTIVITIES

Park View School the Academy of Mathematics and Science is an 11-16 mixed comprehensive school that replaced Park View Business and Enterprise School on 1st April 2012, following conversion to Academy Status. Park View was deemed outstanding by Ofsted in January 2012 but in April 2014 was deemed inadequate and required special measures.

Park View has been a National Support School for many years and the then Trust's Executive Principal, Lindsey Clark was a National Leader of Education. On the 1st October 2012 the Multi-Academy Trust was formed with the sponsored conversion of Nansen Primary School. Lindsey Clark retired in April 2014 and therefore the school lost its status as a National Support School.

Nansen Primary School - A Park View Academy is a large primary school with over 870 pupils. There is also a nursery on site educating a total of 78 pupils for 15 hours each.

All staff in each academy work hard to not only provide the best education, with high levels of expectation, but fundamentally to work to "break the link between demographics, deprivation and destiny" (PVET vision statement). Nansen was inspected in April 2014 and was deemed inadequate and required special measures.

Golden Hillock School - A Park View Academy is a smaller than average 11-16 mixed comprehensive school that joined the Trust in October 2013. Golden Hillock was inspected in April 2014 and was deemed inadequate and required special measures.

The Trustees set the Trusts and its academies strategic direction through the Vision Document, policy documents and its strategic overview. The Business Plan is under review. Pupil progress, fiscal propriety including value for money and consistency of adherence to policies are closely monitored by the Board of Directors through the work of the Principals and their Senior Leadership Teams.

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

The aims of the Trust are to:

- Create high achieving urban schools through learning, sharing and disseminating excellence in educational strategies and practices;
- Provide a highly supportive and challenging learning environment that encourages the highest expectations for academic success and excellence in character;
- Continuously strive to develop a culture of mutual respect and support through excellent working relationships between students, teachers, and parents;
- Stress the development of the whole person, which includes the spiritual, moral, social, physical and intellectual in order to deliver the best outcomes for our learners;
- Nurture a strong sense of shared purpose, generosity of spirit and the desire to serve others;
- Give reality to 'tough love' and 'no compromise' rhetoric in enabling our students to succeed;
- Ensure every student develops the knowledge, skills and disposition to pursue purposeful ambitions and fulfilling lives and enabling pupils to become integral and active members of modern society, making a valuable contribution to the wellbeing of society as a whole.

The key objectives for the year up until 31st August 2014 are summarised as:

- To ensure that for each key stage every pupil makes the appropriate levels of progress as a minimum;
- Develop a pupil data and tracking system that goes across all phases and gives a consistent Trust view;
- All lessons to be at least good and an increasing proportion of lessons to be outstanding;
- All pupils behaviour to be outstanding;
- All students and staff to feel safe and secure at all times;
- To ensure that each academy's curriculum is aligned with pupil/ national/ international requirements;
- To ensure that pupil attainment for all students is at or above national averages;
- To develop pupil leadership and participation in their own peer assessment and the academy's decision making process;
- To explore Training School and School Direct options;
- To achieve Value for Money in all aspects of the use of resources for each academy.

PUBLIC BENEFIT

In setting objectives and planning the Academy's activities, the Board of Directors have paid due regard to the published guidance from the Charity Commission regarding the principle of public benefit.

STRATEGIC REPORT

ACHIEVEMENTS, PERFORMANCE AND KEY PERFORMANCE INDICATORS

Park View School the Academy of Mathematics and Science

The academy continues to be heavily oversubscribed and for the academic year 2013 - 2014 the academy performed exceptionally well, achieving well above national average results.

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

GCSE Highlights:

65% of students achieved A*-C grades including English and Maths
73% of students achieved an A*-C grade in Mathematics
69% of students achieved an A*-C grade in English
63% of students eligible for pupil premium funding achieved 5 A*-C including English and Maths
21% of students achieved 3+ A*/A grades
57% of students achieved 1 A*/A grade
23% of students achieved the English Baccalaureate

82% of students achieved expected progress (3 levels) in English
82% of students achieved expected progress (3 levels) in Mathematics
79% of students eligible for pupil premium funding made expected progress in English
83% of students eligible for pupil premium funding made expected progress in English

Nansen Primary School a Park View Academy

Nansen Primary School is a larger than average primary school that is growing from a three form entry to a 4 form entry institution. Currently there is a cohort of 6 classes in Year 2. The school is experiencing turbulence with its growth as demographics move up and down in the local area.

Early Years Foundation Stage

The three prime areas, which include Literacy and Numeracy – 66% (1)

Key Stage 1

Every area improved on last year except for phonics that dropped 1% and writing Level 3, which also experienced a 1% drop.

Key Stage 2

Every area improved on last year's results. However, Level 5 maths went down by 14%. Level 4+ improved by 11%. Nansen's level of pupil progress is still below the national averages. (most pupils made at least expected progress Ofsted Nov 2014).

A small number of pupils achieved Level 6 in the Spelling, Punctuation and Grammar SATs paper. Maths Level 6 improved by 5% from the 2013 result.

Golden Hillock School

Golden Hillock School continues to be over-subscribed for the academic year 2013-14.

GCSE Highlights:

43.9% of students achieved A*-C grades including English and Maths
65.9% of students achieved an A*-C grade in Mathematics
55.8% of students achieved an A*-C grade in English
17.7% of students achieved 3+ A*/A grades
9.1% of students achieved the English Baccalaureate

65% of students achieved expected progress (3 levels) in English
64% of students achieved expected progress (3 levels) in Mathematics
66% of students for whom English is an additional language achieved expected progress in English, and the figure was also 66% for Maths.

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

GOING CONCERN

The Trust has considered its academies and the Trust's financial position and in particular has taken account of projected pupil numbers, the demand for places and the broader educational landscape. The Board of Directors have reasonable expectations that the Trust has and will continue to have adequate resources to enable it to be a sustainable going concern for 2014/2015 and for the foreseeable future. For this reason the Trust continues to adopt the Going Concern principle in preparing its financial statements. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies on page 23.

FINANCIAL REVIEW

Each academy received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during 2013/14. (Golden Hillock's funds were received from the date of conversion 1st October 2013).

Restricted General Fund

The majority of each academy's income was received through Education Funding Agency (EFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the academy's charitable activities; its educational operations. These revenue grants, and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the year was £14,103,045 (including Golden Hillock's inherited pension deficit of £1,755,000); expenditure against the fund was £14,121,327, giving a restricted fund deficit of £18,282 before transfers from the Restricted Fixed Fund.

Unrestricted Funds

Income received into the Unrestricted Fund was £778,320. This was attributable partly to the £562,878 pre academy surplus attributable to Golden Hillock School upon conversion to the Academy Trust. Expenditure against the fund was £62,590 for the year, giving an Unrestricted Fund surplus of £715,730 (£152,852 excluding the pre academy surplus carry forward of £562,878).

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Trust's depreciation policy.

Income received into the fund includes the value of Golden Hillock's predecessor school's assets at £9,345,561 and academies Capital Maintenance Funding and Formula Capital Funding of £851,630.

The SOFA shows £9,095,266 Restricted Fixed Asset Fund year end surplus after transfers between funds.

Summary of Financial Performance

Total fund balance as at 31st August 2014 was £28,894,238 comprised of £1,365,487, £1,894,440 and £29,250,311 in Unrestricted, Restricted General and Restricted Fixed Asset Funds respectively as well as the Restricted Pension Reserve deficit of £3,616,000.

Balance Sheet

The Trust's assets were predominantly used for providing education to school students. Some assets were let to the local community, predominantly for sports and holiday activities.

The net book value of the Trust's tangible fixed assets was £29,250,311 as at 31st August 2014. The movement in this account is detailed in note 14.

Cash in hand at 31st August 2014 was £4,236,927.

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

RESERVES POLICY

The Trustees review each academy's reserves annually. The Board of Directors have determined that the appropriate level of free reserves should be a minimum of £200,000 in the first year of the academy's life. The policy of the Trust is to carry forward a prudent level of resources designed to meet the long-term needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the EFA.

The reason for this reserve is to provide sufficient working capital and to provide a cushion to deal with unexpected emergence's or unplanned population growth as required by local circumstances. In future years capital maintenance and development projects may be considered in the reserves policy review.

The Trust's free reserves that are available to be used on the Trusts charitable objects as at 31st August 2014 were £3,259,927, including £1,365,487 of general unrestricted reserves and £1,894,440 of restricted general reserves.

INVESTMENT POLICY

The Trust does not have any investment or endowment funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trust was significantly impacted by the so-called Trojan Horse scandal which implicated all 3 Academies in the Trust. This led to various investigations and enquiries which ultimately led the resignation of all the members of the trust and all but one of the Trustees. This, coupled with all 3 Academies being placed in Special Measures, led to an immediate and profound state of uncertainty. This inevitably led to concern from the Education Funding Agency and high level risks were identified. The new Trustees inherited these risks and uncertainties at the end the 2013-14 financial year.

PLANS FOR FUTURE PERIODS

The circumstances of the Trust changed significantly at the end of the financial year to which this report refers. The changes in plan were necessitated by the sequence of events leading up to the resignation of all but one Trustees.

The new Trustees have set about reviewing all aspects of the Trust's organisation, vision, mission and aims but this will take time to action fully. The new Trustees understand the task ahead of them and have put in place immediate plans to address the risks and uncertainties they inherited.

Golden Hillock became a Park View Academy on the 1st October 2013. This followed the sponsorship of Nansen Primary School the previous year. The new plans will need to assess the feasibility of all sponsorship arrangements and include a review of the composition of the Trust Board and arrangements for local governance.

The intention had been for the Trust to grow to a further 8 or 9 academies but, given the seriousness of the events of 2013-14 and the reputational damage caused this is no longer realistic or viable. The Trust will therefore need to assess its capacity and its aspirations in terms of any future plans. Furthermore it has been agreed that Golden Hillock will leave the trust on 1 September 2014.

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

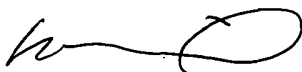
AUDITOR

The current Trustees were not in post for the entire year. As such, the Trustees:

- at the time when the financial statements are approved are unable to confirm, without limitation, that so far as they are aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- cannot confirm that the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, Crowe Clark Whitehill LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The report of the Trustees was approved by the Board of Trustees on 3/3/15 and signed on its behalf by:



Kamal Hanif, Chair of Trustees

PARK VIEW EDUCATIONAL TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Park View Educational 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 Trustees have delegated the day-to-day responsibility to the Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Park View Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

The current Board of Trustees cannot confirm that an effective system of internal control was in place before their appointment.

GOVERNANCE

The information on governance included here supplements that described in the Trustees Report in the Trustees' responsibilities statement. The Trustees has formally met 10 times during the year. Attendance during the year at meetings of the Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Tahir Alam	7	8
David Hughes	6	6
Nicola Benyahia	7	8
Sahid Akmal	3	8
Mohammed Shafique	2	8
Lindsey Clark	4	5
Kamal Hanif	2	2
Patricia Smart	2	2
Yvonne Wilkinson	1	2

The Board significantly changed with the resignation of 4 trustees in mid July 2014 with a new Board of Trustees being appointed

Park View Local Governing Body

Governor	Meetings attended	Possible meetings
Lindsey Clark	4	5
Monzoor Hussain	5	5
Tahir Alam	5	5
John Brockley	5	5
Shasta Parveen	4	5
Bodril Alam	2	5
Nicola Benyahia	4	5
Nasreen Begum	2	5
Arshad Riaz	2	5
Dave Hughes	1	5
Shahid Akmal	1	5
Hardeep Saini	1	5
Amjad Riaz	1	5

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GOVERNANCE STATEMENT (continued)

Nansen Local Governing Body

Governor	Meetings attended	Possible meetings
Shahid Akmal	1	6
Razia Ali	5	6
Jamilah Bi	2	6
Mohammed Yassar	3	6
Sajad Akram	5	6
Razwan Faraz	4	6
Lindsey Clark	3	3
Tahira Begum	1	6
Hardeep Saini	1	3

Golden Hillock Local Governing Body

Governor	Meetings attended	Possible meetings
Asif Rao	3	4
Mohammed Ashraf	4	4
Mohammed Shafique	4	4
Ibrar Khan	1	4
Hardeep Saini	4	4
Olivia Hines	1	2
Lindsey Clark	1	3
Sam Padbury	3	4
Rafique Ahmad	2	4
N Qureshi	2	4

The Trustees are currently undertaking a review of the Trust's internal committees.

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 on-going 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 since 1 September 2013 to 31 August 2014 although there were significant areas of weakness throughout the period.

CAPACITY TO HANDLE RISK

The Trustees have reviewed the key risks to which the academy trust is exposed to with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks although weaknesses have been identified throughout the period.

THE RISK AND CONTROL FRAMEWORK

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. Areas of weakness have been identified during various months through this year.

The Trustees has considered the need for a specific internal audit function and has decided to appoint Schools Financial Services as internal auditor.

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GOVERNANCE STATEMENT (continued)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a termly basis, the internal auditor reports to the Trustees on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

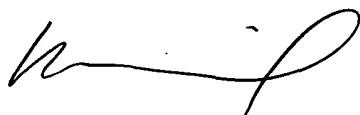
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. Since July 14 the review has been informed by:

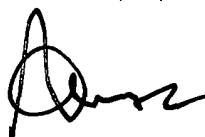
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process for Golden Hillock School;
- the reports commissioned by the EFA during and after the year.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control 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 Trustees on 8/5/15 and signed on its behalf, by:



Kamal Hanif
Chair of Trustees



Adrian Packer
Accounting Officer

PARK VIEW EDUCATIONAL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Park View Educational Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2013.

For the year ended 31 August 2014 I was neither the Accounting Officer nor a Trustee. During the year I cannot confirm that the Trust implemented an adequate system of internal control and governance. Therefore I am unable to obtain all the information and explanations that I consider necessary for the purpose of my opinion.

I confirm that since my appointment in September 2014 both I, and the Board of Trustees, are now able to identify any material, irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2013.

I have considered the EFA's review of Park View Educational Trust dated May 2014 and the results of the investigation carried out in October 2014

I confirm that any instances of material irregularity, impropriety discovered to date by those reports along with those instances discovered to date as detailed below have been notified to the Board of Trustees and the EFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and the EFA.

- Contracts for services have been entered into by the Trust without a formal tendering process to demonstrate value for money had been obtained;
- Overtime payments have been made to individuals without proper authorisation with some overtime payments considered to be excessive and disproportionate to the individuals contracted salary;
- Non contractual payments have been made to two members of staff with no evidence of prior authorisation from the Head Teacher. The business case for making these payments was only constructed after the payments had been made.
- Assets have been disposed of at below market value;
- A number of contentious/novel payments have been made during the year where prior authorisation from the EFA had not been sought;
- A part time employee was paid a full time salary during the year. The Trust are seeking to recover this overpayment from the individual concerned.
- An investigation report into Park View Educational Trust dated October 2014 has highlighted further possible irregular transactions that have occurred in Park View Academy.



Adrian Packer
Accounting Officer

Date: 3/3/15

PARK VIEW EDUCATIONAL TRUST
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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

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

The current board of Trustees were not in office during the year ended 31 August 2014. Whilst all reasonable steps have been undertaken to ensure each Trustee has made themselves aware of all relevant information, the information available to us was limited and we have been unable to confirm, without limitation, that so far as we are aware that there is no relevant audit information of which the company's external auditors are unaware. As a result we cannot fulfil our responsibility to approve financial statements that give a true and fair view. As a result, the external audit opinion is qualified.

Approved by order of the members of the Trustees on 31/3/15 and signed on its behalf by:



Kamal Hanif
Chair of Trustees

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF PARK VIEW EDUCATIONAL TRUST

We have audited the financial statements of Park View Educational Trust for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF PARK VIEW EDUCATIONAL TRUST

QUALIFIED OPINION ON FINANCIAL STATEMENTS ARISING FROM LIMITATION OF SCOPE

During the year ended 31 August 2014 the charitable company was not compliant with a number of the requirements of the Academies Financial Handbook 2013 and the charitable company's funding agreement with the Secretary of State for Education. Prior to the commencement of our audit all of the Trustees who had served the charitable company during the year had left office.

As a result of the matters referred to above, the audit evidence available to us was limited because we were unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement

Specifically our scope was limited in respect of:

- (i) each of the Trustees at the time when the financial statements are approved have been unable to confirm, without limitation, that so far as they are aware, there is no relevant audit information of which they are unaware;
- (ii) the completeness of related party returns and disclosure of related party transactions;
- (iii) the completeness of unrecorded liabilities and clawback of grant income

In our opinion, except for the matters referred to above the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not qualified in respect of going concern, we have considered the adequacy of the disclosures made in Note 1.3 to the financial statements with regard to the charitable company's ability to continue as a going concern.

During the year ended 31 August 2014 the charitable company breached a number of the terms and conditions of its funding agreement with the Secretary of State for Education. In addition, each constituent academy within the charitable company has been placed in "Special Measures" by Ofsted following an Ofsted inspection.

These conditions, along with matters explained in note 1.3 to the financial statements, indicate the existence of a material uncertainty which may cast doubt on the charitable company's ability to continue as a going concern.

The financial statements do not include any adjustments that might arise from the inability of the charitable company to continue as a going concern.

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF PARK VIEW EDUCATIONAL TRUST

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, except for the matters referred to in the Qualified Opinion on Financial Statements arising from Limitation of Scope paragraph above, the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In respect solely of the limitation on our work contained within the qualified opinion on financial statements arising from limitation of scope paragraph as described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made;


Helen Drew (Senior statutory auditor)
for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date:

3 March 2015

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PARK VIEW
EDUCATIONAL TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Park View Educational Trust during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF PARK VIEW EDUCATIONAL TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Park View Educational Trust's funding agreement with the Secretary of State for Education dated 2012, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the charitable company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the charitable company and specific transactions identified from our review.

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PARK VIEW
EDUCATIONAL TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, which as set out previously only comprises procedures to obtain limited assurance, except for the matters listed below, no further specific matters have come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- Contracts for services have been entered into by the charitable company without a formal tendering process to demonstrate value for money had been obtained;
- Overtime payments have been made to individuals without proper authorisation with some overtime payments considered to be excessive and disproportionate to the individuals contracted salary;
- Non contractual payments have been made to two members of staff with no evidence of prior authorisation from the Head Teacher. The business case for making these payments was only constructed after the payments had been made;
- Assets have been disposed of at below market value;
- A number of contentious/novel payments have been made during the year where prior authorisation from the EFA had not been sought in advance;
- A part time employee was paid a full time salary during the year. The charitable company is seeking to recover this overpayment from the individual concerned;
- An investigation report into Park View Educational Trust dated October 2014 has highlighted further possible irregular transactions that have occurred in Park View Academy.

George Clark Whitehill (✓)
Crowe Clark Whitehill LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: *3 March 2015*

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer from Local Authority on conversion	2	562,878	(1,755,000)	9,345,561	8,153,439	8,399,162
Activities for generating funds	3	180,817	-	-	180,817	107,766
Investment income	4	3,492	-	-	3,492	1,588
Incoming resources from charitable activities	5	31,133	15,858,045	851,630	16,740,808	8,724,396
TOTAL INCOMING RESOURCES		778,320	14,103,045	10,197,191	25,078,556	17,232,912
RESOURCES EXPENDED						
Costs of generating funds:						
Activities for generating funds		41,652	-	-	41,652	30,651
Charitable activities		20,938	13,936,749	1,521,370	15,479,057	8,377,061
Governance costs	9	-	184,578	-	184,578	97,095
TOTAL RESOURCES EXPENDED	6	62,590	14,121,327	1,521,370	15,705,287	8,504,807
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		715,730	(18,282)	8,675,821	9,373,269	8,728,105

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	17	-	(419,445)	419,445	-	-
NET INCOME FOR THE YEAR		715,730	(437,727)	9,095,266	9,373,269	8,728,105
Actuarial gains and losses on defined benefit pension schemes		-	(120,000)	-	(120,000)	(1,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		715,730	(557,727)	9,095,266	9,253,269	8,727,105
<i>Total funds at 1 September 2013</i>		<i>649,757</i>	<i>(1,163,833)</i>	<i>20,155,045</i>	<i>19,640,969</i>	<i>10,913,864</i>
TOTAL FUNDS AT 31 AUGUST 2014		1,365,487	(1,721,560)	29,250,311	28,894,238	19,640,969

All activities relate to continuing and acquired operations.

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

The notes on pages 24 to 45 form part of these financial statements.

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07949154

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	14		29,250,311		20,076,583
CURRENT ASSETS					
Debtors	15	1,053,727		580,642	
Cash at bank		4,236,927		1,441,279	
		<u>5,290,654</u>		<u>2,021,921</u>	
CREDITORS: amounts falling due within one year	16	(2,030,727)		(847,535)	
NET CURRENT ASSETS			<u>3,259,927</u>		<u>1,174,386</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>32,510,238</u>		<u>21,250,969</u>
Defined benefit pension scheme liability	24		(3,616,000)		(1,610,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>28,894,238</u></u>		<u><u>19,640,969</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
Restricted funds	17	1,894,440		446,167	
Restricted fixed asset funds	17	29,250,311		20,155,045	
		<u>31,144,751</u>		<u>20,601,212</u>	
Restricted funds excluding pension liability					
Pension reserve		(3,616,000)		(1,610,000)	
		<u></u>		<u></u>	
Total restricted funds			27,528,751		18,991,212
Unrestricted funds	17		1,365,487		649,757
TOTAL FUNDS			<u><u>28,894,238</u></u>		<u><u>19,640,969</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 3/3/15 and are signed on their behalf, by:



Kamal Hanif
Chair of Trustees

The notes on pages 24 to 45 form part of these financial statements.

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	19	2,692,818	790,539
Returns on investments and servicing of finance	20	3,492	1,588
Capital expenditure and financial investment	20	(463,440)	6,855
Cash transferred on conversion to an academy trust	23	562,778	10,610
INCREASE IN CASH IN THE YEAR		2,795,648	809,592

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

	2014 £	2013 £
Increase in cash in the year	2,795,648	809,592
MOVEMENT IN NET FUNDS IN THE YEAR	2,795,648	809,592
Net funds at 1 September 2013	1,441,279	631,687
NET FUNDS AT 31 AUGUST 2014	4,236,927	1,441,279

The notes on pages 24 to 45 form part of these financial statements.

All of the cash flows are derived from continuing and acquired operations.

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The Financial statements have been prepared under the historical cost convention in accordance with the Charity Commission Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable United Kingdom Accounting Standards and the Companies Act 2006.

1.2 Company status

The Academy Trust is a company limited by guarantee. The members of the company are named on page 1. In the event of the Academy Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy Trust.

1.3 Going concern

The Academy Trust has cash resources and has no requirement for external funding aside from the recurrent EFA grant funding. The Trustees assess whether the use of going concern is appropriate, i.e whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

During the year ended 31 August 2014 the Academy Trust breached a number of the terms and conditions of its funding agreement with the Secretary of State for Education. In addition, each constituent school within the Trust has been placed in "Special Measures" by Ofsted following an OFSTED inspection.

Given these breaches, there is a material uncertainty over the Academy Trust's ability to continue as a going concern. It is reliant on continued funding from the EFA in line with the Academy Trusts funding agreement for a period of 1 year from the date of approval of these financial statements.

The EFA has confirmed in writing that they will continue to support the continued provision of education within the Trust but have not guaranteed any additional funding if it were required.

Having considered these matters, the Trustees have a reasonable expectation that the Academy Trust will continue as a going concern and as such they continue to believe that the going concern basis of accounting is appropriate in preparing the financial statements.

1.4 Fund accounting

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

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

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

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Incoming resources

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

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

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Resources expended

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

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

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

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

All resources expended are shown net of VAT (unless VAT is irrecoverable).

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Tangible fixed assets acquired since the Academy Trust was established are included in the financial statements at cost.

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

Leasehold land and buildings	-	lower of period of the lease or useful economic life
Motor vehicles	-	4 years
Fixtures & fittings	-	5-10 years
Computer equipment	-	3 years

1.8 Taxation

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

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1.10 Conversion to an academy trust

The conversion of a state maintained school to the Academy Trust involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and is accounted for under the acquisition accounting method.

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

Further details of the transaction are set out in note 23.

1.11 Recognition of liabilities

Liabilities are recognised when either a constructive or legal obligation exists.

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

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

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfer of assets from LA on conversion	-	9,345,561	9,345,561	9,213,552
Transfer of surplus from LA on conversion	562,778	-	562,778	10,610
Pension scheme liability on conversion	-	(1,755,000)	(1,755,000)	(825,000)
Other donations	100	-	100	-
	<u>562,878</u>	<u>7,590,561</u>	<u>8,153,439</u>	<u>8,399,162</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of facilities	53,704	53,704	13,316
Sales of goods	1,980	1,980	2,221
Other income	125,133	125,133	92,229
	<u>180,817</u>	<u>180,817</u>	<u>107,766</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	3,492	3,492	1,588

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

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

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Funding for educational operations	-	16,709,675	16,709,675	8,707,243
School trip income	31,133	-	31,133	17,153
	<u>31,133</u>	<u>16,709,675</u>	<u>16,740,808</u>	<u>8,724,396</u>

FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Capital grants	851,630	851,630	90,325
General annual grant (GAG)	13,435,733	13,435,733	7,364,925
Start up grants	105,000	105,000	-
Other DfE/EFA grants	1,612,884	1,612,884	811,804
	<u>16,005,247</u>	<u>16,005,247</u>	<u>8,267,054</u>
Other government grants			
Other government grants	704,428	704,428	290,482
	<u>704,428</u>	<u>704,428</u>	<u>290,482</u>
Other funding			
Other income	-	-	149,707
	<u>-</u>	<u>-</u>	<u>149,707</u>
	<u>16,709,675</u>	<u>16,709,675</u>	<u>8,707,243</u>

PARK VIEW EDUCATIONAL TRUST
(A company limited by guarantee)

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

6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs	Depreciation	Other costs	Total	Total
	2014	2014	2014	2014	2013
	£	£	£	£	£
Activities for generating funds	24,759	-	16,893	41,652	30,651
Costs of generating funds	24,759	-	16,893	41,652	30,651
Direct costs	8,006,607	-	571,248	8,577,855	4,320,788
Allocated support costs	2,801,040	1,521,370	2,578,792	6,901,202	4,056,273
Charitable activities	10,807,647	1,521,370	3,150,040	15,479,057	8,377,061
Governance	-	-	184,578	184,578	97,095
	10,832,406	1,521,370	3,351,511	15,705,287	8,504,807

7. DIRECT COSTS

	Educational operations	Total	As restated Total
	£	2014	2013
	£	£	£
Education supplies	427,559	427,559	211,547
Examination fees	143,689	143,689	68,626
Wages and salaries	6,856,955	6,856,955	3,376,518
National insurance	478,073	478,073	293,836
Pension cost	671,579	671,579	370,261
	8,577,855	8,577,855	4,320,788

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FOR THE YEAR ENDED 31 AUGUST 2014**

8. SUPPORT COSTS

	Educational operations £	Total 2014 £	As restated Total 2013 £
Maintenance of premises and equipment	952,996	952,996	251,952
Cleaning	245,676	245,676	95,801
Rent and rates	19,706	19,706	72,799
Insurance	125,520	125,520	63,568
Other support costs	1,046,817	1,046,817	790,388
Professional fees	188,077	188,077	132,720
Wages and salaries	2,183,542	2,183,542	1,989,895
National insurance	166,341	166,341	121,045
Pension cost	451,157	451,157	237,334
Depreciation	1,521,370	1,521,370	300,771
	<u>6,901,202</u>	<u>6,901,202</u>	<u>4,056,273</u>

9. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	20,000	20,000	17,288
Auditors' non audit costs	-	20,652	20,652	2,000
Other governance, legal and professional fees	-	143,926	143,926	77,807
	<u>-</u>	<u>184,578</u>	<u>184,578</u>	<u>97,095</u>

10. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the Trust's auditor for the audit of the Trust's annual accounts	20,000	17,287
Fees payable to the Trust's auditor in respect of: All other non-audit services not included above	<u>20,652</u>	<u>2,000</u>

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

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	7,478,972	4,726,247
Social security costs	644,414	414,881
Other pension costs (Note 24)	1,122,736	557,605
	<u>9,246,122</u>	<u>5,698,733</u>
Supply staff costs	1,567,654	668,636
Compensation payments	18,630	-
	<u><u>10,832,406</u></u>	<u><u>6,367,369</u></u>

b. Staff severance payments

Included in compensation payments are two non-statutory/non-contractual severance payments totalling £18,630 (2013: nil). Both of the non-statutory/non-contractual payments exceeded £5,000 individually and these were for £10,000 and £8,630.

c. Staff numbers

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

	2014 No.	2013 No.
Teachers	155	88
Administration and support	123	89
Management	26	12
	<u>304</u>	<u>189</u>

d. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	4	1
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	0	1
	<u>6</u>	<u>4</u>

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

11. STAFF COSTS (continued)

The higher paid employees were all members of the Teachers Pension Scheme. Contributions paid during the period by the Trust were £59,342 (2013: £44,992).

12. TRUSTEES' REMUNERATION AND EXPENSES

The Executive Head and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Head and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as Trustees. The value of Trustees' remuneration (including employers pension contributions) fell within the following bands:

	2014 £	2013 £
Lindsey Clark	75,000-80,000	105,000-110,000

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £250. (2013: - £306)

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

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

14. TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 September 2013	19,842,346	-	212,608	322,400	20,377,354
Additions	1,009,006	25,049	224,194	91,288	1,349,537
Assets transferred on conversion	9,253,458	17,364	24,915	49,824	9,345,561
At 31 August 2014	30,104,810	42,413	461,717	463,512	31,072,452
Depreciation					
At 1 September 2013	173,101	-	20,246	107,424	300,771
Charge for the year	1,328,876	6,067	34,707	151,720	1,521,370
At 31 August 2014	1,501,977	6,067	54,953	259,144	1,822,141
Net book value					
At 31 August 2014	28,602,833	36,346	406,764	204,368	29,250,311
At 31 August 2013	19,669,245	-	192,362	214,976	20,076,583

On 1 October 2013 the Golden Hillock School's buildings were transferred to the Trust on a peppercorn lease of 125 years. The land and buildings were valued on an existing use basis in accordance with the Charities SORP.

15. DEBTORS

	2014 £	2013 £
Trade debtors	85,365	20,400
Other debtors	380,998	161,823
Prepayments and accrued income	587,364	398,419
	<u>1,053,727</u>	<u>580,642</u>

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

16. CREDITORS:

Amounts falling due within one year

	2014 £	2013 £
Trade creditors	752,094	366,259
Other taxation and social security	177,460	249,791
EFA - Abatement of GAG	70,218	-
Other creditors	642,882	228
Accruals	388,073	231,257
	<u>2,030,727</u>	<u>847,535</u>

17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	649,757	778,320	(62,590)	-	-	1,365,487
Restricted funds						
General Annual Grant	446,167	13,435,733	(11,595,683)	(419,445)	-	1,866,772
Other EFA/DfE grants	-	1,717,884	(1,690,216)	-	-	27,668
Other government grants	-	704,428	(704,428)	-	-	-
Pension reserve	(1,610,000)	(1,755,000)	(131,000)	-	(120,000)	(3,616,000)
	<u>(1,163,833)</u>	<u>14,103,045</u>	<u>(14,121,327)</u>	<u>(419,445)</u>	<u>(120,000)</u>	<u>(1,721,560)</u>
Restricted fixed asset funds						
DfE/EFA capital grants	20,155,045	9,345,561	(1,457,134)	419,445	-	28,462,917
Capital grants	-	851,630	(64,236)	-	-	787,394
	<u>20,155,045</u>	<u>10,197,191</u>	<u>(1,521,370)</u>	<u>419,445</u>	<u>-</u>	<u>29,250,311</u>
Total restricted funds	<u>18,991,212</u>	<u>24,300,236</u>	<u>(15,642,697)</u>	<u>-</u>	<u>(120,000)</u>	<u>27,528,751</u>
Total of funds	<u>19,640,969</u>	<u>25,078,556</u>	<u>(15,705,287)</u>	<u>-</u>	<u>(120,000)</u>	<u>28,894,238</u>

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

17. STATEMENT OF FUNDS (continued)

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

Restricted general funds

This fund represents grants received for the Trust's operational activities and development.

Restricted fixed asset fund

This fund represents the carrying value of the fixed assets that have been funded by grants from the EFA plus amounts received to be expended in the future on fixed assets.

Gains and losses

These represent the actuarial gains and losses on the Local Government Pension Scheme.

Transfers

These represent funds transferred from GAG to fund capital purchases.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Park View Educational Trust	176,534
Park View Academy	1,228,657
Nansen Primary Academy	772,405
Golden Hillock Academy	1,082,331
	<hr/>
Total before fixed asset fund and pension reserve	3,259,927
Restricted fixed asset fund	29,250,311
Pension reserve	(3,616,000)
	<hr/>
Total	28,894,238
	<hr/> <hr/>

PARK VIEW EDUCATIONAL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

17. STATEMENT OF FUNDS (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Park View Educational Trust	97,046	31,971	100	409,519	538,636
Park View Academy	2,247,692	1,161,244	123,337	962,464	4,494,737
Nansen Academy	2,462,744	380,741	173,774	603,098	3,620,357
Golden Hillock Academy	3,211,149	1,239,819	130,348	948,871	5,530,187
	<u>8,018,631</u>	<u>2,813,775</u>	<u>427,559</u>	<u>2,923,952</u>	<u>14,183,917</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	29,250,311	29,250,311	20,076,584
Current assets	1,365,487	3,925,167	-	5,290,654	2,021,921
Current liabilities	-	(2,030,727)	-	(2,030,727)	(847,536)
Defined pension scheme liability	-	(3,616,000)	-	(3,616,000)	(1,610,000)
	<u>1,365,487</u>	<u>(1,721,560)</u>	<u>29,250,311</u>	<u>28,894,238</u>	<u>19,640,969</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	9,373,269	8,728,105
Returns on investments and servicing of finance	(3,492)	(1,588)
Cash received on conversion	(562,778)	(10,610)
Net assets transferred on conversion	(7,590,560)	(9,213,552)
Depreciation of tangible fixed assets	1,521,370	300,771
Capital grants from DfE	(851,630)	(104,771)
Increase in debtors	(303,492)	(513,419)
Increase in creditors	979,131	733,603
FRS 17 adjustments	131,000	872,000
Net cash inflow from operations	<u>2,692,818</u>	<u>790,539</u>

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

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	3,492	1,588
	<u>3,492</u>	<u>1,588</u>
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,145,477)	(97,916)
Capital grants from DfE	682,037	104,771
	<u>(463,440)</u>	<u>6,855</u>
Net cash (outflow)/inflow capital expenditure	<u>(463,440)</u>	<u>6,855</u>

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	1,441,279	2,795,648	-	4,236,927
Net funds	<u>1,441,279</u>	<u>2,795,648</u>	<u>-</u>	<u>4,236,927</u>

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

22. CENTRAL SERVICES

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

- Leadership, Finance and Administrative support
- Audit fees
- Governance costs

The Trust charges for these services on the following basis:

A flat rate based on 4% of GAG income which is considered to broadly represent the relative size and complexity of each constituent academy.

The actual amounts charged during the year were as follows:

	2014 £
Park View Academy	174,988
Nansen Primary School	142,387
Golden Hillock School	220,840
	<u>538,215</u>
Total	<u>538,215</u>

23. CONVERSION TO AN ACADEMY TRUST

On 1 October 2013 Golden Hillock School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Park View Educational Trust from Birmingham City 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 as net incoming resources in the Statement of financial activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	9,253,458	9,253,458
- Other tangible fixed assets	-	-	92,103	92,103
Budget surplus/(deficit) on LA funds	562,778	-	-	562,778
LGPS pension surplus/(deficit)	-	(1,755,000)	-	(1,755,000)
Net assets/(liabilities)	<u>562,778</u>	<u>(1,755,000)</u>	<u>9,345,561</u>	<u>8,153,339</u>

The above net assets includes £562,778 that was transferred as cash.

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

24. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are defined benefit schemes.

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

Contributions amounting to £52,806 were payable to the scheme at 31 August 2014 (2013 - £Nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

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

24. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £438,000, of which employer's contributions totalled £329,000 and employees' contributions totalled £109,000. The agreed contribution rates for future years are 11.2% for employers and between 5.5% and 7.2% for employees.

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

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

24. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	7.00	905	7.00	638
Government Bonds	2.90	159	3.40	127
Other Bonds	3.80	207	4.40	168
Property	6.20	175	5.70	131
Cash/liquidity	0.50	88	0.50	61
Other - user input	-	476	7.00	379
Total market value of assets		<u>2,010</u>		<u>1,504</u>
Present value of scheme liabilities		<u>(5,626)</u>		<u>(3,114)</u>
Deficit in the scheme		<u>(3,616)</u>		<u>(1,610)</u>

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(5,626,000)	(3,114,000)
Fair value of scheme assets	<u>2,010,000</u>	<u>1,504,000</u>
Net liability	<u>(3,616,000)</u>	<u>(1,610,000)</u>

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

	2014 £	2013 £
Current service cost	(333,000)	(191,000)
Losses on curtailments and settlements	-	(97,000)
Interest cost	(228,000)	(121,000)
Expected return on scheme assets	<u>99,000</u>	<u>71,000</u>
Total	<u>(462,000)</u>	<u>(338,000)</u>
Actual return on scheme assets	<u>(177,000)</u>	<u>(140,000)</u>

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

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

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

	2014 £	2013 £
Opening defined benefit obligation	3,114,000	1,287,000
Current service cost	333,000	191,000
Actuarial Losses	167,000	71,000
Losses on curtailments	-	97,000
Liabilities assumed in a business combination	1,755,000	1,460,000
Interest cost	226,000	121,000
Contributions by employees	109,000	64,000
Benefits paid	(78,000)	(177,000)
	<u>5,626,000</u>	<u>3,114,000</u>
Closing defined benefit obligation	<u>5,626,000</u>	<u>3,114,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,504,000	550,000
Actuarial gains and (losses)	47,000	70,000
Contributions by employer	329,000	291,000
Expected return on assets	99,000	71,000
Assets assumed on conversion	-	635,000
Contributions by employees	109,000	64,000
Benefits paid	(78,000)	(177,000)
	<u>2,010,000</u>	<u>1,504,000</u>
	<u>2,010,000</u>	<u>1,504,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £121,000 (2013 - £1,000).

The Trust expects to contribute £363,000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Equities	45.00 %	42.40 %
Government bonds	7.90 %	8.40 %
Other bonds	10.30 %	11.20 %
Property	8.70 %	8.70 %
Cash/Liquidity	4.40 %	4.10 %
Other	23.70 %	25.20 %

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24. PENSION COMMITMENTS (continued)

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

	2014	2013
Discount rate for scheme liabilities	4.00 %	4.60 %
Expected return on scheme assets at 31 August	5.88 %	5.89 %
Rate of increase in salaries	3.95 %	4.15 %
Rate of increase for pensions in payment / inflation	2.20 %	2.40 %
Inflation assumption (CPI)	2.20 %	2.40 %

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

	2014	2013
Retiring today		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years		
Males	25.1	23.9
Females	27.8	26.7

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

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(5,626,000)	(3,114,000)	(1,287,000)
Scheme assets	2,010,000	1,504,000	550,000
Deficit	(3,616,000)	(1,610,000)	(737,000)
Experience adjustments on scheme liabilities	133,000	(71,000)	(99,000)
Experience adjustments on scheme assets	47,000	70,000	(5,000)

25. OPERATING LEASE COMMITMENTS

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

	Land and buildings 2014 £	2013 £	2014 £	Other 2013 £
Expiry date:				
Within 1 year	-	-	32,428	-
Between 2 and 5 years	-	-	3,202	-
After more than 5 years	-	-	387,000	377,000

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(A company limited by guarantee)

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

26. POST BALANCE SHEET EVENTS

Following the year end, and with agreement from the EFA, the Trustees have decided that Golden Hillock will leave the Academy Trust with effect from 1 September 2014.