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**STOUR VALLEY EDUCATIONAL TRUST LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2011**

Company Limited by Guarantee  
Registration Number: 07226557  
(England and Wales)

THURSDAY



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**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**FOR THE PERIOD ENDED 31 AUGUST 2011**

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**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**FOR THE PERIOD ENDED 31 AUGUST 2011**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

<b>GOVERNORS</b>	K Haisman	Appointed Statutory Director 17/04/2010
	P C Bell	Appointed Statutory Director 17/04/2010
	D J Blake	Appointed Statutory Director 17/04/2010
	R M Smith	Appointed Statutory Director 28/08/2010
<b>SENIOR MANAGEMENT</b>	Head Teacher	C Inchley
	Deputy Head	C Bank
	Finance & Office Manager	S Benson
	Site Manager	S Roberds
<b>REGISTERED OFFICE</b>	Cavendish Road Clare SUDBURY CO10 8PJ	
<b>COMPANY REGISTRATION NUMBER</b>	07226557	
<b>AUDITORS</b>	Ensors Chartered Accountants Saxon House Moseley's Farm Business Centre Fornham All Saints BURY ST EDMUNDS IP28 6JY	
<b>BANKERS</b>	Lloyds TSB 30 Market Street SUDBURY CO10 2EL	
<b>SOLICITORS</b>	Ashton KCJ 81 Guildhall Street BURY ST EDMUNDS IP33 1PZ	

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**REPORT OF THE GOVERNORS**  
**FOR THE PERIOD ENDED 31 AUGUST 2011**

The Company was incorporated on 17 April 2010

The governors (who are also the directors for the purposes of company law) submit their annual report together with the audited financial statements for the period ended 31 August 2011

The financial statements have been prepared in accordance with the accounting policies set out therein, and comply with the charitable 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" as issued in March 2005. In addition, the financial statements have been prepared in accordance with the financial reporting and annual accounts requirements issued by the Young People's Learning Agency

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Stour Valley Educational Trust Limited is a company limited by guarantee with no share capital (registration No 07226557) and is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993. It is not required to be registered with the Charity Commission but is, however, subject to the Charity Commissioners' regulatory powers which are monitored by the Secretary of State for Education. The Memorandum and Articles of Association of Stour Valley Educational Trust Limited are the primary governing documents of the Trust.

The Governors act as the trustees for the charitable activities of Stour Valley Community School and are also the directors of the Stour Valley Educational Trust Limited for the purposes of company law. The Stour Valley Educational Trust Limited is known as Stour Valley Community School.

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

**Members' Liability**

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

**Principal Activities**

The principal activity of Stour Valley Educational Trust Limited is to advance, for the public benefit, education in Clare and the surrounding area by establishing, maintaining and operating a school offering a broad curriculum.

**Method of Recruitment and Appointment or Election of Governors**

As and when new Governors are required for appointment, consideration is made as to the skills needed to augment the effectiveness of the Board. The Governors are appointed under the terms of Stour Valley Educational Trust Limited's Articles of Association as follows:

- The number of Governors shall be not less than three
- Up to eleven Governors
- Up to two staff Governors
- A minimum of two Parent Governors
- The Local Authority (LA) may appoint an LA Governor
- The Headteacher as an ex-officio Governor
- Co-opted Governors

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**REPORT OF THE GOVERNORS**  
**FOR THE PERIOD ENDED 31 AUGUST 2011 (Continued)**

The Governor's have a breadth of skills which are beneficial to the various sub-committees that support the governing body

The term of office for all Governors, except the Headteacher, is four years. The Headteacher's term of office runs parallel with their contract of employment

**Policies and Procedures Adopted for the Induction and Training of Governors**

During the period under review the Governors held twenty three meetings. The training and induction provided for new Governors will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new Governors are given a tour of the Academy, and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors and directors of the Stour Valley Educational Trust Limited. As there is normally expected to be only a small number of new Governors each year induction tends to be done informally and is tailored specifically to the individual.

**Organisational Structure**

As specified in the Memorandum of Association, Stour Valley Educational Trust Limited is responsible for running the Academy. The Governors are responsible for setting general policy, adapting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments. The Governors are responsible for the monitoring and performance of the Headteacher and Senior Management Team on a regular basis.

The Senior Management Team members of the Academy are the Head teacher, the Deputy Head teacher, the Finance Manager, and the Site Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Management Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Management Team always contain a Governor. Spending control is contained within the Senior Management Team.

**Risk Management**

The Governors have assessed the major risks to which the school is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see pages 8 to 9) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal objective and activity of Stour Valley Educational Trust Limited is the operation of the Academy to provide education for pupils of different abilities between the ages of 11 and 16.

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**REPORT OF THE GOVERNORS**  
**FOR THE PERIOD ENDED 31 AUGUST 2011 (Continued)**

In addition to being governed by its Articles of Association, Stour Valley Educational Trust Limited has also entered into a Funding Agreement on 27 May 2011 with the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the school, the catchment area from which the students are drawn, and that the broad and balanced curriculum includes English, Mathematics and Science.

**Objectives, Strategies and Activities**

The main objective of the Stour Valley Educational Trust Limited during the period ended 31 August 2011 is summarised below:

- To undertake all actions necessary to ensure that the Academy would open on 1 September 2011.

This included inter alia:

- The recruitment of the Headteacher, Senior Management Team, teaching and administrative staff
- The agreement of the curriculum and after-school activities
- The admissions process for students entering the Academy in 2011
- Transport arrangements
- The negotiation of contracts for premises, ICT and all necessary supplies to the Academy
- The setting up of internal systems of finance, control, operations and administration

Once open, the objectives of the Academy are agreed as:

- To raise the standard of educational achievement of all students
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with local schools and community groups and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

**The Academy's Vision**

Central to our vision is the belief in the uniqueness of every student, and that every young person has gifts to discover and share with others. We are committed to building brighter futures for our students, our local community and the wider world.

We aim to open students' minds to their full potential so that when they leave us they have a firm foundation on which to build the next phase of their lives, whether that is in further academic study, vocational training or the world of work. We want our students to be happy and confident, but also caring and tolerant. Above all we want them to have a thirst for knowledge and a real enthusiasm for life.

**Public Benefit**

In setting the objectives, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The objective of the Academy is to advance for the public benefit education in Clare and the surrounding area.

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**REPORT OF THE GOVERNORS**  
**FOR THE PERIOD ENDED 31 AUGUST 2011 (Continued)**

**ACHIEVEMENTS AND PERFORMANCE**

The Academy achieved its objective of opening in September 2011. The Academy is now in its first period of operation and is currently achieving very close to the forecast number of students. Total students on opening on 6 September 2011 numbered 171.

Public examination results will be available for the first time in the academic year 2013/14.

**Going Concern**

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

**FINANCIAL REVIEW**

The Stour Valley Educational Trust Limited's accounting period is from 17 April 2010 to 31 August 2011.

Most of the Academy's income was obtained from the Department for Education (DfE) in the form of lead-in and start-up grants the use of which was restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2011 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period the Academy began a significant process of modernisation and infrastructure improvement having previously been the site of Clare Middle School. This work is continuing in the post balance sheet period and is not expected to complete until 2012. These costs are being met by Partnership for Schools (PfS). The site will remain in the ownership of Suffolk County Council (SCC) with whom the Academy has a licence to occupy during the building and refurbishment phase. When work is completed SCC will grant the Academy a 125 year lease.

**Reserves Policy**

The Governors review the reserve levels monthly. The review takes into account the nature of the income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Governors will keep the level of reserves under review.

As the Academy is in its first period of operation the Governors have agreed to aspire to a level of reserves equivalent to two weeks expenditure.

**PLANS FOR THE FUTURE**

The project to re-model and extend the school buildings for the Academy is progressing with the preferred bidder and the Academy opened in September 2011 with sufficient teaching space for the number of students. The Stour Valley Educational Trust Limited will continue to invest in the Academy to ensure that students have the best facilities that can be provided. Recruitment of new students to the Academy is a key objective and the success of the open evening in September 2011 is encouraging.

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**REPORT OF THE GOVERNORS**  
**FOR THE PERIOD ENDED 31 AUGUST 2011 (Continued)**

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The Governors (who are also directors of Stour Valley Educational Trust Limited for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2010/11 issued by the Young Peoples' Learning Agency

Company law requires the Governors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Academy and of the incoming resources and application of resources, including the income and expenditure, of the Academy for the period. In preparing these financial statements, the Governors are required to

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

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

The Governors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the YPLA/DfE have been applied for the purposes intended.

In so far as the Governors are aware

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

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

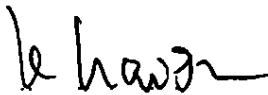


**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**REPORT OF THE GOVERNORS**  
**FOR THE PERIOD ENDED 31 AUGUST 2011 (Continued)**

**Auditor**

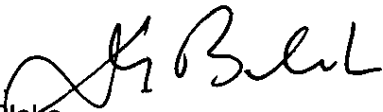
The Auditors, Ensors Chartered Accountants, were appointed in the period and have expressed their willingness to continue in office and a resolution to appoint them will be proposed at the annual general meeting

Approved by order of the members of the Governing Body on 14 December 2011 and signed on its behalf by.



K Haisman  
Governor

Date 14 December 2011



D Blake  
Governor

Date 14 December 2011

# **STOUR VALLEY EDUCATIONAL TRUST LIMITED**

## **STATEMENT OF INTERNAL CONTROL**

**FOR THE PERIOD ENDED 31 AUGUST 2011**

### **Scope of Responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Stour Valley Educational Trust Limited 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 Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between the Academy and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### **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 the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Stour Valley Educational Trust Limited for the period ended 31 August 2011 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ended 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

### **The Risk and Control Framework**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- Regular reviews by the Finance and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- Setting targets to measure financial and other performance,
- Clearly defined purchasing (asset purchase or capital investment) guidelines,
- Delegation of authority and segregation of duties,
- Identification and management of risks

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**STATEMENT OF INTERNAL CONTROL**  
**FOR THE PERIOD ENDED 31 AUGUST 2011 (Continued)**

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

**Review of Effectiveness**

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question a review was not undertaken as the Academy had not yet opened. For future years the review will be informed by

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

The Accounting Officer will be advised of the implications of the result of their review of the system of internal control by the Finance and Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system will be put in place.

Approved by order of the members of the Governing Body on 14 December 2011 and signed on its behalf by



K Haisman  
Governor



C Inchley  
Accounting Officer

14 December 2011

## **STOUR VALLEY EDUCATIONAL TRUST LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOUR VALLEY EDUCATIONAL TRUST LIMITED**

#### **FOR THE PERIOD ENDED 31 AUGUST 2011**

We have audited the financial statements of Stour Valley Educational Trust Limited for the period ended 31 August 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an 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 Academy and its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Governors and Auditor**

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

#### **Scope of the Audit of the Financial Statements**

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

#### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, and the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
STOUR VALLEY EDUCATIONAL TRUST LIMITED (Continued)**

**FOR THE PERIOD ENDED 31 AUGUST 2011**

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Opinion on other matter prescribed by the Academy's funding agreement with the Secretary of State for Education**

In our opinion grants made by the Young People's Learning Agency have been applied for the purposes intended

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Date 14 December 2011

Helen Rumsey FCA – Senior Statutory Auditor

For and on behalf of

Ensors Chartered Accountants  
Saxon House  
Moseley's Farm Business Centre  
Fornham All Saints  
BURY ST EDMUNDS  
IP26 9JY

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES**

**INCLUDING AN INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL  
RECOGNISED GAINS AND LOSSES**

**FOR THE PERIOD ENDED 31 AUGUST 2011**

	Note	Unrestricted Funds £	Restricted General Funds £	Total 2011 £
<b>Incoming Resources</b>				
Incoming Resources from generated funds				
Voluntary Income	1	2,760	-	2,760
Incoming Resources from charitable activities				
Funding for the Academy's educational operations	2	-	462,690	462,690
<b>Total Incoming Resources</b>		<u>2,760</u>	<u>462,690</u>	<u>465,450</u>
<b>Resources Expended</b>				
Charitable activities				
Academy's educational operations set up	4	1,971	408,014	409,985
Governance costs	5	950	20,796	21,746
<b>Total Resources Expended</b>	3	<u>2,921</u>	<u>428,810</u>	<u>431,731</u>
<b>Net (outgoing)/incoming resources before transfers</b>		(161)	33,880	33,719
Gross transfers between funds	19	2,059	(2,059)	-
<b>Net movement in funds</b>		<u>1,898</u>	<u>31,821</u>	<u>33,719</u>
<b>Reconciliation of Funds</b>				
<b>Total funds brought forward</b>		-	-	-
<b>Funds carried forward at 31 August 2011</b>		<u>1,898</u>	<u>31,821</u>	<u>33,719</u>

All of the above results are derived from continuing activities. The statement of financial activities includes all gains and losses recognised in the period.

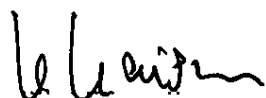
**STOUR VALLEY EDUCATIONAL TRUST LIMITED**

**BALANCE SHEET**

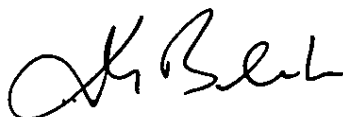
**AS AT 31 AUGUST 2011**

	<b>Note</b>	<b>2011 £</b>
<b>Current assets</b>		
Debtors	<b>9</b>	172,590
Cash at bank and in hand		<u>13,145</u>
		<b>185,735</b>
<b>Current liabilities</b>		
Creditors Amounts falling due within one year	<b>10</b>	(152,016)
<b>Net current assets</b>		<u><b>33,719</b></u>
<b>Funds</b>		
<b>Restricted funds</b>		
Restricted general fund	<b>11</b>	31,821
<b>Unrestricted funds</b>		
General fund	<b>11</b>	1,898
<b>Total funds</b>		<u><b>33,719</b></u>

The financial statements were approved and authorised for issue by the Governors on *14 December* and signed on their behalf by



K Haisman  
Governor



D Blake  
Governor

Company Limited by Guarantee  
Registration Number 07226557

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2011**

	<b>2011 £</b>
Net Cash Inflow from Operating Activities	13,145
Returns on Investment and Servicing of Finance	-
Capital Expenditure	-
Increase in Cash in the Period	<u>13,145</u>
<b>Reconciliation of Net Cash Flow to Movement In Funds</b>	
Net Funds Brought forward	-
Net Funds at 31 August 2011	<u>13,145</u>
<b>Net Cash Flow from Operating Activities</b>	
Net Income	33,719
Increase in Debtors	(172,590)
Increase in Creditors	152,016
Net Cash Inflow from Operating Activities	<u>13,145</u>



**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2011**

**PRINCIPAL ACCOUNTING POLICIES**

**Format of Financial Statements**

The standard format for the financial statements as required by the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP') and reflects the activities of the Academy. In addition, the financial statements have been prepared in accordance with the Academies Accounts Direction issued by the Young People's Learning Agency.

**Basis of Accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**Going Concern**

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

**Incoming Resources**

***Grants Receivable***

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the relevant funds on the balance sheet.

***Donations***

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with virtual certainty and are receivable at the balance sheet date.

***Donated Services and Gifts in Kind***

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

**Resources Expended and the Basis of Apportioning Costs**

Resources expended are recognised in the period in which they are incurred. They have been classified under headings that aggregate all costs relating to that activity.

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2011**

**PRINCIPAL ACCOUNTING POLICIES (Continued)**

***Allocation of Costs***

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance costs. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

***Governance Costs***

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements including audit, strategic management and Governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

***Fund Accounting***

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Governors.

Restricted funds comprise grants from the YPLA and DfE.

***Leased Assets***

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

***Taxation***

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

***Pension***

Academy teaching staff are members of the Teachers' pension scheme. There were no non-teaching members of staff employed during the accounting period and hence no members of the Local Government Pension Scheme.

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2011**

**PRINCIPAL ACCOUNTING POLICIES (Continued)**

***Defined Benefit Schemes***

***Teachers' Pension Scheme***

Full-time and part-time teaching staff employed under a contract of service, are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the period.

**1. VOLUNTARY INCOME** **2011**  
**£**

Individual Donations 2,760

**2. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

**2011**  
**£**

YPLA revenue grants

• Start Up Grant - Business Case Grant	17,584
• Start Up Grant – Lead In Grant	182,437
DfE – Other Revenue Grant	<u>262,669</u>
	<u>462,690</u>

No General Annual Grant (GAG) received in the period

<b>3. RESOURCES EXPENDED</b>	<b>Staff Costs £</b>	<b>Depreciation £</b>	<b>Other costs £</b>	<b>Total 2011 £</b>
Academy's educational operations				
Direct costs relating to set up	<u>70,513</u>	<u>-</u>	<u>339,472</u>	<u>409,985</u>
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>21,746</u>	<u>21,746</u>
<b>Total</b>	<u>70,513</u>	<u>-</u>	<u>361,218</u>	<u>431,731</u>

The method used for the apportionment of support costs is disclosed in the accounting policies

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2011**

**4. CHARITABLE ACTIVITIES**

**2011**

**£**

**Direct costs in relation to Academy's educational operations set up**

Minibus rental and running costs	3,278
Office and Administration costs	25,990
Staff Costs	70,513
Labour Costs	1,910
Head teacher – Day-release fees	4,344
Recruitment	59,229
Induction arrangements	20,932
Financial and Information Systems	2,706
Communications	4,594
Advertising	27,470
Project Management and Reporting	64,173
Business Case and Opening Costs	124,846
	<u>409,985</u>

**5. GOVERNANCE COSTS**

**2011**

**£**

Audit Fee	2,625
Accountancy Fee	950
Legal and Professional Fees	1,428
Business Manager Costs	15,200
Governors' Reimbursed Expenses	1,543
	<u>21,746</u>

**6. STAFF COSTS**

The average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2011 expressed as full time equivalents was as follows

**2011**

**No.**

**Charitable activities**

Teachers	2
Administration and support	1
Management	1
	<u>4</u>

**Staff costs comprise**

**£**

Wages and salaries	58,584
Social security costs	5,245
Other pension costs	6,684
	<u>70,513</u>

One employee would have earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) if pro-rated for a full year

Three of the above employees participated in the Teachers' Pension Scheme During the period ended 31 August 2011 pension contributions for these staff amounted to £6,684

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2011**

**7. GOVERNORS' REMUNERATION AND EXPENSES**

The Governors' neither received nor waived any emoluments during the period

During the period ended 31 August 2011, travel, advertising and subsistence expenses totalling £3,622 were reimbursed to six members of the sponsoring group, of which four were Governors. Related party transactions involving the Governors are set out in note 18.

**8. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £250,000 on any one claim and the cost for the period ended 31 August 2011 was £396. The cost of this insurance is included in the total insurance costs.

**9. DEBTORS**

	<b>2011</b>
	<b>£</b>
Prepayments	27,213
Other Debtors	145,377
	<u>172,590</u>

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

	<b>2011</b>
	<b>£</b>
Accruals and deferred income	63,982
Other Creditors	82,198
Other Taxation and Social Security	5,836
	<u>152,016</u>

**11. FUNDS**

The income funds of the Academy include restricted funds comprising the following balances of grants to be applied for specific purposes:

	<b>Incoming Resources £</b>	<b>Outgoing Resources Transfers &amp; other gains &amp; losses £</b>	<b>At 31 August 2011 £</b>
<b>Restricted General Funds</b>			
Start Up Grant – Business Case Grant	17,584	17,584	-
Start Up Grant – Lead in Grant	182,437	151,916	30,521
DfE – Other Revenue Grant	262,669	261,369	1,300
	<u>462,690</u>	<u>430,869</u>	<u>31,821</u>
<b>Unrestricted General Funds</b>			
Voluntary Income	<u>2,760</u>	<u>862</u>	<u>1,898</u>

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2011**

**12. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted £	Restricted General £	Total £
Current assets	2,877	182,858	185,735
Current liabilities	(979)	(151,037)	(152,016)
	<u>1,898</u>	<u>31,821</u>	<u>33,719</u>

**13. CAPITAL COMMITMENTS**

	2011 £
Contracted for, but not provided in the financial statements	<u>412,000</u>

During the period, the Academy entered into an agreement to purchase a significant amount of computer equipment. None of this equipment has been accounted for within these financial statements as the terms of ownership within the agreement had not been satisfied at the period end date.

**14. FINANCIAL COMMITMENTS**

On 1 September 2011 the Academy entered into an agreement to operate from the Clare Middle School site owned by Suffolk County Council (SCC). The Academy has a licence to occupy this site until the building and refurbishment phase currently being carried out is complete. When this work is completed SCC will grant the Academy a 125 year lease. The deemed cost to rent this site from 1 September 2011 has been calculated as £147,941 per annum.

**15. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

**STOUR VALLEY EDUCATIONAL TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2011**

**16. PENSION COMMITMENTS**

**THE TEACHERS' PENSION SCHEME**

**Introduction**

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years), a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

The pension cost charged in the financial statements for this scheme for the period ended 31 August 2011 was £6,684 which represents the contributions due for the period.

# **STOUR VALLEY EDUCATIONAL TRUST LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2011**

### **The Teachers' Pension Budgeting and Valuation Account**

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

### **Stour Valley Educational Trust Defined Contribution Scheme**

From 1<sup>st</sup> September 2011 non teaching staff can also participate in the Stour Valley Educational Trust Defined Contribution scheme. The assets of the Scheme are held separately from those of the Academy in an independently administered fund.

## **17. MEMBERS' LIABILITY**

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

## **18. RELATED PARTY TRANSACTIONS**

During the period £364 was paid to the children of the Head teacher, C Inchley, for casual labour services provided to the Academy.

## **19. TRANSFERS**

During the period a transfer of £2,059 was made in respect of the unused DfE Business Case Grant as this is permitted to be used for the Academy's Charitable Objectives.



**STOUR VALLEY EDUCATIONAL TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2011**

**20. POST BALANCE SHEET EVENTS**

On 6 September 2011 the Stour Valley Community School opened to pupils. On this date the school entered into a licence agreement with Suffolk County Council (SCC) to occupy the site. This licence runs until the refurbishment work being carried out at the school is completed. Upon which time a 125 year licence will be granted to the school.

In addition, in the post balance sheet period several of the schools' employees joined the Local Government Pension Scheme.