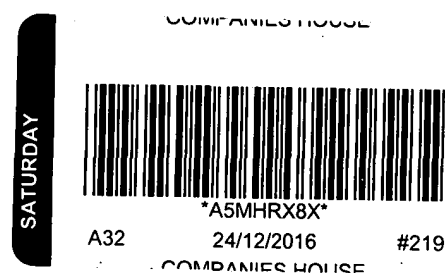


Stour Valley Educational Trust Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2016



**Company Registration Number:
07226557 (England and Wales)**

Stour Valley Educational Trust Limited
Annual Report and Financial Statements
Year Ended 31 August 2016

CONTENTS

	Page No.
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	6
Statement on Regularity, Propriety and Compliance	10
Statement of Trustees' Responsibilities	11
Independent Auditor's Report to the Members	12
Independent Reporting Accountant's Assurance Report on Regularity	14
Statement of Financial Activities incorporating Income & Expenditure Account	15
Balance Sheet	16
Statement of Cash Flows	17
Notes to the Financial Statements, incorporating:	
Accounting Policies	18
Other Notes to the Financial Statements	22

Stour Valley Educational Trust Limited

Reference and Administrative Details

Year Ended 31 August 2016

Members	K Haisman D J Blake R M Smith G Brown P J Hurrell	
Trustees	K Haisman R M Smith D J Blake G Brown C G Hawkins C Inchley S A Nicoll P Stanbury-Jones P Garlick L Goldsmith S Goldsmith P J Hurrell G A Lovejoy K J Terry	Chair Vice Chair Ex-Officio (appointed 9 November 2015, resigned 22 March 2016) (appointed 9 December 2016) (appointed 9 December 2016) Parent Trustee Parent Trustee Staff Trustee
Senior Management	Head Teacher: Deputy Head: Assistant Head Teachers: School Business Manager: Site Manager:	C Inchley C Bank B Collins L Reynolds (resigned 31 August 2016) S Benson S Roberds (resigned 31 August 2016)
Principal and Registered Office	Cavendish Road Clare SUDBURY CO10 8PJ	
Company Registration Number	07226557	
Independent Auditor	Ensors Accountants LLP Cardinal House 46 St Nicholas Street Ipswich Suffolk IP1 1TT	
Bankers	Lloyds TSB 30 Market Street Sudbury CO10 2EL	
Solicitors	Ashton KCJ Beacon House Kempson Way Suffolk Business Park Bury St Edmunds IP32 7AR	

Stour Valley Educational Trust Limited

Trustees' Report

Year Ended 31 August 2016

The trustees present their annual report together with the audited financial statements and auditor's report of the Academy Trust ('Academy') for the period from 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

Structure, Governance and Management

Constitution

Stour Valley Educational Trust Limited is a company limited by guarantee with no share capital (registration No. 07226557) and is an exempt charity. 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 Trustees are also the directors of Stour Valley Educational Trust Limited for the purposes of company law. Stour Valley Educational Trust Limited is known as Stour Valley Community School.

Details of the Trustees who served throughout the year 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.

Trustees' Indemnities

No indemnities have been given by Trustees during the year.

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 Trustees

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

- The number of Trustees shall be not less than three
- Up to eleven Trustees (excluding staff, parents, LA, ex officio and co-opted)
- Up to two staff Trustees
- A minimum of two Parent Trustees
- The Local Authority (LA) may appoint an LA Trustee
- The Headteacher as an ex-officio Trustee
- Co-opted Trustees

The Trustees have a breadth of skills which are beneficial to the various sub-committees that support the Board of Trustees. The term of office for all Trustees, 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 Trustees

During the year under review the Trustees held 4 full Trustee meetings and 18 meetings of Board committees. The training and induction provided for new Trustees will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new Trustees are given a tour of the Academy, and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees and directors of Stour Valley Educational Trust Limited. As there is normally expected to be only a small number of new Trustees each year induction tends to be done informally and is tailored specifically to the individual.

Stour Valley Educational Trust Limited

Trustees' Report (continued)

Year Ended 31 August 2016

Organisational Structure

As specified in the Memorandum of Association, Stour Valley Educational Trust Limited is responsible for running the Academy. The Trustees are responsible for setting general policy, adopting 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 Trustees are responsible for the monitoring and performance of the Headteacher and Senior Management Team on a regular basis.

The Senior Management Team (SMT) members of the Academy are the Head Teacher, the Deputy Head Teacher, the two Assistant Head Teachers, the School Business Manager, and the Site Manager. These managers control the Academy at an executive level implementing the policies laid down by the Trustees 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 Trustee. Spending control is contained within the Senior Management Team.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Headteacher's performance management targets are set by the Chair and Vice Chair of Trustees and the Chair of the HR Committee sitting as the Headteachers' Performance Management Review Committee, and are based in part on the School Development and Improvement Plan with additional personal development targets. The targets are reviewed regularly by the Chair of Trustees. The Headteacher sets performance targets for other members of the SMT. All staff in Stour Valley Educational Trust are employed on the terms of the National Pay and Conditions framework. Performance against targets is reviewed for all SMT members within the timelines set down in the framework and salary increases are awarded accordingly, where appropriate.

Related Parties and Other Connected Charities and Organisations

The Trustees are not aware of any connected organisations or related party transactions during the year other than those disclosed in note 24 to the financial statements.

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.

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 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.

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

Stour Valley Educational Trust Limited

Trustees' Report (continued)

Year Ended 31 August 2016

Public Benefit

In setting the objectives, the Trustees 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.

Staff and students regularly engage in community activities in support of local community groups and with local businesses e.g. through the STEM activities which engage with over 20 local firms and 500 students.

Strategic report

Achievements and Performance

The school continued to receive mid-year transfers of students, and was successful at attracting students for the 2016/17 academic year. The number of students on roll as at 1 September 2016 566 with the new Year 7 intake being significantly oversubscribed, Mid-year transfers have continued in the autumn term of 2016 with 571 students on roll in November 2016

Due to the growing popularity of the school and the extensive curriculum on offer, the school erected temporary classrooms financed from the school's own reserves. These buildings were completed in the Autumn Term 2015.

Key Performance Indicators

Public Examinations were taken by students for the third year in 2016, with a full sized cohort of 115 students. The Trustees were very pleased with the *achievement of 58% A* - C grades in English and Maths*. Progress 8 was 0.20 against 0.02 for Suffolk and -0.03 for England, with Attainment 8 at 49.3 points, which was above both the Local Authority Average and the Average for England.

Major KPI's on which the Trustees receive regular reports include:

- Student numbers.
- Expenditure budgets and cash flow
- Student behaviour
- Reports on progress in teaching and learning
- Evidence of student progress against Fischer Aspire Top 20% data
- Progress towards school targets

Going Concern

After making appropriate enquiries, the board of Trustees 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.

Principal Risks and Uncertainties

Financial and Risk Management Objectives and Policies

The Trustees 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 Trustees 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 8-9) 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.

The school has a comprehensive set of policies covering *inter alia* the teaching of the curriculum, the management of school facilities and operational procedures. These policies were reviewed by the relevant committees in the year under review.

Risk Management

During the year the Trustees continued to develop their comprehensive risk management procedures for the Academy. This help to identify and monitor the risks faced by the Academy. The key risk areas identified for inclusion are Strategy, Governance, Skills, Health and Safety, Safeguarding, IT, Business continuity and Financial Reporting and Management related. A point scoring mechanism has been put in place with a greater emphasis directed towards those areas identified as being higher risk.

Stour Valley Educational Trust Limited

Trustees' Report (continued)

Year Ended 31 August 2016

Financial Review

Stour Valley Educational Trust Limited's accounting period is from 1 September 2015 to 31 August 2016.

Most of the Academy's income was obtained from the Education Funding Agency (EFA), an executive arm of the Department for Education (DfE), in the form of General Annual Grant (GAG) which is the per capita funding required to run the school and deliver the curriculum. Further funding was received from the EFA in the form of start-up grants the use of which was restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

As central government funding has become tighter and not kept pace with wage inflation it has been necessary to implement still tighter controls over internal cost centres, to keep all expenditure within allocated budgets and seek efficiencies. Unless government funding improves, trustees are aware that similar challenges will be faced in future years. The trustees' decision to maintain the curriculum to meet the needs of all ability levels of our student population, and in the absence of funding from the Condition Improvement Fund, led to a substantial proportion of our reserves being utilised to purchase temporary classrooms.

Reserves Policy

The Trustees 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 Trustees will keep the level of reserves under review.

As the Academy is in its early years of operation the Trustees have agreed to aspire to a level of reserves equivalent to one month's expenditure. The Academy currently holds £81,210 of unrestricted reserves and £27,176 of restricted general funds. The decision to purchase temporary classrooms, partly funded by reserves, has led to a depletion in reserve levels. It is not certain that the aspiration to hold one month's expenditure as reserves will be possible in the near future.

Investment Policy

The Investment policy has been approved by the Finance and Premises Committee. Surplus funds may only be invested in cash deposits with the leading High Street banks for periods which deliver the best financial returns to the Trust while ensuring that the Trust has access to sufficient liquidity to meet all financial obligations when due.

Plans for Future Periods

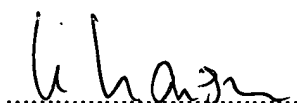
The Trust is concentrating its efforts on delivering the best possible educational experience so that the full student roll of 575 students is achieved as soon as possible.

Given the growing student population in junior schools the Trustees will keep under continual review the need to increase the number of buildings on site to cope with anticipated increased demand.

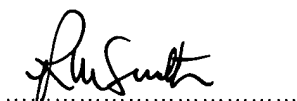
On 24 November 2016 the Regional Schools Commissioner for the East of England issued an Academy Order for Clare Community Primary School to open as an academy sponsored by Stour Valley Educational Trust Ltd. The date for conversion proposed by the Regional Schools Commissioner is 1 March 2017

Funds held as Custodian Trustee on behalf of others

The Trust does not hold any funds as Custodian Trustee.



K Haisman
Trustee



R M Smith
Trustee

14 December 2016

Stour Valley Educational Trust Limited

Governance Statement

Year Ended 31 August 2016

Scope of Responsibility

As trustees, 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 Board of Trustees 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 Stour Valley Educational Trust Limited and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

During the reporting period the board of trustees had 12 members including the Headteacher, 1 staff Trustee and 2 parent Trustees. One Trustee resigned during the year due to other commitments. The Deputy Headteacher, the Assistant Headteacher and the School Business Manager are associate Trustees and attend full Trustee meetings.

There are committees covering the key risk management areas of the school namely:

Community Committee
Curriculum Committee
Finance and Premises Committee
HR Committee
Pay Committee
Admissions Committee
Student Care and Support Committee

In addition there is a Chairman's Committee which comprises the chairs of the standing committees.

All committees have agreed terms of reference and meet at least once each term. All committees have responsibility for the policies within their remit and they are reviewed in accordance with the stipulations of the Board of Trustees. Attendance at all committees is good and meetings are always quorate.

The Trustees have undertaken a skills audit in the format proposed by the NGA. This audit was undertaken at the same time as a review of the school's strategy and vision. This assessment led to the recruitment of a further community governor and further recruitment of governors with specific HR and Finance skills in the autumn term of 2016.

Attendance at all meetings in the year was as follows:

<u>Full Board</u>	Meetings Attended	Out of a possible
K Haisman (Chairman)	4	4
R Smith (Vice Chairman)	4	4
D Blake	3	4
G Brown	4	4
P Garlick	1	1
C Hawkins	3	4
P Hurrell	4	4
C Inchley	4	4
G Lovejoy	3	4
S Nicoll	2	4
P Stanbury-Jones	2	4
K Terry	4	4

Stour Valley Educational Trust Limited
Governance Statement (continued)
Year Ended 31 August 2016

Community

	Meetings Attended	Out of a possible
R Smith	3	3
P Hurrell (Chairman)	3	3
K Haisman	2	3
G Lovejoy	2	3
S Nicoll	1	3

Curriculum

	Meetings Attended	Out of a possible
G Brown	1	3
K Haisman	3	3
G Lovejoy	3	3
R Smith (Chairman)	3	3
C Inchley	3	3
P Hurrell	2	3
K Terry	3	3

Finance and Premises

	Meetings Attended	Out of a possible
K Haisman (Chairman)	3	3
C Inchley	3	3
C Hawkins	3	3
P Stanbury-Jones	1	3

HR

	Meetings Attended	Out of a possible
D J Blake (Chairman)	3	3
C Inchley	3	3
S Nicoll	1	3
P Stanbury-Jones	2	3

Pay

	Meetings Attended	Out of a possible
K Haisman	0	2
D Blake (Chairman)	2	2
C Inchley	2	2
S Nicoll	1	2
P Stanbury-Jones	1	2

Stour Valley Educational Trust Limited
Governance Statement (continued)
Year Ended 31 August 2016

Admissions

	Meetings Attended	Out of a possible
R Smith	1	1
K Haisman (Chairman)	1	1
C Bank	1	1

Student Care and Support

	Meetings Attended	Out of a possible
D Blake	3	3
G Brown	3	3
C Hawkins	2	3

Review of Value for Money

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

The accounting officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy has delivered improved value for money during the year by implementing a robust Performance Management system to ensure staff salaries are based on individual performance and student outcomes, with an annual review of staffing requirements. All expenditure is reviewed annually to identify cost savings and benchmarking strategies are used to identify areas where further value for money can be achieved. Contracts are revisited annually by the Finance Committee as part of their internal controls.

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 Stour Valley Educational Trust Limited for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees 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 Board of Trustees 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 year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk Management schedule is reviewed termly by the Senior Leadership Team with any changes to assessments being brought to the attention of the Finance and Premises Committee. Ownership of an individual risk section lies with a member of the Senior Leadership Team. The site manager and department heads have day-to-day responsibility for risk awareness, avoidance, management and student training. SLT members are responsible for ensuring that staff training is provided and certification achieved where appropriate. Particular attention is paid to the sharing of best practice between the Technology and Science faculties within their joint STEM activities.

Stour Valley Educational Trust Limited

Governance Statement (continued)

Year Ended 31 August 2016

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- 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.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees 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 Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

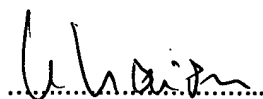
Review of Effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the key components of the review system have been informed by:

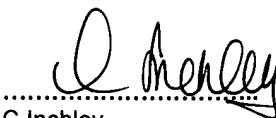
- Weekly meetings between the Chair of the Finance and Premises Committee, the School Business Manager and the Headteacher to review financial reports and risk issues raised in the previous week.
- Termly reports by the School Business Manager to the Finance and Premises Committee
- One-to-one discussions each term between the RO and the Chair of the Finance and Premises Committee to enable concerns to be raised directly with a senior trustee.
- The RO provides written reports each term directly to the full Trustees Meeting and is called to the meeting by trustees as necessary.
- There are annual reviews of the effectiveness of all school policies by the relevant committee and a whole school risk assessment has been completed, reviewed and approved by the Finance and Premises Committee.

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 board of trustees on 14 December 2016 and signed on its behalf by:



K Haisman
Trustee



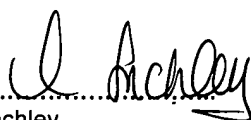
C Inchley
Accounting Officer

Stour Valley Educational Trust Limited
Statement on Regularity, Propriety and Compliance
Year Ended 31 August 2016

As accounting officer of Stour Valley Educational Trust Limited I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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

.....

C Inchley
Accounting Officer

14 December 2016

Stour Valley Educational Trust Limited
Statement of Trustees' Responsibilities
Year Ended 31 August 2016

The trustees (who act as governors of Stour Valley Educational Trust Limited and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic 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 published by the Education Funding Agency.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- 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 charitable company will continue in operation.

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the 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 trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 14 December 2016 and signed on its behalf by:


.....
K Haisman
Chair

Stour Valley Educational Trust Limited

Independent Auditor's Report to the Members of Stour Valley Educational Trust Limited

Year Ended 31 August 2016

We have audited the financial statements of Stour Valley Educational Trust Limited for the year ended 31 August 2016 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) including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding 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 trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the trustees (who are also the 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust'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' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion 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 2016 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 Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

Stour Valley Educational Trust Limited

Independent Auditor's Report to the Members of Stour Valley Educational Trust Limited (continued)

Year Ended 31 August 2016

Matters on which we are required to report by exception

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

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

.....
Helen Rumsey FCA – Senior Statutory Auditor

Date 19 December 2016

For and on behalf of:

Ensors Accountants LLP
Cardinal House
46 St Nicholas Street
Ipswich
IP1 1TT

Stour Valley Educational Trust Limited

**Independent Reporting Accountant's Assurance Report on Regularity to Stour Valley Educational Trust Limited
and the Education Funding Agency
Year Ended 31 August 2016**

In accordance with the terms of our engagement letter dated 22 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stour Valley Educational Trust Limited during the period 1 September 2015 to 31 August 2016 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 Stour Valley Educational Trust Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stour Valley Educational Trust Limited 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 Stour Valley Educational Trust Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Stour Valley Educational Trust Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Stour Valley Educational Trust Limited's funding agreement with the Secretary of State for Education dated May 2011 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 period 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Ensors Accountants LLP
Reporting Accountant

Date 19 December 2016

For and on behalf of:
Ensors Accountants LLP
Cardinal House
46 St Nicholas Street
Ipswich
IP1 1TT

Stour Valley Educational Trust Limited

Statement of Financial Activities (including Income and Expenditure Account)

Year Ended 31 August 2016

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Income and Endowments from:						
Donations and capital grants	2	-	9,180	31,500	40,680	26,005
Charitable Activities:						
Funding for the academy trust's educational operations	5	-	2,823,121	-	2,823,121	2,888,922
Other Trading Activities	3	51,167	-	-	51,167	36,160
Investments	4	1,895	-	-	1,895	1,847
Other	6	-	86,259	-	86,259	94,466
Total		53,062	2,918,560	31,500	3,003,122	3,047,400
Expenditure on:						
Raising funds		-	7,623	-	7,623	5,147
Charitable Activities:						
Academy's educational operations	8	11,079	2,996,902	178,969	3,186,950	3,188,006
Total	7	11,079	3,004,525	178,969	3,194,573	3,193,153
Net income/ (expenditure)		41,983	(85,965)	(147,469)	(191,451)	(145,753)
Transfers between funds	15	(75,314)	(97,421)	172,735	-	-
Net income/(expenditure) for the year		(33,331)	(183,386)	25,266	(191,451)	(145,753)
Other recognised gains and losses						
Actuarial gains/ (losses) on defined benefit pension schemes	23	-	(257,000)	-	(257,000)	13,000
Net movement in funds		(33,331)	(440,386)	25,266	(448,451)	(132,753)
Reconciliation of Funds:						
Total funds brought forward	15	114,541	(10,438)	6,675,113	6,779,216	6,911,969
Funds carried forward	15	81,210	(450,824)	6,700,379	6,330,765	6,779,216

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the period.

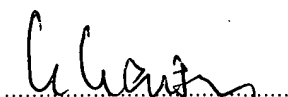
Stour Valley Educational Trust Limited

Balance Sheet

As at 31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	6,700,379	6,675,113
Current assets			
Debtors	13	24,037	103,394
Cash at bank and in hand		<u>166,375</u>	<u>257,913</u>
		190,412	361,307
Current liabilities			
Creditors: Amounts falling due within one year	14	<u>(82,026)</u>	<u>(77,204)</u>
Net current assets		108,386	284,103
Net assets excluding pension liability		<u>6,808,765</u>	<u>6,959,216</u>
Defined benefit pension scheme liability	23	(478,000)	(180,000)
Net assets including pension liability		<u>6,330,765</u>	<u>6,779,216</u>
Funds of the academy:			
Restricted funds			
Fixed asset funds	15	6,700,379	6,675,113
General funds	15	27,176	169,562
Pension reserve	15	<u>(478,000)</u>	<u>(180,000)</u>
		6,249,555	6,664,675
Unrestricted funds			
General fund	15	81,210	114,541
Total funds		<u>6,330,765</u>	<u>6,779,216</u>

The financial statements on pages 15 to 34 were approved by the trustees, and authorised for issue on 14 December 2016 and are signed on their behalf by:



K Haisman
Trustee



R M Smith
Trustee

Company Limited by Guarantee
Registration Number: 07226557

Stour Valley Educational Trust Limited
Statement of Cash Flows
Year Ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from Operating Activities			
Net cash provided by/ (used in) operating activities	18	79,302	21,661
Cash flows from financing activities	19	(170,840)	(21,873)
Change in cash and cash equivalents in the reporting period		(91,538)	(212)
Cash and cash equivalents at 1 September 2015	20	257,913	258,125
Cash and cash equivalents at 31 August 2016	20	<u>166,375</u>	<u>257,913</u>

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016

1 Statement of Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

First time adoption of FRS 102

These financial statements are the first financial statements of Stour Valley Educational Trust Limited, prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Stour Valley Educational Trust Limited for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

Going Concern

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 to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Per the Statement of Financial Activities the Academy has restricted general reserves of (£450,824). This is due to the pension reserve of (£478,000), which is payable out of future annual income and therefore does not cause any issues for the going concern of the Academy.

Income

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

• **Grants Receivable**

Where income is received in advance of meeting any performance-related conditions there is no unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement 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.

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

1 Statement of Accounting Policies (continued)

Income (continued)

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where receipt is probable and the amount can be reliably measured.

- **Other income**

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

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy is 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, 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's policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising events and non-charitable trading.

- **Charitable activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing greater than £1,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

1 Accounting Policies (continued)

Tangible Fixed Assets (continued)

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful life, as follows:

Long leasehold land and buildings	2% straight line
ICT equipment	3 years straight line
Furniture, fixtures and equipment	3 years straight line

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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 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 Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

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 quadrennial valuations using a prospective unit credit method. As stated in Note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

1 Accounting Policies (continued)

Pensions Benefits (continued)

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 credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education. Restricted general funds also include the funds associated with the Local Government Pension Scheme FRS 102 pension liability as detailed per note 23.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Donated fixed assets	-	31,500	31,500	-
General donations	-	1,680	1,680	3,905
Transport donations	-	7,500	7,500	22,100
	<u>-</u>	<u>40,680</u>	<u>40,680</u>	<u>26,005</u>

Income from donations and capital grants in 2015 was £26,005, of which £23,938 related to restricted general funds and £2,067 was attributable to restricted fixed asset funds.

3 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Hire of facilities	6,066	-	6,066	4,693
Other income	45,101	-	45,101	31,467
	<u>51,167</u>	<u>-</u>	<u>51,167</u>	<u>36,160</u>

Income from other trading activities in 2015 was £36,160; the whole amount was attributable to unrestricted funds.

4 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Short term deposits	1,895	-	1,895	1,847
	<u>1,895</u>	<u>-</u>	<u>1,895</u>	<u>1,847</u>

Investment income in 2015 was £1,847; the whole amount was attributable to unrestricted funds.

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

5 Funding for Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	2,566,637	2,566,637	2,592,443
EFA Start Up Grants	-	13,905	13,905	44,805
Other DfE/EFA grants	-	126,977	126,977	113,833
	<u>-</u>	<u>2,707,519</u>	<u>2,707,519</u>	<u>2,751,081</u>
Other Government grants				
Local authority grants	-	20,570	20,570	28,790
Other				
Trips Funds	-	85,072	85,072	109,051
Big Lottery Grant	-	9,960	9,960	-
	<u>-</u>	<u>95,032</u>	<u>95,032</u>	<u>109,051</u>
	<u>-</u>	<u>2,823,121</u>	<u>2,823,121</u>	<u>2,888,922</u>

Funding for the academy trust's educational operations in 2015 was £2,888,922; the whole amount was attributable to restricted general funds.

6 Other

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Other incoming resources				
Transport	-	65,970	65,970	74,400
Other	-	20,289	20,289	20,066
	<u>-</u>	<u>86,259</u>	<u>86,259</u>	<u>94,466</u>

Other income in 2015 was £94,466; the whole amount was attributable to restricted general funds.

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

7 Expenditure

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	7,623	7,623	5,147
Academy's educational operations					
Direct costs	2,111,308	-	270,294	2,381,602	2,388,644
Allocated support costs	270,993	109,980	424,375	805,348	799,362
	<u>2,382,301</u>	<u>109,980</u>	<u>702,292</u>	<u>3,194,573</u>	<u>3,193,153</u>

Expenditure on raising funds in 2015 was £5,147; the whole amount was attributable to restricted general funds.

Expenditure on the Academy's educational operations in 2015 was £3,202,006 of which £133,000 was attributable to the restricted pension fund, £185,955 was attributable to the restricted fixed assets fund, £8,005 was attributable to unrestricted funds and £2,875,046 was attributable to restricted general funds.

	2016 £	2015 £
Net income/ expenditure for the year includes:		
Operating leases - other	18,319	17,644
Fees payable to auditor		
Audit	5,950	5,720
Other services	3,305	3,015
Depreciation	<u>178,969</u>	<u>185,955</u>

8 Charitable activities

	Total 2016 £	Total 2015 £
Direct costs – educational operations	2,381,602	2,388,644
Support costs – educational operations	<u>805,348</u>	<u>799,362</u>
	<u>3,186,950</u>	<u>3,188,006</u>

	Educational Operations £	Total 2016 £	Total 2015 £
Support staff costs	2,382,301	2,382,301	2,279,138
Depreciation	178,969	178,969	185,955
Technology costs	1,737	1,737	1,943
Premises costs	109,980	109,980	121,372
Other support costs	493,605	493,605	580,910
Governance costs	20,358	20,358	18,688
Total support costs	<u>3,186,950</u>	<u>3,186,950</u>	<u>3,188,006</u>

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

9 Staff Costs

	2016	2015
	£	£
Staff costs during the year were:		
Wages and salaries	1,876,490	1,841,791
Social security costs	160,770	137,540
Operating costs of defined pension schemes	345,041	299,807
	<u>2,382,301</u>	<u>2,279,138</u>

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

	2016	2016	2015	2015
	Number	Full-time	Number	Full-time
		equivalent		equivalent
Charitable Activities				
Teachers	40	38	35	35
Administration and support	27	19	31	22
Management	2	2	2	2
	<u>69</u>	<u>59</u>	<u>68</u>	<u>59</u>

Higher paid staff

The number of employees whose employee benefits (excluding employer pension contributions) exceeded £60,000 was:

	2016	2015
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1
	<u>2</u>	<u>1</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £352,566 (2015: £353,578).

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

10 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

C Inchley – Principal and trustee		
Remuneration	£75,000 - £80,000	(2015: £75,000 - £80,000)
Employers' pension contributions	£10,000 - £15,000	(2015: £10,000 - £15,000)
K J Terry – Staff Trustee		
Remuneration	£40,000 - £45,000	(2015: £40,000 - £45,000)
Employers' pension contributions	£5,000 - £10,000	(2015: £5,000 - £10,000)

During the year ended 31 August 2016 and the year ended 31 August 2015, no trustees were reimbursed travel and subsistence expenses. Related party transactions involving the trustees are set out in note 24.

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 (2015: £2,000,000) on any one claim and the cost for the current and prior year is included within the overall insurance premium paid.

12 Tangible Fixed Assets

	Leasehold Land and Buildings £	Furniture, Fixtures & Equipment £	Computer Equipment £	Total £
Cost				
At 1 September 2015	6,795,699	39,134	410,848	7,245,681
Additions	-	183,711	20,524	204,235
Disposals	-	(802)	-	(802)
At 31 August 2016	6,795,699	222,043	431,372	7,449,114
Depreciation				
At 1 September 2015	158,566	28,997	383,005	570,568
Charge for the year	135,914	20,532	22,523	178,969
Disposals	-	(802)	-	(802)
At 31 August 2016	294,480	48,727	405,528	748,735
Net book values				
At 31 August 2016	6,501,219	173,316	25,844	6,700,379
At 31 August 2015	6,637,133	10,137	27,843	6,675,113

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 had a licence to occupy this site until the building and refurbishment phase was complete. The work was completed on 30 June 2014 and SCC granted the Academy a 125 year lease on 1 July 2014 for the land and buildings. In the opinion of the members the substance of the position at 31 August 2014 was that the Academy had control over the land and buildings and substantially all the significant risks and rewards associated with ownership had been transferred to the academy. As such the land and buildings have been recognised in the financial statements at their fair value at the date of conversion of £6,795,699.

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

13 Debtors

	2016 £	2015 £
Trade debtors	4,259	4,450
Prepayments	12,117	88,940
VAT recoverable	7,661	10,004
	<u>24,037</u>	<u>103,394</u>

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	289	304
Other taxation and social security	48,827	40,342
Other creditors	13,680	20,259
Accruals	19,230	16,299
	<u>82,026</u>	<u>77,204</u>

15 Funds

	Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains and Losses £	Transfers £	Balance at 31 August 2016 £
Restricted general funds						
General Annual Grant (GAG)	151,987	2,566,637	(2,549,203)	-	(169,421)	-
EFA start-up grant	-	13,905	(13,905)	-	-	-
Other DfE/EFA grants	4,471	126,977	(128,449)	-	-	2,999
Other grants	-	20,570	(20,570)	-	-	-
Transport fund	11,671	73,470	(70,877)	-	-	14,264
Trips fund	-	85,072	(78,052)	-	-	7,020
Other amounts	1,433	31,929	(30,469)	-	-	2,893
	<u>169,562</u>	<u>2,918,560</u>	<u>(2,891,525)</u>	<u>-</u>	<u>(169,421)</u>	<u>27,176</u>
Pension reserve	(180,000)	-	(113,000)	(257,000)	72,000	(478,000)
	<u>(10,438)</u>	<u>2,918,560</u>	<u>(3,004,525)</u>	<u>(257,000)</u>	<u>(97,421)</u>	<u>(450,824)</u>
Restricted fixed asset funds						
Donations	1,608	31,500	(6,989)	-	-	26,119
Partnership For Schools	16,848	-	(16,848)	-	-	-
GAG funded assets	19,525	-	(19,218)	-	172,735	173,042
Gifted assets on conversion	6,637,132	-	(135,914)	-	-	6,501,218
	<u>6,675,113</u>	<u>31,500</u>	<u>(178,969)</u>	<u>-</u>	<u>172,735</u>	<u>6,700,379</u>
Total restricted funds	<u>6,664,675</u>	<u>2,950,060</u>	<u>(3,183,494)</u>	<u>(257,000)</u>	<u>75,314</u>	<u>6,249,555</u>
Unrestricted funds	114,541	53,062	(11,079)	-	(75,314)	81,210
Total funds	<u>6,779,216</u>	<u>3,003,122</u>	<u>(3,194,573)</u>	<u>(257,000)</u>	<u>-</u>	<u>6,330,765</u>

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

15 Funds (continued)

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

The General Annual Grant (GAG) is used for the normal running costs of the Academy.

The Start Up Grant – Lead In Grant was used to assist with getting the Academy operational.

Other EFA grants are various specific grants provided to the Academy from the EFA.

Other restricted funds include income and expenditure on trips and transport.

Partnership For Schools is money spent on refurbishment works on the houses and site, not covered under the building contract, and also contributions towards the school computers that we have been able to reclaim from PFS.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

An amount of £72,000 was transferred from the GAG to the Pensions reserves in respect of employer's pension contributions in to the scheme for the period.

The remaining transfers above relate to fixed assets which have been funded through the GAG and unrestricted reserves.

16 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	6,700,379	6,700,379
Current assets	83,420	106,992	-	190,412
Current liabilities	(2,210)	(79,816)	-	(82,026)
Pension scheme liability	-	(478,000)	-	(478,000)
Total net assets	81,210	(450,824)	6,700,379	6,330,765

17 Financial commitments

Operating leases

At 31 August 2016 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts due within one year	12,894	8,526
Amounts due between one and five years	53,609	43,129
Amounts due after five years	-	-

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

18 Reconciliation of net income/(expenditure) to net cash provided by/(used in) operating activities

	2016	2015
	£	£
Net (expenditure) for the reporting period (as per the Statement of Financial Activities)	(191,451)	(145,753)
Depreciation (note 12)	178,969	185,955
Interest receivable (note 4)	(1,895)	(1,847)
Capital grants from DfE and other capital income	(31,500)	(2,067)
Defined benefit pension scheme cost less contributions payable (note 23)	33,000	40,000
Defined benefit pension scheme finance cost (note 23)	8,000	7,000
Decrease/(Increase) in debtors	79,357	(70,320)
Increase in creditors	4,822	8,693
Net cash provided by operating activities	<u>79,302</u>	<u>21,661</u>

19 Cash flows from investing activities

	2016	2015
	£	£
Dividends, interest and rents from investments	1,895	1,847
Purchase of tangible fixed assets	(204,235)	(25,787)
Capital donations and grants	31,500	2,067
Net cash (used in) investing activities	<u>(170,840)</u>	<u>(21,873)</u>

20 Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash at bank and in hand	<u>166,375</u>	<u>257,913</u>

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

21 Contingent Liabilities

As per 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.

22 Members' Liability

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

23 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) 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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

23 Pension and similar obligations (Continued)

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);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £250,358 (2015: £207,561).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £94,683 (2015: £92,246), of which employer's contributions totalled £72,191 (2015: £69,333), and employees' contributions totalled £22,422 (2015: £22,913). The agreed contribution rates for employers in future years are:

Year ended 31 March 2018 – 19.9%
 Year ended 31 March 2019 – 20.9%
 Year ended 31 March 2020 – 21.7%

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

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	4.1%	4.6%
Rate of increase for pensions in payment / inflation	2.1%	2.7%
Discount rate for scheme liabilities	2.1%	3.8%

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

23 Pension and similar obligations (Continued)

Local Government Pension Scheme (Continued)

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.4	22.4
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.9	26.9

The academy trust's share of the assets in the scheme was

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equity instruments	(330,000)	(121,000)
Debt instruments	(96,000)	(38,000)
Property	(48,000)	(20,000)
Cash	(4,000)	(1,000)
Total market value of liability	<u>(478,000)</u>	<u>(180,000)</u>

The actual return on scheme assets was 10.5% (2015: 7.1%).

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	(105,000)	(112,000)
Net interest cost	(8,000)	(7,000)
Total operating charge	<u>(113,000)</u>	<u>(119,000)</u>

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

23 Pension and similar obligations (Continued)

Local Government Pension Scheme (Continued)

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

	2016 £	2015 £
At 1 September 2015	635,000	491,000
Current service cost	105,000	112,000
Past service cost	-	-
Interest cost	27,000	21,000
Employee contributions	22,000	23,000
Actuarial loss/(gains)	325,000	(12,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Benefits paid	-	-
At 31 August 2016	<u>1,114,000</u>	<u>635,000</u>

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

	2016 £	2015 £
At 1 September 2015	455,000	345,000
Interest income	19,000	14,000
Return on assets excluding amounts included in net interest	-	1,000
Actuarial gains	68,000	-
Employer contributions	72,000	72,000
Employee contributions	22,000	23,000
Assets distributed on settlements	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
Benefits paid	-	-
At 31 August 2016	<u>636,000</u>	<u>455,000</u>

24 Related Party Transactions

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

During the year donations of £6,303 (2015: £21,485) were given to the Trust by 3 (2015:5) Trustees and their related interests.

Stour Valley Educational Trust Limited
Notes to the Financial Statements
Year Ended 31 August 2016 (Continued)

25 Explanation of transition to FRS102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation	31 August 2015 £
Net income / expenditure previously reported under UK GAAP	(137,753)
Change in recognition of LGPS interest cost	(8,000)
Net income / expenditure reported under FRS102	<u>(145,753)</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability previously reported at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the net expenditure by £8,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.