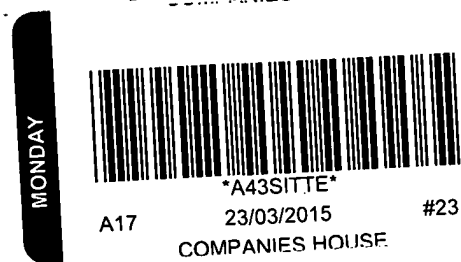


AVANTI SCHOOLS TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2014



Company Limited by Guarantee
Registration Number:
07506598 (England and Wales)

AVANTI SCHOOLS TRUST

CONTENTS

	Page
Reference and Administrative Details	1
Report of the Directors'	2
Governance Statement	10
Statement on Regularity, Propriety and Compliance	13
Statement of Directors' Responsibilities	14
Independent Auditors' Report on the Financial Statements	15
Independent Reporting Accountant's Report on Regularity	17
Consolidated Statement of Financial Activities incorporating Income & Expenditure Account	19
Consolidated Balance Sheet	20
Company Balance Sheet	21
Consolidated Cash Flow Statement	22
Notes to the Consolidated Financial Statements, incorporating:	
Statement of Accounting Policies	23
Other Notes to the Financial Statements	

AVANTI SCHOOLS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS DIRECTORS (TRUSTEES), GOVERNORS AND ADVISERS

Directors (Trustees)	Mr N Gor Mr Y Rana Mr P Gajjar Mr K Patel Mr E Anobah Mrs U Sahni (appointed 01/09/13) Mr P Moss (appointed 11/12/14) Mr M Ladwa (appointed 11/12/14) Mr P Hamilton (appointed 11/12/14) Miss S Dave (until 10/12/14) Mr J Simpson (until 01/10/14) Mr K Khandwala (until 10/12/14) Dr K Pau (appointed 11/12/13 - until 02/05/14) Mr M Evans (until 06/02/13)
Members	R Shah D Patel N Gor J Simpson (until 01/10/14)
Secretary	Mr B Vadhvania
Registered Office	Avanti Schools Trust Camrose Avenue Edgware Middlesex HA8 6ES
Company Registration Number	07506598
Statutory Auditor	Wilkins Kennedy LLP Statutory Auditor Chartered Accountants Anglo House Bell Lane Office Village Bell Lane Amersham Buckinghamshire HP6 6FA
Bankers	Lloyds Bank plc 25 Gresham Street London EC2V 7HN
Solicitors	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB

AVANTI SCHOOLS TRUST REPORT OF THE DIRECTORS

The Directors present their report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

INTRODUCTION

The trust operates 3 primary and secondary academies in the south east and midlands. Its academies have a combined pupil capacity of **2520** and had a roll of **722 and 1028** in the school census at May 2014 and October 2014 respectively. The trust also includes Avanti Court Primary School, voluntary-aided, in its family of schools.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Avanti Schools Trust is a Multi-Academy Trust, a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust. The trustees of Avanti Schools Trust are also the directors of the charitable company for the purposes of company law. Details of the Directors and Governors who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Avanti Schools Trust was incorporated on 26 January 2011 and obtained Academy Status from 1 August 2011. The Trust obtained Multi-Academy Status from 9 August 2012.

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 period 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 the Trust is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Members and Directors

The first members of the Trust were the signatories to the Memorandum. Subsequent members of the company comprise up to 3 persons appointed by IFoundation Ltd, 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose, the chairman of the Directors and any person appointed under Article 16.

The number of Directors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 63, the Trust shall have the following Directors:

- a. up to 9 Directors, appointed under Article 50;
- b. any Staff Directors, if appointed under Article 50A;
- c. Academy Directors appointed under Article 51 or Article 52;
- d. the Chief Executive Officer, if appointed under Article 107;
- e. a minimum of 2 Parent Directors appointed under Articles 53-56;
- f. any Additional Directors, if appointed under Article 61, 61A or 67A; 18
- g. any Further Directors, if appointed under Article 62 or Article 67A;
- h. up to 2 Directors, if appointed by the Secretary of State in accordance with the terms of any of the Relevant Funding Agreements following the provision of a notice by the Trust to terminate that Relevant Funding Agreement.

The Trust may also have any Co-opted Director appointed under Article 58.

The term of office for any Director shall be 4 years, except for the Chief Executive Officer (CEO).

AVANTI SCHOOLS TRUST
REPORT OF THE DIRECTORS CONT./.....

Policies and Procedures Adopted for the Induction and Training of Directors

During the period under review the Directors held regular meetings. The training and induction provided for new Directors will depend on their existing experience. All relevant Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only a few new Directors in a period, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The Board of Directors have overall responsibility and ultimate decision making authority for all the work of the Trust, including the establishing and running of schools. This is largely exercised through strategic planning and the setting of policy guidance. It is managed through business planning, monitoring of budgets, performance management, the setting of standards and the implementation of quality management processes.

Each academy has its own local governing body with responsibility for setting annual plans and budgets at the academy and recommending these to the Trust Board of Directors. The Directors delegate a number of functions to the local governing body of each academy.

The Directors delegate the day to day responsibility of running the Trust to the senior management team led by the Chief Executive Officer. The day to day running of individual academies is delegated to the senior leadership team, led by the principal.

Risk management

The Directors have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the individual Academies and their finances. The Directors 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. The Directors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

OBJECTIVES AND ACTIVITIES

Objects and aims

All schools in the Avanti Schools Trust prepare pupils for their respective life-journeys by promoting educational excellence, character formation and spiritual insight

Educational Excellence

An emphasis on independent thought and personal choice fans every pupil's innate and emerging passion for learning. Our personalised approach provides tailor-made learning paths for all pupils. This motivates and enables all pupils to become reflective, articulate and independent thinkers, laying solid foundations for their future learning, vocation and self-fulfilment. Our approach is characterised by a mentorship and academic support system that is delivered in close partnership with parents.

Character Formation

Trust schools prepare pupils to take their places as loyal, responsible and broad-minded British citizens. Our ethos acknowledges that personal virtue, responsibility and a wholesome sense of identity underpin success in all endeavours. It nurtures conduct consistent with the universal virtues of respect, integrity, courage, empathy, gratitude and self-discipline. Trust schools promote holistic, responsible lifestyles through a vegetarian diet, a curriculum that integrates yoga and meditation and a built environment that actively fosters environmental concern.

Spiritual Insight

The development of spiritual insight is at the heart of the curriculum and draws on the teachings of Krishna Chaitanya, which embrace a universal, inclusive approach to spirituality, aimed at rekindling a personal, loving and spontaneous relationship with the divine (Krishna).

AVANTI SCHOOLS TRUST
REPORT OF THE DIRECTORS CONT./.....

The curriculum offers opportunities to explore the philosophies and traditions of different faiths. Collective worship includes the following practices: kirtan, meditation, worship, reflection, song, prayer, and story-telling.

Equal opportunities policy

The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The Trust complies fully with the Equality Act 2010 regulations and is equipped to welcome and/or teach any child or adult with a disability where possible. Governors have adopted an updated Equality policy in light of recommendations related to the 2010 Act.

PUBLIC BENEFIT

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the Trust's aim and objectives and in planning future activities. The Directors consider that the Trust's aims are demonstrably to the public benefit.

SCHOOL PERFORMANCE

Avanti House School

The school opened as an all-through school in September 2012 as a free school. During the academic year 2013-14 an inspection of the school was carried out under section 5 of the Education Act 2005. Overall the school was given a "Good" rating. In the four overarching areas of school's work, following grades were achieved:

Achievement of Pupils	Good
Quality of teaching	Good
Behaviour and safety of pupils	Outstanding
Leadership and management	Good

Comments from the OFSTED report:

"Everyone shares the belief in the school's core values, 'Educational Excellence, Character Formation and Spiritual Insight'. This powerful vision, led by the Avanti Trust, cascades throughout the school to governors, leaders, teachers, pupils and parents."

"The behaviour of pupils is outstanding. They are, without exception, respectful and polite. This is because they understand the importance of the school's core values of leading their own lives and caring for others. The school is fully inclusive and welcomes pupils of all faiths, religious beliefs and those with different abilities and needs."

"Teachers instil excellent attitudes so that pupils develop curiosity and love for learning, building upon the school's core values. During inspection, lessons promoted deep and meaningful learning experiences in, for example, studies of Macbeth, badminton, modern dance and observing caterpillar metamorphosis. Scrutiny of pupils' books and work on display shows this wide and rich curriculum is typical over time."

"Parents are overwhelmingly positive about the school. They are especially proud of its inclusive nature and that it celebrates a wide faith community. The 72 responses on Parent View wholeheartedly recommend the school to others. Parents trust school leaders and they told inspectors their children really enjoyed coming to school, despite several changes to the location of the school particularly in the primary classes."

AVANTI SCHOOLS TRUST
REPORT OF THE DIRECTORS CONT./.....

Krishna Avanti Primary School (Harrow)

The school joined the AST family in September 2012 as a convertor academy. In the academic year 2012-13 an inspection of the school was carried out under section 5 of the Education Act 2005. Overall the school was given a "Good" rating. In the four overarching areas of school's work, following grades were achieved:

Achievement of Pupils	Good
Quality of teaching	Good
Behaviour and safety of pupils	Outstanding
Leadership and management	Good

Comments from the OFSTED report:

Progress and EYFS

"Pupils like to talk about their learning. They are proud of their achievements. They undertake new tasks with confidence and are not afraid of making mistakes."

"Pupils appreciate that their views are valued and acted upon. The school council has a real voice and helps to shape policies."

"Inclusion is a particular strength. The school makes sure that all pupils are treated equally and have the same opportunities to succeed... Discrimination of any kind is not tolerated."

"New approaches to writing have had a positive impact. An emphasis on speaking, listening and drama prepares pupils well for writing through immersing them in the topic and boosting their enthusiasm. They are confident to take a leading role in assemblies."

Krishna Avanti Primary School (Leicester)

The school opened in September 2011 in the first wave of free schools. In the academic year 2012-13 an inspection of the school was carried out under section 5 of the Education Act 2005. Overall the school was given a "Good" rating. In the four overarching areas of school's work, following grades were achieved:

Achievement of Pupils	Good
Quality of teaching	Good
Behaviour and safety of pupils	Outstanding
Leadership and management	Good

Comments from the OFSTED report:

"The leadership of the school, including the GB, demonstrates an ambitious vision: all senior leaders had high expectations for pupil progress, evidenced through target setting"

"Pupils' behaviour, in classrooms, in the worship/dining room and in other areas of the school is outstanding. Pupils move around the school in a very calm and orderly manner. They demonstrate excellent attention and focus in lessons because they are very eager and enthusiastic learners. This means that teachers are able to fully focus their energies on teaching, rather than on managing pupils' behaviour."

"A very large majority of parents and carers who responded to the online questionnaire (Parent View) believe that their children make good progress at the school. Inspection findings support this view."

"The quality of teaching in the Early Years Foundation Stage is outstanding. Classrooms and outdoor areas are vibrant, well-organised and safe places for children to learn in. Consequently, children are confident in their environment, keen to learn and make excellent progress in the Reception classes."

AVANTI SCHOOLS TRUST
REPORT OF THE DIRECTORS CONT./.....

Children are surrounded by colourful displays and learning prompts. Letters, sounds, words and numbers are on the walls, doors and even hang from the ceiling. Pupils were observed using these independently to help their learning. "

Avanti Court Primary School

The school opened as a primary school in September 2012 as a voluntary-aided school. During the academic year 2013-14 an inspection of the school was carried out under section 5 of the Education Act 2005. Overall the school was given a "Good" rating. In the four overarching areas of school's work, following grades were achieved:

Achievement of Pupils	Good
Quality of teaching	Good
Behaviour and safety of pupils	Good
Leadership and management	Good

Comments from the OFSTED report:

"There is a rigorous focus on phonics that is sustained during the Key Stage 1 years and much higher than average proportions of pupils met the standard in the phonics screening check last year."

"Pupils enjoy applying their reading, writing and mathematical skills to well-planned home learning projects. These investigations involve pupils and their families in extended projects on topics that combine historical research, art and design, as well as the use of information technology."

"Teaching in the Early Years Foundation Stage skilfully blends adult-led and child-initiated activities to support confident self-expression. Adults provide a stimulating choice of indoor and outdoor activities for the children and their careful questioning draws out descriptions or calculations while the children are happily engaged in physical or creative tasks."

"Pupils enjoy coming to school because they look forward to varied activities and interesting lessons. Pupils know right from wrong and have opportunities to act as school ambassadors."

SUBSIDIARY COMPANY PERFORMANCE

From 1 September 2013 the Trust began operating a wholly owned subsidiary called Govinda's Limited. The subsidiary was created to take over the kitchen operation at Avanti Schools and to ensure that the catering operations are run in an efficient and cost effective way. During the year ended 31 August 2014 it operated the kitchens of Krishna Avanti Primary School (Harrow) and Avanti House School. A new catering management team was put in place during the year and the operations have become profitable in the first year as well providing a good level of service to the schools.

KEY PERFORMANCE INDICATORS

The following KPIs would apply to all Avanti Schools Trust schools in addition to those identified by each governing body as their specific strategic School Improvement Priorities.

Core Trust KPIs:

Achievement and Standards

This will include attainment at end of each key stage and achievement in broader aspects of learners' achievements such as those reflected in their spiritual, social, moral, cultural development. When evaluating schools' effectiveness the schools will take into account Learners' starting points for their progress and attainment. Narrowing the gap between the performance of different groups of learners, and those eligible for pupil premium, in our schools in comparison to those nationally is part of this KPI.

The quality of support and intervention strategies and the impact of systematic improvements in quality of teaching in all subjects and key stages on learners' achievement are at the core of this KPI.

AVANTI SCHOOLS TRUST
REPORT OF THE DIRECTORS CONT./.....

Quality of Teaching

Raising achievement of all by high quality teaching. The extent to which schools have successfully raised the quality of teaching year on year is a key KPI. Evaluations of school improvement will include planning and implementation of learning across the whole curriculum and within and outside the classrooms.

Behaviour and Safety of learners

This KPI seeks to establish strong links between the distinct Avanti ethos and values and the learning and social behaviours and attitudes that learners develop over time. Learners' safety, personal well-being, cultural and spiritual development and attendance will provide strong indicators of the impact of schools' work in these respects. The schools' full compliance with its statutory duties and responsibilities to protect and safeguard students and children is monitored closely to ensure that there are no risks to pupils' safety and well-being. The quality and effectiveness of multi-agency work to support children living in vulnerable circumstances and those with special educational needs and disabilities is part of such monitoring.

Quality of Leadership and management of the schools

The effectiveness of leaders at different levels within the schools and governance will be evaluated by its impact on the quality of teaching and outcomes for learners. Ambition and capacity to affect sustained improvements to achieve 'outstanding' Ofsted judgement status is a target for all the Trust schools. Improving leadership capacity and accountability of leaders to secure high professional standards for staff and high performing learners are key to the success of this KPI.

FINANCIAL REVIEW

Financial report for the period

Most of the Trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, some of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the year ended 31 August 2014, total expenditure of £5,436k (2013 - £4,081k) was met by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds, transfers to restricted fixed asset funds and actuarial losses on defined benefit pension schemes) was £148k (2013 - £277k).

At 31 August 2014 the net book value of fixed assets was £4,630k (2013 - £4,166k). Movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The Leicestershire County Council Pension Fund, in which the Trust participates, showed a deficit of £42k at 31 August 2014 (2013 - £Nil). The London Borough of Harrow Scheme in which the Trust participates showed a deficit of £190k at 31st August 2014 (2013 - £68k). Of this sum £63k was inherited by the Trust from the London Borough of Harrow on 1st September 2012, the date the local authority's staff transferred to employment with the Trust.

AVANTI SCHOOLS TRUST
REPORT OF THE DIRECTORS CONT./.....

Financial and Risk Management Objectives and Policies

The financial risks to which Avanti Schools Trust is exposed relates primarily to:

- Change in government and legislation.
- Potential of reduced funding and cash flow.
- Reduction in student numbers.
- Ongoing site issues at Avanti House School which has reputational and financial risk attached.

Principal Risks and Uncertainties

The principal risks and uncertainties that Avanti Schools Trust faces are mitigated by the risk management process that the Trust has in place.

Reserve policy and financial review

Reserves policy

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to two weeks' expenditure, approximately £195k (2013 - £135k)

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of free reserves of £527k (2013 - £361k) (total funds excluding pension reserve deficit less the amount held in restricted fixed asset funds) is sufficient. The Trust's free reserves include restricted general funds of £289k (2013 - £138k).

Investment policy

Under the Memorandum and Articles of Association, the Trust has the power to invest funds not immediately required for its own purposes, in any way the Directors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Financial position

The Trust held fund balances at 31 August 2014 of £4,925k (2013: £4,425k) comprising £4,687k (2013: £4,202k) of restricted funds and £238k (2013: £223k) of unrestricted general funds. Of the restricted funds, £4,630k (2013: £4,132k) is represented by tangible fixed assets.

The Pension Reserve which is considered part of restricted funds was £232k (2013: £68k) in deficit.

GOING CONCERN

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

PLANS FOR FUTURE PERIODS

The Avanti Schools Trust will be looking to ensure that the current schools within the family continue to increase their standards. The Trust expects to expand the number of schools within its family in forthcoming years at a measured rate.

AVANTI SCHOOLS TRUST
REPORT OF THE DIRECTORS CONT./.....

Information provided to auditors

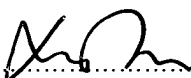
The Directors confirm that, so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

Insofar 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.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on and signed on the board's behalf by:


.....
Yuvraj Rana
Vice-Chair

AVANTI SCHOOLS TRUST
GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Avanti Schools Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Director	Meetings Attended	Out of a Possible
John Simpson	3	3
Kirit Patel	3	3
Nitesh Gor	3	3
Mark Evans	0	1
Edward Anobah	3	3
Yuvraj Rana	2	3
Sheila Dave	3	3
Pradip Gajjar	2	3
Kartik Khandwala	2	3
Krutika Pau	1	1
Usha Sahni	2	3

The Audit Committee is a subcommittee of the main Board of Directors. Its terms of reference are as follows:

- review the body's internal and external financial statements and reports to ensure that they reflect best practice;
- discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff;
- consider all relevant reports by the appointed external auditor, including reports on the body's accounts, achievement of value for money and the response to any management letters;
- review the effectiveness of the body's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner;
- consider and advise the Board on the body's annual and long-term audit programme;
- consider any other matters where requested to do so by the Board; and
- report at least once a year to the Board on the discharge of the above duties.

Attendances at meetings of the Audit Committee in the year were as follows:

Committee Member	Meetings Attended	Out of a Possible
Pradip Gajjar	1	2
Yuvraj Rana	2	2
Sheila Dave	2	2
Kartik Khandwala	2	2

AVANTI SCHOOLS TRUST
GOVERNANCE STATEMENT CONTD./...

Attendee	Meetings Attended	Out of a Possible
Kirit Patel	2	2
Nitesh Gor	2	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust'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 Avanti Schools Trust for the period ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Finance, HR 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 Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed an independent external Responsible Officer (RO). The RO's role includes performing a range of checks on the Trust's financial systems. On a school termly basis, the RO reports to the Audit Committee on the operation of the systems of control and on the discharge of the Trust's financial responsibilities.

AVANTI SCHOOLS TRUST
GOVERNANCE STATEMENT CONTD./...

Review of Effectiveness


The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Directors on 11/12/14..... and signed on its behalf by:


.....
Yuvraj Rana
Vice-Chair


.....
Nitesh Gor
Accounting Officer and Chief Executive

AVANTI SCHOOLS TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Nitesh Gor
Accounting Officer and Chief Executive Officer

Date: 11/12/14.....

AVANTI SCHOOLS TRUST
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

Approved by order of the members of the Board of Directors on 11/12/14 and signed on its behalf by:


.....
Yuvraj Rana
Vice-Chair

AVANTI SCHOOLS TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AVANTI SCHOOLS TRUST

We have audited the financial statements of Avanti Schools Trust for the year ended 31 August 2014, which comprises 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement (set out on page 13), the Directors 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on Financial Statements

In our opinion, the financial statements:

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

Opinion on Other Matter Prescribed by the Companies Act 2006

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

AVANTI SCHOOLS TRUST

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
AVANTI SCHOOLS TRUST CONTD./...**

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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Wilkins Kennedy LLP

David Cary LLB FCA (Senior Statutory Auditor)

For and on behalf of Wilkins Kennedy LLP, Statutory Auditor
Chartered Accountants
Anglo House
Bell Lane Office Village
Bell Lane
Amersham
Buckinghamshire
HP6 6FA

Date: *15/12/14*.....

AVANTI SCHOOLS TRUST

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO AVANTI SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 22 August 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether, in all material respects, the expenditure disbursed and income received by the Academy Trust during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Avanti Schools Trust and the EFA. Our review work has been undertaken so that we might state to Avanti Schools Trust and the EFA those matters we are required to state to it 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 Avanti Schools Trust and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Academy's Accounting Officer and Auditors

The Accounting Officer is responsible, under the requirements of the Academy's funding agreement with the Secretary of State for Education dated 9 August 2012 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by 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 Trust's income and expenditure.

As a firm we have taken the decision to use the Mercia work programme for regularity audit as approved by the ICAEW. The work undertaken to draw to our conclusion includes:

- Identification and assessment of the design and operational effectiveness of controls in place.
- Assessment and review of the policies and procedures in place and implementation thereof.
- Assessment that the policies and procedures have been implemented.
- Considered the activity represented by the expenditure and considered whether any may represent a breach of terms included within the funding agreement and the academy's charitable objects.
- Reviewed for potential related party transactions (connected parties) by reviewing the register of interests, and if any identified and transactions have occurred, the procurement policy has been agreed to ensure all transactions have followed the internal process.

AVANTI SCHOOLS TRUST

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO AVANTI SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY CONTD./...

Approach (continued)

- Considered whether the movements, including the level of disposals, and depreciation of fixed assets appear reasonable in view of our knowledge of the Trust, its funding and consent received for disposals.
- Verified a sample of grants receivable to grant documentation, especially noting any restrictions as to timing or other recognition of the income, and any claw back clauses.
- Considered whether income appeared to be derived from activities outside of the Trust's charitable objects and wider framework of authorities.
- Ensured that bank accounts are operated within the terms of the governing document, delegated powers, and the bank mandates.
- Considered the systems in place to ensure compliance with terms of funding and other relevant authorities (eg. terms of the Academies Financial Handbook or terms relevant to non-core funding streams).
- Ensured that the overall level of retained funds is acceptable in view of the academy's needs and plans, and that the accumulated funds are justifiable and permissible under the terms of funding.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wilkins Kennedy LLP

David Cary LLB FCA (Reporting Accountant)

For and on behalf of Wilkins Kennedy LLP,
Chartered Accountants
Anglo House
Bell Lane Office Village
Bell Lane
Amersham
Buckinghamshire
HP6 6FA

Date: 15/12/14

AVANTI SCHOOLS TRUST

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 AUGUST 2014**

**(Including Income and Expenditure Account and
Statement of Total Recognised Gains and Losses)**

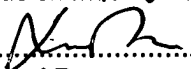
		Un- Restricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2014	Total 2013
	Note	£000	£000	£000	£000	£000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
- Voluntary income	4	49	47	-	96	510
- Assets/liabilities transferred from predecessor school		-	-	-	-	(4)
- Activities for generating funds	5	56	254	-	310	176
- Investment income	6	2	-	-	2	3
<i>Incoming resources from charitable activities:</i>						
- Funding for the Trust's educational operations	7	-	4,341	1,333	5,674	4,640
Total incoming resources		107	4,642	1,333	6,082	5,325
Resources expended						
<i>Charitable activities:</i>						
Trust's educational operations	9	248	4,156	906	5,310	3,993
Governance costs	10	72	54	-	126	88
Total resources expended	8	320	4,210	906	5,436	4,081
Net income / (outgoing) resources before transfers		(213)	432	427	646	1,244
Gross transfers between funds	19	228	(299)	71	-	-
Net income / (expenditure) for the year		15	133	498	646	1,244
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	29	-	(146)	-	(146)	(1)
Net movement in funds		15	(13)	498	500	1,243
Reconciliation of funds						
Total funds brought forward at 1 September 2013		223	70	4,132	4,425	3,182
Total funds carried forward at 31 August 2014		238	57	4,630	4,925	4,425

- All income is derived from continuing activities during the year.
- All recognised gains and losses are included in the Statement of Financial Activities.

AVANTI SCHOOLS TRUST
CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2014
COMPANY NUMBER : 07506598

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	15		4,630		4,166
Total fixed assets			4,630		4,166
Current assets					
Debtors	17	262		215	
Cash at bank and in hand		1,873		933	
		2,135		1,148	
Liabilities:					
Creditors: Amounts falling due within one year	18	(1,608)		(821)	
Net current assets			527		327
Total assets less current liabilities			5,157		4,493
Pension scheme liability	29		(232)		(68)
Net assets including pension liability			4,925		4,425
Funds of the Trust:					
Restricted funds					
Fixed asset fund	19		4,630		4,132
Pension fund	19		(232)		(68)
General fund	19		289		138
			4,687		4,202
Unrestricted funds					
General fund	19		238		223
Total unrestricted funds			238		223
TOTAL FUNDS			4,925		4,425

The financial statements on pages 18 to 40 were approved by the Board of Directors and authorised for issue on ... **11 DEC** 2014 and signed on their behalf by:



Yuvraj Rana
 Vice Chair



Nitesh Gor
 Accounting Officer and Chief Executive Officer

AVANTI SCHOOLS TRUST
COMPANY BALANCE SHEET AS AT 31 AUGUST 2014
COMPANY NUMBER: 07506598

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	15		4,630		4,166
Fixed asset investments	16		-		-
Total fixed assets			<u>4,630</u>		<u>4,166</u>
Current assets					
Debtors	17	290		215	
Cash at bank and in hand		<u>1,857</u>		<u>933</u>	
		2,147		1,148	
Liabilities:					
Creditors: Amounts falling due within one year	18	<u>(1,620)</u>		<u>(821)</u>	
Net current assets			<u>527</u>		<u>327</u>
Total assets less current liabilities			<u>5,157</u>		<u>4,493</u>
Pension scheme liability	29		<u>(232)</u>		<u>(68)</u>
Net assets including pension liability			<u>4,925</u>		<u>4,425</u>
Funds of the Trust:					
Restricted funds					
Fixed asset fund	19		4,630		4,132
Pension fund	19		<u>(232)</u>		<u>(68)</u>
General fund	19		<u>289</u>		<u>138</u>
			<u>4,687</u>		<u>4,202</u>
Unrestricted funds					
General fund	19		<u>238</u>		<u>223</u>
Total unrestricted funds			<u>238</u>		<u>223</u>
TOTAL FUNDS			<u>4,925</u>		<u>4,425</u>

The financial statements on pages 18 to 40 were approved by the Board of Directors and authorised for issue on 11 DEC 2014 and signed on their behalf by:


Yuvraj Rana
Vice Chair


Nitesh Gor
Accounting Officer and Chief Executive Officer

AVANTI SCHOOLS TRUST
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £000	2013 £000
Net cash inflow from operating activities	23	623	534
Returns on Investments and servicing of finance	24	2	3
Capital expenditure and financial investment	25	315	182
Increase in cash in the year		<u>940</u>	<u>719</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		933	214
Movement in net funds		940	719
Net funds at 31 August 2014	26	<u>1,873</u>	<u>933</u>

All of the cash flows are derived from continuing operations during the year.

AVANTI SCHOOLS TRUST

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

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, The Charity Commission Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

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

Incoming resources

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

Grants receivable

Grants, where conditions have been met to establish entitlement, are included in the statement of financial activities on a receivable basis. Where grants are received but conditions establishing entitlement have not been met, these are deferred. The balance of income receivable for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

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

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

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 reasonable 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 Trust is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Trust in the year in which they are receivable, and where the benefit is both quantifiable and material.

Where it has been ascertained that the risks and rewards of property subject to long lease agreements lie substantially with the Trust, a reasonable estimate of the gross value is included within fixed assets and, with an appropriate credit to voluntary income (gift in kind), within the restricted fixed asset fund. The valuation is at an estimation of depreciated replacement cost on the basis that the assets represent specialised property and the open market value for existing use is not readily available.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

1. ACCOUNTING POLICIES (continued)

Resources expended

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

Allocation of costs

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Trust's charitable activities and governance. 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 and depreciation are directly attributable to the one principal activity of the Trust.

Governance Costs

Governance costs include the costs attributable to the Trust's compliance and constitutional and statutory requirements, including audit, strategic management and Board of Directors' 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 Trust at the discretion of the Directors.

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

Restricted funds comprise all other restricted funds received and include grants from the EFA and DfE.

Tangible fixed assets

Tangible fixed assets acquired since the Trust was established are included in the accounts at cost. Assets costing less than £1,000 are written off in the year of acquisition. All other assets are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is charged to the restricted fund in the Statement of Financial Activities.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Buildings	2%
Building Improvements	6.67%
Plant and Machinery	10%
Furniture and fittings	20%
ICT equipment	33.3%
Motor vehicles	20%

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

1. ACCOUNTING POLICIES (continued)

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

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

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.

Investments

The Trust's shareholding in the wholly owned subsidiary Govinda's Limited is included in the company balance sheet of the Trust at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Taxation

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

Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 22. The TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is, therefore, treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

AVANTI SCHOOLS TRUST

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2014 CONTD./...**

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was not subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next.

3. ASSETS TRANSFERRED FROM PREDECESSOR SCHOOL

	Unrestricted Funds £000	Restricted Funds £000	2014 Total £000	2013 Total £000
Pension fund deficit	-	-	-	(63)
Property valuation	-	-	-	-
Other fixed assets	-	-	-	-
Assets transferred from predecessor school	-	-	-	59
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>

4. VOLUNTARY INCOME

	Unrestricted Funds £000	Restricted Funds £000	2014 Total £000	2013 Total £000
Trips	-	47	47	52
Other donations	49	-	49	458
	<u>49</u>	<u>47</u>	<u>96</u>	<u>510</u>

5. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	2014 Total £000	2013 Total £000
Hire of facilities	-	-	-	2
Catering Income	-	223	223	110
Other Income	56	31	87	64
	<u>56</u>	<u>254</u>	<u>310</u>	<u>176</u>

6. INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	2014 Total £000	2013 Total £000
Short term deposits	2	-	2	3
	<u>2</u>	<u>-</u>	<u>2</u>	<u>3</u>

AVANTI SCHOOLS TRUST

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST
2014 CONTD./...**

7. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS	Un-restricted Funds	Restricted Funds	Restricted Fixed Asset Funds	2014 Total	2013 Total
	£000	£000	£000	£000	£000
DfE/EFA revenue grants					
General Annual Grant (GAG) (Note 2)	-	3,689	-	3,689	2,155
Start Up Grants	-	496	-	496	685
Capital Grants	-	-	1,058	1,058	1,715
Other DfE / EFA Grants	-	56	275	331	68
	-	4,241	1,333	5,574	4,623
Other Government grants					
Local Authority Grants	-	100	-	100	17
Special Educational Projects	-	-	-	-	-
	-	100	-	100	17
	-	4,341	1,333	5,674	4,640

8. RESOURCES EXPENDED	Staff Costs	Non-Pay Premises Costs	Expenditure Other Costs	Total 2014	Total 2013
	£000	£000	£000	£000	£000
Trust's educational operations					
Direct costs	2,461	278	325	3,064	2,269
Allocated support costs	885	937	424	2,246	1,724
	3,346	1,215	749	5,310	3,993
Governance costs including allocated support costs					
	-	-	126	126	88
	3,346	1,202	888	5,436	4,081

Incoming / Outgoing resources for the year include:

	Total 2014	Total 2013
	£000	£000
Operating Leases	3	-
Auditors' Remuneration - audit	36	30
	36	30

AVANTI SCHOOLS TRUST

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST
2014 CONTD./...**

9. CHARITABLE ACTIVITIES –TRUST’S EDUCATIONAL OPERATIONS	2014 Total	2013 Total
	£000	£000
Direct costs – educational operations		
Teaching and educational support staff costs	2,461	1,768
Depreciation	278	232
Examination fees	-	-
Educational supplies	247	137
Staff development	11	19
Educational consultancy	17	34
Other direct costs	50	79
	<u>3,064</u>	<u>2,269</u>
Allocated support costs – educational operations		
Support staff costs	885	762
Recruitment and support	42	77
Non-capitalised asset costs	307	174
Maintenance of premises and equipment	167	84
Cleaning	74	46
Rent and rates	303	26
Light and heat	86	54
Insurance	62	37
Catering	66	52
Security and transport	89	54
Bank interest and charges	4	3
Other support costs	161	55
Loss on disposal of tangible fixed assets	-	300
	<u>2,246</u>	<u>1,724</u>
Total direct and support costs	<u><u>5,310</u></u>	<u><u>3,993</u></u>
10. GOVERNANCE COSTS		
Legal and professional fees	85	54
Audit of financial statements	36	30
Directors' and Governors'reimbursed expenditure	4	4
Other support costs	1	-
Total costs	<u><u>126</u></u>	<u><u>88</u></u>

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

11. STAFF COSTS	2014 £000	2013 £000
Staff costs during the year were:		
- Wages and salaries	2,685	2,030
- Social security costs	204	171
- Other pension costs	349	254
	<u>3,238</u>	<u>2,455</u>
Supply teacher costs	108	75
	<u>3,346</u>	<u>2,530</u>

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

	2014 No.	2013 No.
Charitable Activities		
Teachers	45	31
Administration and support	66	45
	<u>111</u>	<u>76</u>

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

	2014 No.	2013 No.
£60,000 - £70,000	2	5
£70,001 - £80,000	3	-
£90,001 - £100,000	1	-
	<u>6</u>	<u>5</u>

Three of the employees above participated in the Teachers Pension Scheme. During the year to 31 August 2014, pension contributions for these members of staff amounted to £36,485 (2013 - £59,756).

12. DIRECTORS' AND TRUSTEES' REMUNERATION AND EXPENSES

Staff Directors and Trustees only receive remuneration in respect of services they provide undertaking the roles of staff and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the Trust in respect of their roles as Directors. There are three Directors of the Trust who are members of staff.

The three Directors who received remuneration were:

Name	Amount
N Gor	£70,000 - £80,000 (2013 £60,000 - £65,000)
U Sahni	£70,000 - £80,000 (2013 - £Nil)
K Patel	£60,000 - £70,000 (2013 £60,000 - £65,000)

During the year ended 31 August 2014, travel and subsistence expenses totalling £5,140 (2013 - £402) were reimbursed to the Directors and Governors.

Related party transactions involving the Directors and Governors are set out in note 30.

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

13. DIRECTORS', GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Directors', Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the insurance is included within the total policy and cannot be separated out.

14. CENTRAL SERVICES

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

- Human resources
- Financial services
- Educational support services
- Others as arising

The Trust charges for these services on fixed charge:

	2014 £000	2013 £000
Krishna Avanti Primary School Harrow	57	25
Avanti House	91	37
Krishna Avanti Primary School Leicester	39	26
	<u>187</u>	<u>88</u>

15. TANGIBLE FIXED ASSETS

Group and Company

	Freehold Land and Buildings £000	Asset under construction £000	ICT £000	Furniture and fittings £000	Plant & machinery £000	Motor Vehicles £000	Total 2014 £000
Cost							
At 1 September 2013	3,487	166	232	503	18	-	4,406
Additions	619	-	97	-	21	6	743
Disposals	-	-	-	-	-	-	-
Transfer of assets	166	(166)	-	-	-	-	-
At 31 August 2014	<u>4,272</u>	<u>-</u>	<u>329</u>	<u>503</u>	<u>39</u>	<u>6</u>	<u>5,149</u>
Depreciation							
At 1 September 2013	53	-	85	100	2	-	240
Charged in year	75	-	98	101	4	1	279
At 31 August 2014	<u>128</u>	<u>-</u>	<u>183</u>	<u>201</u>	<u>6</u>	<u>1</u>	<u>519</u>
Net book values							
At 31 August 2014	<u>4,144</u>	<u>-</u>	<u>146</u>	<u>302</u>	<u>33</u>	<u>5</u>	<u>4,630</u>
At 31 August 2013	<u>3,434</u>	<u>166</u>	<u>147</u>	<u>403</u>	<u>16</u>	<u>-</u>	<u>4,166</u>

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

16. FIXED ASSET INVESTMENTS **Company**

	Shares in group undertakings £000
Market value	
At 1 September 2013	-
Additions	-
Disposals	-
Gains on disposal	-
Unrealised gains	-
	<u> </u>
At 31 August 2014	<u> </u> <u> </u>
 Net book value	
At 31 August 2014	<u> </u> <u> </u>
 At 31 August 2013	<u> </u> <u> </u>

There were no investment assets outside the UK.

The historical cost of listed investments (for the Company) held at the year end was £nil (2013: £nil).

The Company's investments at the balance sheet date in the share capital of companies comprises the following:

Govinda's Limited

Nature of business: School catering

Class of share:	%
Ordinary	holding 100

	2014 £000	2013 £000
Aggregate capital and reserves	<u> </u> <u> </u>	<u> </u> <u> </u>

The investment in group undertakings relates to the cost of the 1 ordinary share of £1 (2013 - 1 ordinary share of £1), being 100% of the issued share capital of Govinda's Limited, a company incorporated in England and Wales, which is the trading subsidiary of the charitable company.

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

16. FIXED ASSET INVESTMENTS (continued)

A summary of the results of the subsidiary is shown below:-

	2014 £000	2013 £000
Turnover	195	-
Cost of sales	(51)	-
	<u>144</u>	<u>-</u>
Gross profit	144	-
Administrative expenses	(117)	-
Other operating income and interest receivable	-	-
	<u>27</u>	<u>-</u>
Net profit before taxation	27	-
Donations to Avanti Schools Trust	(27)	-
	<u>-</u>	<u>-</u>
Profit for the financial year	<u>-</u>	<u>-</u>
The aggregate of the assets, liabilities and funds was:		
Assets	45	-
Liabilities	(45)	-
	<u>-</u>	<u>-</u>
Funds (representing 1 ordinary share of £1)	<u>-</u>	<u>-</u>

17. DEBTORS

	Group 2014 £000	Company 2014 £000	Group and Company 2013 £000
Trade debtors	33	33	14
Amounts owed by group undertakings	-	28	-
Prepayments and accrued income	74	74	128
Other debtors	26	26	-
VAT recoverable	129	129	73
	<u>262</u>	<u>290</u>	<u>215</u>

AVANTI SCHOOLS TRUST

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST
2014 CONTD./...**

18. CREDITORS: amounts falling due within one period

	Group 2014 £000	Company 2014 £000	Group and Company 2013 £000
Trade creditors	116	116	109
Amounts owed to group undertakings	-	29	-
Taxation and social security	79	67	71
Other creditors	891	891	483
Accruals and deferred income	522	517	158
	<u>1,608</u>	<u>1,620</u>	<u>821</u>

Deferred income analysis

	Group 2014 £000	Company 2014 £000	Group and Company 2013 £000
Deferred Income at 1 September 2013	21	21	-
Resources deferred in the year	165	165	21
Amounts released from previous years	(21)	(21)	-
Deferred Income at 31 August 2014	<u>165</u>	<u>165</u>	<u>21</u>

At the balance sheet date the Academy Trust was holding funds received in advance for Infant Free School Meals funding for the year 2015.

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

19. FUNDS

Group and Company

	Balance at 1 September 2013 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Balance at 31 August 2014 £000
Restricted general funds					
General annual grant (GAG)	138	3,689	(3,239)	(299)	289
Start-up grant	-	496	(496)	-	-
Other DfE/EFA grants	-	156	(156)	-	-
Other income	-	301	(301)	-	-
Pension reserve	(68)	-	(164)	-	(232)
	<u>70</u>	<u>4,642</u>	<u>(4,356)</u>	<u>(299)</u>	<u>57</u>
Restricted fixed asset funds					
DfE/EFA capital grants	3,932	1,333	(906)	-	4,359
General fixed assets	200	-	-	-	200
Capital Expenditure from GAG	-	-	-	71	71
	<u>4,132</u>	<u>1,333</u>	<u>(906)</u>	<u>71</u>	<u>4,630</u>
Total restricted funds	<u>4,202</u>	<u>5,975</u>	<u>(5,262)</u>	<u>(228)</u>	<u>4,687</u>
Unrestricted funds					
Unrestricted funds	223	107	(320)	228	238
Total funds	<u>4,425</u>	<u>6,082</u>	<u>(5,582)</u>	<u>-</u>	<u>4,925</u>

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

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

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

Restricted funds comprise all other restricted funds received and include grants from the EFA and DfE.

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

AVANTI SCHOOLS TRUST

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST
2014 CONTD./...**

19. FUNDS (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Group 2014 £000	Company 2014 £000	Group and Company 2013 £000
Krishna Avanti Primary School Harrow	271	271	157
Avanti House School	44	44	28
Krishna Avanti Primary School Leicester	90	90	22
Central Services / Govinda's Ltd.	122	122	154
Total before fixed assets and pension reserve	527	527	361
Restricted fixed asset fund	4,630	4,630	4,132
Pension reserve	(232)	(232)	(68)
Total	4,925	4,925	4,425

Analysis of academies by cost	Teaching and Educational Support costs Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding depreciation) £000	Total £000
Krishna Avanti Primary School Harrow	697	136	53	254	1,140
Avanti House School	1,313	260	124	272	1,969
Krishna Avanti Primary School Leicester	450	187	65	239	941
Central Services	-	201	5	106	312
Govinda's Limited	1	101	-	66	168
	2,461	885	247	937	4,530

AVANTI SCHOOLS TRUST

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST
2014 CONTD./...**

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group

	Unrestricted General Fund £000	Restricted General Fund £000	Restricted Fixed Asset fund £000	Total 2014 £000	Total 2013 £000
Tangible fixed assets	-	-	4,630	4,630	4,166
Current assets	238	1,897	-	2,135	1,148
Current liabilities	-	(1,608)	-	(1,608)	(821)
Pension scheme liability	-	(232)	-	(232)	(68)
	<u>238</u>	<u>57</u>	<u>4,630</u>	<u>4,925</u>	<u>4,425</u>

Company

	Unrestricted General Fund £000	Restricted General Fund £000	Restricted fixed asset fund £000	Total 2014 £000	Total 2013 £000
Tangible fixed assets	-	-	4,630	4,630	4,166
Current assets	238	1,909	-	2,147	1,148
Current liabilities	-	(1,620)	-	(1,620)	(821)
Pension scheme liability	-	(232)	-	(232)	(68)
	<u>238</u>	<u>57</u>	<u>4,630</u>	<u>4,925</u>	<u>4,425</u>

21. CAPITAL COMMITMENTS

Contracts placed for future capital expenditure not provided in the financial statements

	Group 2014 £000	Company 2014 £000	Group and Company 2013 £000
Authorised but not contracted for Assets under construction	294	294	-
	<u>-</u>	<u>-</u>	<u>618</u>

AVANTI SCHOOLS TRUST

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST
2014 CONTD./...**

22. FINANCIAL COMMITMENTS

	Group 2014 £000	Company 2014 £000	Group and Company 2013 £000
<i>Operating leases</i>			
At 31 August 2014, the Trust had annual commitments under non-cancellable operating leases as follows:			
Land and Buildings			
Expiring within one year	-	-	-
Expiring within two and five years inclusive	-	-	-
Other			
Expiring within one year	-	-	-
Expiring within two and five years inclusive	2	2	-
	<u>2</u>	<u>2</u>	<u>-</u>
	<u>2</u>	<u>2</u>	<u>-</u>

23. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £000	2013 £000
Net income	646	1,244
Depreciation (note 14)	279	232
Interest receivable (note 5)	(2)	(3)
Capital Grants from DfE/EFA	(1,058)	(1,715)
LGPS liability from predecessor school	-	63
FRS17 adjustments	18	(3)
Loss on disposal of fixed assets	-	300
(Increase)/ decrease in debtors	(47)	405
Increase/(decrease) in creditors	787	11
	<u>623</u>	<u>534</u>
Net cash inflow from operating activities	<u>623</u>	<u>534</u>

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014 £000	2013 £000
Interest received	<u>2</u>	<u>3</u>

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2014 £000	2013 £000
Purchase of tangible assets	(743)	(1,533)
Capital Grants from DfE/EFA	1,058	1,715
Net cash inflow from capital expenditure and financial investment	<u>315</u>	<u>182</u>

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2013 £000	Cash Flows £000	At 31 August 2014 £000
Cash in hand and at bank	<u>933</u>	<u>940</u>	<u>1,873</u>

27. CONTINGENT LIABILITIES

Group and Company

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 Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Children, Schools and Families 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 Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Trust's sites and premises and other assets held for the purpose of the Trust; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

28. 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 period 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.

29. PENSION AND SIMILAR OBLIGATIONS

Group and Company

The Academy's employees belong to three principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and Local Government Pension Schemes (LGPS) for non-teaching staff, which are managed by the Leicestershire County Council Pension Fund (LCCPF) and the London Borough of Harrow Pension Fund (LBHPF). All are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2013.

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

Contributions amounting to £40,000 (2013 - £Nil) were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme (TPS)

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

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

Teachers' Pension Scheme Changes

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the

TPS is a multi-employer pension scheme. The 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.

Leicestershire County Council Pension Scheme

The Trust is one of several employing bodies included within the Leicestershire County Council Pension Fund.

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

29. PENSION AND SIMILAR OBLIGATIONS (continued)

The Leicestershire County Council's pension scheme 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 2014 was £40,000 (2013 - £27,000), of which employer's contributions totalled £30,000 (2013 - £20,000) and employees' contributions totalled £10,000 (2013 - £7,000).

Principal Actuarial Assumptions:

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	4.5%	5.1%
Rate of increase for pensions in payment / inflation	2.7%	2.8%
Discount rate for scheme liabilities	3.7%	4.6%
Inflation assumption (RPI)	3.7%	3.7%
Commutation of pensions to lump sums	50 to 75%	50 to 75%

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 2014	At 31 August 2013
<i>Retiring in 20 periods</i>		
Males	24.2	23.3
Females	26.6	25.6
<i>Retiring today</i>		
Males	22.2	20.9
Females	24.3	23.3

Leicestershire County Council Pension Scheme (continued)

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

	Long-term rate of return expected at 31 Aug 2014	Value at 31 August 2014	Long-term rate of return expected at 31 August 2013	Value at 31 August 2013
	%	£000	%	£000
Equities	6.3	78	6.6	32
Other Bonds	3.3	19	3.8	13
Property	4.5	11	4.7	5
Cash	3.3	3	3.6	1
Total fair value of assets		111		51
Present value of scheme liabilities		(153)		(51)
Surplus/(deficit) in the scheme		(42)		-

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

29. PENSION AND SIMILAR OBLIGATIONS (continued)

Leicestershire County Council Pension Scheme (continued)

The return on the fund (on a bid value to bid value basis) for the period to 31 August 2014 is estimated to be 12% (2013 – 11.5%). This is based on the estimated fund value used at the previous accounting date and the estimated fund value used at this accounting date. The actual return on Scheme assets was £8,000 (2013 - £4,000).

The amounts recognised in the Statements of Financial Activities are as follows:	2014 £000	2013 £000
Current service cost	36	21
Past service cost	-	-
Total operating charge	<u>36</u>	<u>21</u>
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	4	2
Interest on pension liabilities	(3)	(1)
Pension finance income/(costs)	<u>1</u>	<u>1</u>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statements of Financial Activities since the adoption of FRS 17 is a £44,000 loss (2013 - £7,000 loss).

Movements in the present value of defined benefit obligations were as follows:	2014 £000	2013 £000
At 1 September	51	20
Current service cost	36	21
Interest cost	3	1
Employee contributions	10	7
Actuarial loss / (gain)	53	2
Benefits paid	-	-
Past Service costs	-	-
Curtails and settlements	-	-
At 31 August	<u>153</u>	<u>51</u>
Movements in the fair value of the Trust's share of Scheme Assets were as follows:	2014 £000	2013 £000
At 1 September	51	20
Expected return on assets	4	2
Actuarial gain/(loss)	16	2
Employer contributions	30	20
Employee contributions	10	7
Benefits paid	-	-
At 31 August	<u>111</u>	<u>51</u>

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

29. PENSION AND SIMILAR OBLIGATIONS (continued)

Leicestershire County Council Pension Scheme (continued)

The estimated value of employer contributions for the year ended 31 August 2015 is £34,000.

The history of experience adjustments is as follows:

	2014 £000	2013 £000
Present value of defined benefit obligations	(153)	(51)
Fair value of share of Scheme assets	111	51
Surplus/ (deficit) in the scheme	<u>(42)</u>	<u>-</u>
Experience adjustments on Scheme assets	<u>16</u>	<u>2</u>
Experience adjustments on Scheme liabilities	<u>(34)</u>	<u>-</u>

London Borough of Harrow Pension Scheme

The Trust is one of several employing bodies included within the London Borough of Harrow Pension Scheme.

The London Borough of Harrow's pension scheme 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 2014 was £128,000 (2013 - £128,000), of which employer's contributions totalled £98,000 (2013 - £98,000) and employees' contributions totalled £30,000 (2013 - £30,000).

Principal Actuarial Assumptions:

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	4.0%	4.6%
Rate of increase for pensions in payment / inflation	2.7%	2.8%
Discount rate for scheme liabilities	3.7%	4.6%
Inflation assumption (RPI)	3.7%	3.7%
Commutation of pensions to lump sums	50 to 75%	50 to 75%

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

29. PENSION AND SIMILAR OBLIGATIONS (continued)

London Borough of Harrow 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 2014	At 31 August 2013
<i>Retiring in 20 periods</i>		
Males	24.5	23.6
Females	26.9	25.9
<i>Retiring today</i>		
Males	22.1	21.6
Females	24.4	23.6

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were:-

	Long-term rate of return expected at 31 Aug 2014	Value at 31 August 2014	Long-term rate of return expected at 31 August 2013	Value at 31 August 2013
	%	£000	%	£000
Equities	6.3	380	6.6	127
Other Bonds	3.3	63	4.2	19
Property	4.5	39	4.7	13
Cash	3.3	5	3.6	-
Total fair value of assets		487		159
Present value of scheme liabilities		(677)		(227)
Surplus/(deficit) in the scheme		(190)		(68)

The return on the fund (on a bid value to bid value basis) for the period to 31 August 2014 is estimated to be 12.8% (2013 – 14.3%). This is based on the estimated fund value used at the previous accounting date and the estimated fund value used at this accounting date. The actual return on Scheme assets was £28,000 (2013 - £12,000).

The amounts recognised in the Statements of Financial Activities are as follows:	2014 £000	2013 £000
Current service cost	112	101
Past service cost	-	-
Total operating charge	112	101

AVANTI SCHOOLS TRUST

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST
2014 CONTD./...**

29. PENSION AND SIMILAR OBLIGATIONS (continued)

London Borough of Harrow Pension Scheme (continued)

Analysis of pension finance income/(costs)

Expected return on Scheme assets	14	5
Interest on pension liabilities	(13)	(6)
Pension finance income/(costs)	1	(1)

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statements of Financial Activities since the adoption of FRS 17 is a £110,000 loss (2013 - £1,000 loss).

Movements in the present value of defined benefit obligations were as follows:	2014 £000	2013 £000
At 1 September	227	81
Current service cost	112	101
Interest cost	13	6
Employee contributions	30	30
Actuarial loss / (gain)	295	9
Benefits paid	-	-
Past Service costs	-	-
Curtails and settlements	-	-
At 31 August	677	227

Movements in the fair value of the Trust's share of scheme assets were as follows:	2014 £000	2013 £000
At 1 September	159	18
Expected return on assets	14	5
Actuarial gain/(loss)	186	8
Employer contributions	98	98
Employee contributions	30	30
Benefits paid	-	-
At 31 August	487	159

The estimated value of employer contributions for the year ended 31 August 2015 is £97,000.

AVANTI SCHOOLS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 CONTD./...

29. PENSION AND SIMILAR OBLIGATIONS (continued)

London Borough of Harrow Pension Scheme (continued)

The history of experience adjustments is as follows:

	2014 £000	2013 £000
Present value of defined benefit obligations	(677)	(227)
Fair value of share of scheme assets	487	159
Surplus/ (deficit) in the scheme	<u>(190)</u>	<u>(68)</u>
Experience adjustments on Scheme assets	<u>186</u>	<u>8</u>
Experience adjustments on Scheme liabilities	<u>(174)</u>	<u>-</u>

30. RELATED PARTY TRANSACTIONS

Group and Company

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

During the year the Trust purchased consultancy services from PublicService@Heart Limited a company of which John Simpson, a director of the Trust until 1 October 2014, is both a director and the controlling shareholder. The cost of the consultancy services purchased was £16,148 (2013 - £16,001).

The Trust made the purchase of these services at arm's length in accordance with its financial regulations which Mr Simpson neither participated in or influenced. In entering into the transaction the Trust has complied with the requirements of the EFA's Academies Financial Handbook.

The Trust has taken advantage of the exemption available in Financial Reporting Standard 8 and not disclosed transactions with group entities within these financial statements.

31. SECURITY HELD BY THE SECRETARY OF STATE FOR EDUCATION

Group and Company

A legal charge dated 30 March 2012 is held by The Secretary of State for Education, giving him/her a fixed charge over the land and buildings on the west side of Spencefield Lane, Leicester, LE5 6HN known as Evington Hall, Spencefield Lane, Leicester, LE5 6HN.

The charge was registered with Companies House on 17 April 2012.