

REG

VALLEY INVICTA ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2016

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COMPANIES HOUSE

COMPANY REGISTRATION NUMBER:
07559256 (ENGLAND AND WALES)

VALLEY INVICTA ACADEMIES TRUST

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VALLEY INVICTA ACADEMIES TRUST
REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2016

Members	Mr D Izatt Mr C Stevens Mrs J Taylor Dr N Ware
Trustees	Mr V Ashdown Mr D Cochrane-Dyet (appointed 24 May 2016) Mrs J Derrick Mr R Hayden Mr D Izatt Dr P Limbert (CEO and Accounting Officer) (resigned 7 June 2016) Dr J Moss Mrs S Pink Mr B Roodt Mr C Stevens Mr C Taylor Mrs J Taylor Dr N Ware (Chair)
Company Secretary	Schofield Sweeney LLP
Senior Leadership Teams - VIAT CEO Headteacher – Valley Park School Headteacher – Invicta Grammar School Chief Financial Officer	Dr P Limbert (Accounting Officer) (until 7 June 2016) Mr V Ashdown (Joint CEO and Accounting Officer from 8 June 2016) Mrs J Derrick (Joint CEO from 8 June 2016) Mrs S Pink
Invicta Grammar School Headteacher Deputy Headteacher Deputy Headteacher	Mrs J Derrick Mrs V Bui Mrs M Giles
Valley Park School Headteacher Deputy Headteacher Deputy Headteacher Deputy Headteacher	Mr V Ashdown Mrs J Gleadall Mr G Gleadall Mr S Cartwright
Valley Invicta Primary Schools Headteacher – Aylesford Head of School – Holborough Lakes Headteacher – Kings Hill Acting Headteacher – Leybourne Chase	Miss V Homewood Dr J Rodgers Mrs S Bone Miss V Homewood

VALLEY INVICTA ACADEMIES TRUST
REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Principal and Registered Office	Invicta Grammar School Huntsman Lane Maidstone Kent ME14 5DS
Company Registration Number	07559256 (England and Wales)
Independent Auditors	Wilkins Kennedy LLP Globe House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
Bankers	HSBC 1/5 Week Street Maidstone Kent ME14 1QW
Solicitors	Schofield Sweeney LLP Wellington Street Leeds LS1 2AY

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

During the year ended 31 August 2016 the Trust operated 6 academies in the Maidstone area; an 11-18 selective girls' school; an 11-18 mixed non-selective school and 4 mixed primary schools. The primary schools at Holborough Lakes, Kings Hill and Leybourne Chase all opened on 1 September 2015 with capped pupil numbers in years R to 4.

Published admission numbers are:

Invicta Grammar School	192
Valley Park School	240
Aylesford Primary School	45
Valley Invicta Primary School at Holborough Lakes	30
Valley Invicta Primary School at Kings Hill	30
Valley Invicta Primary School at Leybourne Chase	30

The Summer 2016 student numbers were:

Invicta Grammar School	1,001	years 7 to 11 and 307 post 16
Valley Park School	1,170	years 7 to 11 and 296 post 16
Aylesford Primary School	242	years R to 6
Valley Invicta Primary School at Holborough Lakes	74	years R to 5
Valley Invicta Primary School at Kings Hill	75	years R to 5
Valley Invicta Primary School at Leybourne Chase	66	years R to 5

During the year ended 31 August 2016 the Trust has agreed to sponsor an 11-18 mixed non-selective school to academy status. The academy order has been issued and the Trust has been supporting the school through a support services contract with KCC prior to conversion.

The Trust has continued to work with the EfA on the planned opening of an 11-18 mixed free school in September 2018.

Structure, Governance and Management

Constitution

The academy trust is 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 academy trust. The trustees of Valley Invicta Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Valley Invicta Academies Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The Trustees' have indemnity insurance of £5M.

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Method of Recruitment and Appointment or Election of Trustees

The members of the company comprise:

- The signatories to the memorandum;
- One 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 unanimously by the existing members.

The articles of the Trust allow for:

- The members to appoint:
 - Up to 9 Trustees
 - Staff Directors through such process as they may determine provided that the total number of Trustees (including the Chief Executive Officer) who are employees of the Company does not exceed one third of the total number of Trustees.
- The Chairman of each Local Governing Body to be a Trustee for as long as he remains in office.
- The Chief Executive Officer to be a Trustee for as long as he remains in office as such.
- A minimum of 2 Parent Trustees elected by the Parent members of the Local Governing Bodies
- The Trustees may appoint up to 3 Co-opted Trustees

The members have passed a resolution to adopt the latest model articles and to increase the number of Trustees appointed by the Members from 9 to 12. The Trust will have advisory Local Governing Bodies with at least 2 elected Local Parent Governors on each Local Governing Body and will have no requirement to have Parent Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Chair of the Trust appoints a fellow Trustee to provide induction for new Trustees and new Trustees meet with Executive Trustees. All Trustees have access to external training courses. There is an on-going development programme for all Trustees.

Organisational Structure

The Board of Trustees divides its responsibilities into 3 main areas:

- Standards
- Finance, HR and Premises
- Strategy

During the year end 31 August 2016 there were 2 Local Governing Bodies, one for the secondary sector and one for the primary sector. The Local Governing Bodies are advisory committees of the Board of Trustees.

The Trust Chief Executive Officer is the Accounting Officer. Since 1 June 2016 the post of CEO has been held jointly and one of the post holders, Mr Vic Ashdown, has been appointed Accounting Officer.

The Trust Finance & HR Director is the Chief Financial Officer.

During the year ended 31 August 2016 the Trust delegated financial decisions up to £25K at Invicta Grammar School and Valley Park School to the respective Headteacher and at Aylesford Primary School and Valley Invicta Primary Schools at Holborough Lakes, Kings Hill and Leybourne Chase to the Trust Finance & HR Director. Financial decisions above £25K and up to £50K are delegated to the same together with the Chief Executive Officer. Financial decisions above £50K are at Trust level.

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Arrangements for setting pay and remuneration of key management personnel

The Trust has retained responsibility for setting the pay and remuneration of the Chief Executive Officer and Chief Financial Officer. The Trust has delegated responsibility for setting the pay and remuneration of Headteachers to the Chief Executive Officer. The Trust has delegated responsibility for setting the pay and remuneration of other members of the senior leadership and membership teams to the respective Headteacher.

Related Parties and other Connected Charities and Organisations

Valley Invicta Academies Trust is the Member of Mid Kent Learning Alliance. Mr V Ashdown, Mrs J Derrick and Mrs S Pink are Directors of Mid Kent Learning Alliance. Invicta Grammar School is the lead school in Mid Kent Learning Alliance.

Objectives and Activities

The Trust has a responsibility to establish and maintain schools.

Objects and Aims

The Trust has 4 strategic goals:

- To be Outstanding is our expectation – To be World Class is our aspiration
- To develop a World Class established Multi Academy Trust providing both primary and secondary education
- To lead a World Class Teaching School Alliance providing educational services to our schools and others
- To establish a World Class Teacher Training Programme providing outstanding teachers for our profession

The work of the Trust is based on 4 core principles:

- Ambition
- Challenge
- Knowledge
- Professionalism

Objectives, Strategies and Activities

Objectives for 2015/16	Level of Success	Objectives for 2016/17	Success Criteria
To maintain Invicta Grammar School as the highest performing selective school in Maidstone	Achieved at both GCSE and A Level 72% A*/A at GCSE 69% A8/B at A Level	To maintain Invicta Grammar School as the highest performing selective school in Maidstone	To outperform other 3 selective schools in Maidstone and 75% A*/AGCSE 75% A*/B A Level
To maintain Valley Park School as the highest performing non-selective school in Maidstone	Achieved at both GCSE and A Level/BTEC	To maintain Valley Park School as the highest performing non-selective school in Maidstone	To outperform other non-selective schools in Maidstone and % students gaining 4+ in both English and Mathematics benchmarked at 78% (FFT high challenge) % of A8-C at A2 to progress towards 75%

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Objectives, Strategies and Activities (continued)

To ensure that both Invicta Grammar School and Valley Park School would maintain Outstanding status at any future Ofsted inspection	Achieved	To ensure that both Invicta Grammar School and Valley Park School would maintain Outstanding status at any future Ofsted inspection	Internal inspections indicate Outstanding status
To ensure both Invicta Grammar School and Valley Park School achieve at least 80% success rate against the Trust's World Class objectives	Achieved	To ensure both Invicta Grammar School and Valley Park School achieve at least 80% success rate against the Trust's World Class objectives	Each school to achieve 80% of the Trust's World Class targets
To continue the development of the Maidstone Campus and Aylesford Primary site	The Trust has secured agreement with the DfE for the Trust to contribute to enlarging the sports hall for School of Science and Technology, Maidstone to provide a campus sports hall for all schools on the Maidstone campus. The Trust has not secured funding for roof covering replacement at Aylesford Primary	To continue the development of the Maidstone Campus and primary school sites	<ul style="list-style-type: none"> To secure funding for roof covering replacement at Aylesford Primary School To secure funding to develop outside areas at the primary schools
To ensure the 3 new primary schools successfully enter year 2 of their development	The 3 schools were all fully staffed at September 2016	To ensure student numbers at the 4 primary schools increase	Pupil numbers at least PAN
To ensure the DfE is on target to build new school ready for opening in September 2017	Not achieved and project delayed until September 2018	To ensure the DfE is on target to build new school ready for opening in September 2018	Progress against targets
To ensure Aylesford Primary School is judged by Ofsted to be Good	Ofsted has not yet inspected but our "mock" Ofsted indicated Good	To ensure Aylesford Primary School continues its rapid rise to Ofsted Good status	Overall judgement by Ofsted to be Good
		To ensure attainment in Primary Schools is above National average and other local schools	Attainment results
		To be successful in free schools bids for a primary school and a secondary special school near to Junction 7 of the M20	To receive notification of success

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Public Benefit

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

STRATEGIC REPORT

Achievements and Performance

The level of success shown above against the 2015/16 objectives demonstrates the success of the schools within the Trust during the year. Our analysis of 2016 examination results shows:

Invicta Grammar School achieved an excellent set of results at both GCSE and A Level bucking the national downward trend in many areas. In particular:

GCSE

72% A/A*, 10% increase from previous year, the highest in school history

34% A*, 7% increase from previous year

Attainment 8 score of 70.49 equating to an average grade A

Progress 8 score of +0.63

A Level

10.5% A*, 1% down from previous year

69% A*-B, unchanged from previous year

Valley Park School achieved a consistent set of examination results at GCSE/level 2 and an improved set of examination results for academic subjects at A level/ level 3. In particular:

Year 11

58% of students achieved 58% A*-C in both English and Mathematics, a 2% decrease from previous year but least able cohort of past 3 years evidenced by average points score on entry to year 7

27% of students achieved the EBacc, 7% increase from previous year

Progress 8 score of +0.21

Sixth Form

Level 3 combined

57% A*-A, 1% increase from previous year

Vocational Subjects

Average grade Distinction +

A Level

14% A*-A, 10% increase from previous year

44% A*-B, 25% increase from previous year

82% A*-C, 19% increase from previous year

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

STRATEGIC REPORT (continued)

Achievements and Performance (continued)

Aylesford Primary School achieved above the national average in both key stage 1 and key stage 2. In particular the combined scores for Reading, Writing and Mathematics were 65% against the national average of 53%.

The Valley Invicta Primary Schools at Holborough Lakes, Kings Hill and Leybourne Chase that opened in September 2015 all achieved key stage 1 results above the national average. The schools did not have pupils in year 6.

Summary of key stage 1 results

	Aylesford	Holborough Lakes	Kings Hill	Leybourne Chase	National
Reading	80%	93%	73%	87%	74%
Writing	70%	80%	80%	80%	66%
Mathematics	80%	93%	73%	73%	73%
RWM	67%	80%	73%	67%	60%
RWMS	67%	80%	73%	67%	60%

Key Performance Indicators

The Trust holds its Schools to account through individual school performance agreements. The key indicators are:

- Achievement of students
- Quality of teaching and learning
- Behaviour and safety of students
- Leadership and management

The achievement of students has been summarised in the preceding section.

Ofsted Inspection Outcome

Invicta Grammar	Outstanding	2012
Valley Park	Outstanding	2013
Primary Schools	Not yet inspected	

Student Recruitment

Invicta Grammar and Valley Park were over-subscribed in both the academic years 2015/16 and 2016/17.

At Invicta Grammar 241 students started in year 7 in September 2015 and 244 in September 2016 against a published admissions number of 192.

At Valley Park 271 students started in year 7 in September 2015 and 277 in September 2016 against a published admissions number of 240.

Financial Performance

The Trust met its objectives to increase reserves at 31 August 2016 by:

- Increase in funding due to increase in student numbers
- Income generation
- Efficiency savings in staffing costs

VALLEY INVICTA ACADEMIES TRUST

'TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Going Concern

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

Financial Review

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), 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 2016, total expenditure of £17,706,896 (2015 : £15,504,599) was met by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £88,573 (2015 : £686,178).

At 31 August 2016 the net book value of fixed assets was £43,282,410 (2015 : £33,419,108). Movements in tangible fixed assets are shown in Note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Trust has recognised that with funding based on lagged student numbers it has to meet the cost of additional resources to meet the needs of the students an academic year in advance of receiving the increase in funding.

The Trust considers the reserves held at 31 August 2016 reasonable taking account of future budget plans.

Reserves Policy

The Trust will continue to give consideration to a medium term budget plan and to hold reserves at the year end that:

- Are not above the maximum allowed at any time
- Are sufficient to allow the schools to operate with levels of resources considered appropriate for the delivery of outstanding education
- Allow the school to deliver Best Value
- Support any identified risks
- Allow for planned development

The Governors review the reserves levels of the Academy regularly. This review encompasses the nature of the income and expenditure streams and the need to match income with commitments and the nature of reserves. In determining the appropriate level of free reserves the Governors consider the three year forecast, long term investment plans and ongoing expenditure.

The financial statements show unrestricted general funds of £577,985 that have been built up through income generations and voluntary activities and restricted funds of £362,730.

A proportion of the reserves will be allocated to be spent in 2015/16 to ensure the School's meet their objectives.

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Investment Policy

The Trust wishes to maximise the total return on investments whilst containing risk to an acceptable level and maintaining a suitable profile of investments with regard to the possible need to fund future developments. The Trust does not hold endowment funds. During 2015/16 all surplus funds were held in interest earning accounts with the Trust's bankers.

Principal Risks and Uncertainties

The Trust has considered and agreed an on-going Risk Register. The Trust considers the principal risk that could affect performance is recruitment and retention of outstanding staff and strategies are in place to review and manage. The principal financial risk is reducing levels of funding. The Trust considers current reserves and increasing student numbers leaves the Trust well placed to manage the risk. The Trust believes that by providing Outstanding education the risk of recruitment and retention of students is low and this is demonstrated in the continuing increase in student numbers.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the academy faces, especially in the operation areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Governors 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 Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 12.

Plans for Future Periods

The Trust has a World Class ambition for its schools and has set highly demanding academic targets for each school. The aim is for all Schools within the Trust to be judged Outstanding by Ofsted. Targets have been set to measure the quality of teaching.

The Trust recognises that recruiting and retaining teachers of the highest quality is essential and plans to establish new recruitment policies and retention packages for each of its schools.

The Trust aims to continue its development as an established Multi Academy Trust in the Maidstone area in line with plans agreed with the regional schools commissioner.

Swadelands School is expected to convert to academy status sponsored by Valley Invicta Academies Trust in January 2017.

During 2016/17 the Trust has submitted a free school bid for a 2 form entry mixed primary school and for an 11-18 special schools with a capacity of 140.

The Trust is also engaging with established primary schools wishing to convert to academy status under the Valley Invicta Academies Trust

Funds Held as Custodian Trustee on Behalf of Others

VIAT and its Trustees do not act as Custodian Trustees.

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Auditor

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, was approved by order of the board of trustees, as the company directors on01/12/2016..... and signed on its behalf by:



.....
Dr Nick Ware
Chair of Trustees

VALLEY INVICTA ACADEMIES TRUST

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

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

The Board of Trustees 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 Valley Invicta Academies trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control. Since 7 June 2016 the post of Chief Executive Officer has been held jointly by two members of staff. One of the joint post holders has been appointed as the Accounting Officer.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. The board of Trustees divides its responsibilities into 3 main areas:

- Standards
- Finance, HR and Premises
- Strategy

Currently all Trustees sit on the Board for each of the 3 areas. Attendance during the year at meetings of the Board of Trustees was as follows:

	Meetings attended	Out of a possible
Mr V Ashdown	6	6
Mr D Cochrane-Dyet (appointed 24 May 2016)	0	1
Mrs J Derrick	4	6
Mr R Hayden	6	6
Mr D Izatt	6	6
Dr P Limbert (resigned 7 June 2016)	3	5
Dr J Moss	5	6
Mrs S Pink	6	6
Mr B Roodt	6	6
Mr C Stevens	5	6
Mr C Taylor	5	6
Mrs J Taylor	4	6
Dr N Ware (Chair)	6	6

Dr P Limbert retired from the Trust on 7 June 2016 and the post of CEO has been held jointly by Mr V Ashdown and Mrs J Derrick since that date. Mr V Ashdown is Headteacher of Valley Park School and Mrs J Derrick is Headteacher of Invicta Grammar School. Both have been Trustees since the Trust was established in 2011.

Governance Review

The Board of Trustees has reviewed its effectiveness including a review of the Terms of Reference for the Board and Local Governing Bodies. The Board of Trustees have agreed not to appoint an Audit Committee.

The Board of Trustees will carry out a further review of governance during the coming year having regard to the growing numbers of schools within the Trust.

VALLEY INVICTA ACADEMIES TRUST
GOVERNANCE STATEMENT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

The Board of Trustees has reviewed its structure and performance and agreed to adopt the latest model articles. It has been agreed to increase the number of Trustees appointed by Members from 9 to 12. Currently 3 of the 4 Members are also Trustees and it is planned that during 2016/17 they will resign as Trustees and be replaced with appointed Trustees following a skills review.

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Educational outcomes
 - Ensuring the needs of all pupils are identified and results in effective allocation of resources
 - Ensuring effective teaching
 - On-going review of staffing structures to ensure consistent with needs of the curriculum
- Maximising income
 - Ensuring popularity of the schools continues to grow to maximise pupil numbers and subsequent funding
 - Ensuring all available funding is secured
 - Maximising the generation of income through trading activities
- Improvements in spending:
 - Effective procedures for review of staff performance and reward
 - Procurement at Trust level to ensure best pricing, in particular this year demonstrated in IT resources
 - Appointment of key personnel e.g. Directors of Mathematics, English and Inclusion to have responsibilities across the Trust
 - Sharing best practice across the schools within the Trust

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Valley Invicta Academies Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy Trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

VALLEY INVICTA ACADEMIES TRUST
GOVERNANCE STATEMENT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Wilkins Kennedy LLP, the external auditor, to perform additional checks. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy Trust's financial systems. The role includes a range of checks on the Trust's financial and HR systems. In particular the checks carried out in the current period included:

- testing of payroll and personnel systems
- testing of purchase systems
- testing of cash collection and reconciliation

The internal auditor's reports were taken to the Board of Trustees through the Finance and General Purposes Committee.

The internal auditor has delivered their schedule of work as planned and no material control issues were identified.

Review of Effectiveness

As accounting officer the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor
- the work of the external auditor
- the work of the Chief Financial Officer who has 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 Trust Board and there are no weaknesses to address.

Approved by order of the members of the board of trustees on01/12/2016..... and signed on its behalf by:



.....
Dr N Ware
Chair of Trustees



.....
Mr V Ashdown
Accounting Officer

VALLEY INVICTA ACADEMIES TRUST


STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2016

As Accounting Officer of Valley Invicta Academies Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



.....
Mr V Ashdown
Accounting Officer

Date: 13 / 12 / 16

VALLEY INVICTA ACADEMIES TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
YEAR ENDED 31 AUGUST 2016

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 01/12/16 and signed on its behalf by:



.....
Dr N Ware
Chair of Trustees

VALLEY INVICTA ACADEMIES TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF VALLEY INVICTA ACADEMIES TRUST

YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of Valley Invicta Academies Trust for the year ended 31 August 2016 on pages 19 to 40. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the reports and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report and Governance Statement for the financial period for which the financial statements are prepared is consistent with the financial statements.

VALLEY INVICTA ACADEMIES TRUST
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
TO THE MEMBERS OF VALLEY INVICTA ACADEMIES TRUST (CONTINUED)
YEAR ENDED 31 AUGUST 2016

Matters on which we are required to report by exception

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

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

Michelle Wilkes Kennedy FCA

MICHELLE WILKES FCA (Senior Statutory Auditor)

For and on behalf of

Wilkins Kennedy LLP
Chartered Accountants & Statutory Auditor
Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

Date: 15/12/2016

VALLEY INVICTA ACADEMIES TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO VALLEY INVICTA ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY

YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 6 October 2016 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Valley Invicta Academies Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Valley Invicta Academies Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Valley Invicta Academies Trust's funding agreement with the Secretary of State for Education dated 31 August 2012 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusions as well as additional testing based on our assessment of risk or material irregularity.

VALLEY INVICTA ACADEMIES TRUST

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO VALLEY
INVICTA ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)**

YEAR ENDED 31 AUGUST 2016

Conclusion

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



Reporting Accountant
WILKINS KENNEDY LLP
Globe House, Eclipse Park
Sittingbourne Road
Maidstone, Kent ME14 3EN

Date:15/11/16

VALLEY INVICTA ACADEMIES TRUST
STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2016 £	Total Funds 2015 £
Income and endowments from:						
Donations and capital grants	2, 26	3,000	973,868	10,668,484	11,645,352	1,093,753
Charitable activities:						
Funding for the academy trust's educational operations	3	-	15,473,706	-	15,473,706	13,924,440
Other trading activities	4	159,687	42,000	-	201,687	188,808
Investments	5	6,767	-	-	6,767	6,104
Total		<u>169,454</u>	<u>16,489,574</u>	<u>10,668,484</u>	<u>27,327,512</u>	<u>15,213,105</u>
Expenditure on:						
Raising funds	6	27,898	-	-	27,898	12,568
Charitable activities:						
Academy's educational operations	7	-	16,542,557	1,136,441	17,678,998	15,492,031
Total		<u>27,898</u>	<u>16,542,557</u>	<u>1,136,441</u>	<u>17,706,896</u>	<u>15,504,599</u>
Net income/(expenditure)		141,556	(52,983)	9,532,043	9,620,616	(291,494)
Transfer between funds	15	-	(341,223)	341,223	-	-
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension scheme	15,21	-	(2,953,000)	-	(2,953,000)	(48,000)
Net movement in funds		141,556	(3,347,206)	9,873,266	6,667,616	(339,494)
Reconciliation of funds						
Total funds brought forward		436,429	(2,403,064)	33,409,144	31,442,509	31,782,003
Total funds carried forward		<u>577,985</u>	<u>(5,750,270)</u>	<u>43,282,410</u>	<u>38,110,125</u>	<u>31,442,509</u>

All of the academy trust's activities derive from continuing operations during the above financial periods.

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

VALLEY INVICTA ACADEMIES TRUST

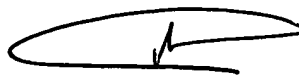
BALANCE SHEET AS AT 31 AUGUST 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	12	43,282,410	33,419,108
Current assets			
Debtors	13	739,635	647,852
Cash at bank and in hand		1,747,147	1,345,969
		2,486,782	1,993,821
Liabilities			
Creditors: amounts falling due within one year	14	(1,546,067)	(1,109,420)
Net current assets		940,715	884,401
Net assets excluding pension liability		44,223,125	34,303,509
Defined benefit pension scheme liability	21	(6,113,000)	(2,861,000)
Total assets		38,110,125	31,442,509
Funds of the academy trust			
Restricted funds:			
Restricted income fund	15	362,730	457,936
Pension reserve	15	(6,113,000)	(2,861,000)
Fixed asset fund	15	43,282,410	33,409,144
Total restricted funds		37,532,140	31,006,080
Unrestricted income funds	15	577,985	436,429
		38,110,125	31,442,509

The financial statements on pages 19 to 40 were approved by the trustees, and authorised for issue on 01/02/2016 and are signed on their behalf by:



Dr N Ware
Chair of Trustees



Mr V Ashdown
Accounting Officer

Registered Company Number: 07559256

VALLEY INVICTA ACADEMIES TRUST

STATEMENT OF CASH FLOWS

YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash inflow from operating activities	18	725,670	655,328
Cash flows from investing activities	19	<u>(324,492)</u>	<u>(190,528)</u>
Change in cash and cash equivalents In the report period		<u>401,178</u>	<u>464,800</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2015	20	<u>1,345,969</u>	<u>881,169</u>
Cash and cash equivalents at 31 August 2016	20	<u><u>1,747,147</u></u>	<u><u>1,345,969</u></u>

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

1. Statement of accounting policies

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

Basis of preparation

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

Valley Invicta Academies Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Valley Invicta Academies Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 28.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Conversion to an academy trust

The assets and liabilities transferred on conversion to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under restricted fixed asset funds. Further details of the transactions are set out in note 26.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income, including specific capital grants, is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

VALLEY INVICTA ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

1. Statement of accounting policies (continued)

Income (continued)

- **Grants receivable (continued)**

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

- **Sponsorship**

Sponsorship income provided to the academy trust, which amounts to a donation, is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions), where the receipt is probable and the amount can be reliably measured.

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or service.

- **Donated services and gifts in kind**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected cost of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

- **Expenditure on raising funds**

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

VALLEY INVICTA ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

1. Statement of accounting policies (continued)

Expenditure (continued)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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

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

The freehold and leasehold property has been included at its donated value as provided by the EFA when completing their desktop valuation. The academy has use of the leasehold property under a 125 year lease from conversion from Kent County Council.

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

Freehold property	2%	on cost
Leasehold property	2%	on cost
Equipment, fixtures and fittings	20%	on cost
Computer equipment	33%	on cost

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

Liabilities

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

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2016

1. Statement of accounting policies (continued)

Leased assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised in the period in which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introduction, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses

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

Agency Agreements

The academy trust acts as an agent distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The Trust did not use any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in note 30.

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2016

1. Statement of accounting policies (continued)

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency and Department for Education.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

VALLEY INVICTA ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

2. Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donated assets (Note 27)	-	10,606,000	10,606,000	-
Capital grants	-	62,484	62,484	94,250
Other donations	3,000	973,868	976,868	999,503
	<u>3,000</u>	<u>11,642,352</u>	<u>11,645,352</u>	<u>1,093,753</u>

The income from donations and capital grants was £1,039,352 (2015 : £1,093,753) of which £3,000 was unrestricted (2015 : £6,426), £973,868 restricted (2015 : £993,077) and £62,484 restricted fixed assets (2015 : £94,250).

3. Funding for the academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	14,093,358	14,093,358	12,913,379
Start Up Grants	-	-	-	5,000
Other DfE/EFA grants	-	643,086	643,086	430,133
	<u>-</u>	<u>14,736,444</u>	<u>14,736,444</u>	<u>13,348,512</u>
Other government grants				
Local authority grants	-	645,279	645,279	530,181
Other	-	82,825	82,825	45,747
	<u>-</u>	<u>728,104</u>	<u>728,104</u>	<u>575,928</u>
Other income from the academy trust's educational operations	-	9,158	9,158	-
	<u>-</u>	<u>15,473,706</u>	<u>15,473,706</u>	<u>13,924,440</u>

The funding for the academy trust's educational operations was £15,323,706 (2015 : £13,924,440), all of which, in both years, was restricted.

4. Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	159,687	-	159,687	170,637
Sale of uniforms	-	-	-	2,138
Other income	-	42,000	42,000	16,033
	<u>159,687</u>	<u>42,000</u>	<u>201,687</u>	<u>188,808</u>

The income from other trading activities was £201,687 (2015 : £188,808) of which £159,687 was unrestricted (2015 : £188,808) and £42,000 restricted (2015 : £Nil).

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

5. Investment income

	Unrestricted funds £	Restricted funds £	Total funds 2016 £	Total funds 2015 £
Short term deposits	6,767	-	6,767	6,104

The income from investments was £6,767 (2015 : £6,104), all of which, in both years, was unrestricted.

6. Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other £	Total 2016 £	Total 2015 £
Expenditure on raising funds	10,857	17,041	-	27,898	12,568
Academy's educational operations:					
Direct costs	10,130,076	816,759	2,467,980	13,414,815	12,206,150
Allocated support costs	2,059,020	1,286,441	918,722	4,264,183	3,285,881
	<u>12,199,953</u>	<u>2,120,241</u>	<u>3,386,702</u>	<u>17,706,896</u>	<u>15,504,599</u>

Net income/(expenditure) for the period includes:

	2016 £	2015 £
Operating rentals	254,925	227,421
Depreciation	1,136,441	1,008,922
Fees payable to auditor for:		
Audit	13,925	13,150
Other services	4,560	7,375

The expenditure was £17,706,896 (2015 : £15,504,599) of which £27,898 was unrestricted (2015 : £12,568), £16,542,557 restricted (2015 : £14,483,109) and £1,136,441 restricted fixed assets (2015 : £1,008,922).

7. Charitable activities

	Total 2016 £	Total 2015 £
Direct costs – educational operations	13,414,815	12,206,150
Support costs – educational operations	4,264,183	3,285,881
	<u>17,678,998</u>	<u>15,429,031</u>
Analysis of support costs		
Support staff costs	2,051,784	1,533,957
Depreciation	319,681	-
Technology costs	107,028	88,114
Premises costs	966,759	1,026,100
Other support costs	758,976	596,483
Governance costs	59,955	41,227
Total support costs	<u>4,264,183</u>	<u>3,285,881</u>

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

8. Staff

a) *Staff costs*

Staff costs during the year were:

	Total 2016 £	Total 2015 £
Wages and salaries	9,391,065	8,431,331
Social security costs	796,016	649,478
Operational costs of defined pension schemes	1,693,458	1,400,985
	<u>11,880,539</u>	<u>10,481,794</u>
Supply staff costs	303,441	264,372
Staff restructuring costs	15,973	12,500
	<u>12,199,953</u>	<u>10,758,666</u>
Staff restructuring costs comprise:		
Severance payments	<u>15,973</u>	<u>12,500</u>

b) *Non-statutory/non-contractual staff severance payments*

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,973 (2015 : £12,500). Individually, the payments were £4,703, £5,270 and £6,000.

c) *Staff numbers*

The average number of persons, by head count, employed by the academy during the year was as follows:

	2016 No	2015 No
Teachers	205	186
Administration and support	145	122
Management	12	11
	<u>362</u>	<u>319</u>

d) *Higher paid staff*

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

	2016 No	2015 No
£60,001 - £70,000	3	3
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	1
£120,001 - £130,000	1	1
£130,000 - £140,000	1	-
£160,001 - £170,000	-	1
£180,001 - £190,000	1	-
	<u>9</u>	<u>9</u>

VALLEY INVICTA ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

8. Staff (continued)

e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the VIAT senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,212,916 (2015 : £979,348).

9. Central services

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

- human resources;
- financial services;
- estate management; and
- chief executive officer.

The trust charges for these services on the following basis:

The actual amounts (excluding clerking) charged during the year were as follows:

- Pro rata to pupil numbers

	2016 £	2015 £
Invicta Grammar School	235,447	300,773
Valley Park School	261,043	321,637
Aylesford Primary School	22,090	28,835
VIPS at Holborough Lakes	7,889	-
VIPS at Kings Hill	7,889	-
VIPS at Leybourne Chase	7,889	-
	<u>542,247</u>	<u>651,245</u>

10. Related party transactions – Trustees’ remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment.

The value of trustees’ remuneration and other benefits was as follows:

P Limbert (CEO and Trustee until 7 June 2016)

- Remuneration	£180,001 - £185,000	(2015 : £165,001 - £170,000)
- Employer’s pension contributions paid	£10,001 - £15,000	(2015 : £20,001 - £25,000)

V Ashdown (Headteacher and Trustees and from 8 June 2016 Joint CEO)

- Remuneration	£130,001 - £135,000	(2015 : £120,001 - £125,000)
- Employer’s pension contributions paid	£20,001 - £25,000	(2015 : £15,001 - £20,000)

J Derrick (Headteacher and Trustee and from 8 June 2016 Joint CEO)

- Remuneration	£125,001 - £130,000	(2015 : £115,001 - £120,000)
- Employer’s pension contributions paid	£20,001 - £25,000	(2015 : £15,001 - £20,000)

S Pink (Chief Finance Officer and Trustee)

- Remuneration	£110,001 - £115,000	(2015 : £95,001 - £100,000)
- Employer’s pension contributions paid	£-	(2015 : £-)

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

10. Related party transactions – Trustees’ remuneration and expenses (continued)

During the year ended 31 August 2016 travel and subsistence expenses totalling £1,859 were reimbursed to three trustees (2015 : £672 to two trustees).

Other related party transactions involving the trustees are set out in note 25.

11. Directors’ and officers’ insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees/directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £3,811 (2015 : £3,698).

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

12. Tangible fixed assets

	Freehold land and buildings £	Leasehold property £	Computer equipment £	Equipment, fixtures and fittings £	Total £
Cost					
At 1 September 2015	33,443,611	2,106,331	493,989	684,713	36,728,644
Donated assets	-	10,606,000	-	-	10,606,000
Additions	54,053	-	128,271	211,419	393,743
At 31 August 2016	<u>33,497,664</u>	<u>12,712,331</u>	<u>622,260</u>	<u>896,132</u>	<u>47,728,387</u>
Depreciation					
At 1 September 2015	2,503,327	85,985	353,225	366,999	3,309,536
Charge for the year	669,953	146,807	143,268	176,413	1,136,441
At 31 August 2016	<u>3,173,280</u>	<u>232,792</u>	<u>496,493</u>	<u>543,412</u>	<u>4,445,977</u>
Net book value					
At 31 August 2016	<u>30,324,384</u>	<u>12,479,539</u>	<u>125,767</u>	<u>352,720</u>	<u>43,282,410</u>
At 31 August 2015	<u>30,940,284</u>	<u>2,020,346</u>	<u>140,764</u>	<u>317,714</u>	<u>33,419,108</u>

Included in leasehold property is land of £5,372,000 which is not depreciated.

Additions to freehold comprise work done to existing school buildings. See Note 27 for assets donated during the year.

13. Debtors

	2016 £	2015 £
Trade debtors	222,140	65,311
VAT recoverable	57,389	95,529
Other debtors	136,057	180,610
Prepayments and accrued income	324,049	306,402
	<u>739,635</u>	<u>647,852</u>

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2016

14. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Loans due in one year	-	9,963
Trade creditors	238,892	387,805
Other taxation and social security	224,692	-
Other creditors	187,580	3,192
Accruals and deferred income	894,903	708,460
	<u>1,546,067</u>	<u>1,109,420</u>
Deferred income:		
Balance at 1 September 2015	536,589	335,970
Resources deferred in the year	690,087	536,589
Amounts released from previous years	<u>(536,589)</u>	<u>(335,970)</u>
Balance at 31 August 2016	<u>690,087</u>	<u>536,589</u>

At the balance sheet date the academy trust was holding funds received in advance for trips, laptop scheme projects, 16+ travel and bursary. In addition, the academy trust had received funding relating to 2016/17 for rates, Universal Infant Free School Meals and a school in process of conversion.

15. Funds

	Balance at 1 September 2015	Income	Expenditure	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	426,937	14,093,358	(13,816,342)	(341,223)	362,730
Pupil Premium	-	378,781	(378,781)	-	-
Other grants	30,999	2,017,435	(2,048,434)	-	-
Pension reserve	<u>(2,861,000)</u>	-	<u>(299,000)</u>	<u>(2,953,000)</u>	<u>(6,113,000)</u>
	<u>(2,403,064)</u>	<u>16,489,574</u>	<u>(16,542,557)</u>	<u>(3,294,223)</u>	<u>(5,750,270)</u>
Restricted fixed asset funds					
Donated assets	-	10,606,000	-	(10,606,000)	-
Fixed asset fund	<u>33,409,144</u>	<u>62,484</u>	<u>(1,136,441)</u>	<u>10,947,223</u>	<u>43,282,410</u>
	<u>33,409,144</u>	<u>10,668,484</u>	<u>(1,136,441)</u>	<u>341,223</u>	<u>43,282,410</u>
Total restricted funds	<u>31,006,080</u>	<u>27,158,058</u>	<u>(17,678,998)</u>	<u>(2,953,000)</u>	<u>37,532,140</u>
Unrestricted funds					
Unrestricted funds	<u>436,429</u>	<u>169,454</u>	<u>(27,898)</u>	<u>-</u>	<u>577,985</u>
Total unrestricted funds	<u>436,429</u>	<u>169,454</u>	<u>(27,898)</u>	<u>-</u>	<u>577,985</u>
Total funds	<u>31,442,509</u>	<u>27,327,512</u>	<u>(17,706,896)</u>	<u>(2,953,000)</u>	<u>38,110,125</u>

VALLEY INVICTA ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

15. Funds (continued)

The restricted general funds relate to income received to cover the annual running costs of the Academy. The restricted fixed asset funds relate to income received to fund capital projects.

General Annual Grant: Income received from the EFA to cover the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Other grants: This includes Universal Free School Meals, insurance grant, rates grant, sports funding, new primary funding and a local authority consultancy agreement to manage Swadlands School.

The transfer of funds relates to the purchase of fixed assets during the period and to cover the additional costs spent out of GAG funding and the transfer of donated properties.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Invicta Grammar School	480,639	477,165
Valley Park School	258,896	360,186
Aylesford Primary School	88,488	57,014
VIPS at Holborough Lakes	41,499	-
VIPS at Kings Hill	27,666	-
VIPS at Leybourne Chase	43,527	-
Total before fixed assets and pension reserve	940,715	894,365
Restricted fixed asset fund	43,282,410	33,409,144
Pension reserve	(6,113,000)	(2,861,000)
Total	<u>38,110,125</u>	<u>31,442,509</u>

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

15. Funds (continued)

Analysis of academies by cost

Expenditure incurred by each academy during the year (excluding depreciation) was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total 2016 £	Total 2015 £
Invicta Grammar School	4,266,053	687,140	845,374	693,811	6,492,378	6,598,067
Valley Park School	4,436,177	988,284	1,187,229	726,388	7,338,078	6,764,980
VIPS at Aylesford	697,915	74,812	152,067	166,866	1,091,660	1,069,630
VIPS at Holborough Lakes	235,233	42,274	95,343	71,621	444,471	-
VIPS at Kings Hill	239,954	44,320	96,986	68,436	449,696	-
VIPS at Leybourne Chase	254,744	40,047	77,848	64,769	437,408	-
Central Services	-	299,000	13,132	4,632	316,764	-
Academy trust	10,130,076	2,175,877	2,467,979	1,796,523	16,570,455	14,432,677

16. Analysis of net assets between funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	43,282,410	43,282,410
Current assets	577,985	1,908,797	-	2,486,782
Current liabilities	-	(1,546,067)	-	(1,546,067)
Pension scheme liability	-	(6,113,000)	-	(6,113,000)
Total funds	577,985	(5,750,270)	43,282,410	38,110,125

17. Commitments under operating leases

Operating leases

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

	2016 £	2015 £
Amounts due within one year	286,558	214,710
Amounts due between one and five years	407,629	105,967
	694,187	320,677

VALLEY INVICTA ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	9,620,616	(291,494)
Depreciation charges (note 12)	1,136,441	1,008,922
Donated assets	(10,606,000)	-
Capital grants from DfE and other capital income	(62,484)	(94,250)
Interest receivable (note 5)	(6,767)	(6,104)
Defined benefit pension scheme cost less contributions payable (note 22)	193,000	144,000
Defined benefit pension scheme finance cost (note 22)	106,000	108,000
Decrease/(increase) in stock	-	7,228
(Increase)/decrease in debtors	(91,783)	(209,217)
Increase/(decrease) in creditors	436,647	(11,757)
Net cash provided by/used in operating activities	<u>725,670</u>	<u>655,328</u>

19. Cash flows from investing activities

	2016	2015
	£	£
Dividends, interest and rents from investments	6,767	6,104
Purchase of tangible fixed assets	(393,743)	(290,882)
Capital grants from DfE/EFA	62,484	94,250
Net cash provided by/(used in) investing activities	<u>(324,492)</u>	<u>(190,528)</u>

20. Members' liability

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

VALLEY INVICTA ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

21. Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £186,984 (2015: £Nil) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by H M Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which was payable from September 2015. The net valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £1,087,699 (2015: £846,985).

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2016

21. Pension and similar obligations (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £540k, of which employer's contributions totalled £401k and employees' contributions totalled £139k. The agreed contribution rates for future years are 19.8% for employer's and employees' contributions are dependent on the level of their full-time equivalent salary ranging from 5.5% to 10%.

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

Principal actuarial assumptions

	At 31 August 2016 % pa	At 31 August 2015 % pa
Rate of increase in salaries	4.1	4.5
Rate of increase for pensions in payment/inflations	2.3	2.7
Discount rate for scheme liabilities	2.2	4.0
Inflation assumption (CPI)	2.3	2.7

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	27.7	27.6

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

21. Pension and similar obligations (continued)

Principal actuarial assumptions (continued)

The academy's share of the assets in the scheme were:

	Fair value at 31.8.2016 £000s	Fair value at 31.8.2015 £000s
Equities	2,956	2,260
Government bonds	39	33
Other bonds	466	365
Property	612	446
Target return portfolio	190	144
Other	105	86
Total market value of assets	<u>4,368</u>	<u>3,334</u>

The actual return on the scheme assets in the year was £511,000 (2015 : £73,000).

Amounts recognised in the statement of financial activities

	31.8.2016 £000s	31.8.2015 £000s
Current service cost (net of employee contributions)	(590)	(509)
Net interest cost	(106)	(106)
Benefit changes, loss on curtailment and settlements	(2)	-
Total operating charge	<u>(698)</u>	<u>(615)</u>

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

	2016 £000s	2015 £000s
At 1 September 2015	6,195	5,360
Current service cost	590	509
Interest cost	250	227
Employee contributions	139	116
Actuarial losses	3,320	-
Benefits paid	(17)	(17)
Curtailments and settlements	4	-
At 31 August 2016	<u>10,481</u>	<u>6,195</u>

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2016

21. Pension and similar obligations (continued)

Movements in fair value of VIAT's share of scheme assets:

	2016	2015
	£000s	£000s
At 1 September 2015	3,334	2,799
Interest on assets	144	121
Actuarial gains/(losses)	367	(48)
Employer contributions	401	365
Employee contributions	139	116
Benefits paid	(17)	(17)
Administration expenses	(2)	(2)
Contributions and settlements	2	-
At 31 August 2016	<u>4,368</u>	<u>3,334</u>

22. Ultimate controlling party

There is no ultimate controlling party.

23. Company limited by guarantee

The academy trust is a company limited by guarantee and does not have share capital.

24. Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Educational Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

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

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2016

25. Related party transactions

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

Mid Kent Learning Alliance – a company limited by guarantee in which Valley Invicta Academy Trust became the sole member and controlling party in November 2015. The company acted as a not for profit agent to claim and allocate National College for Teaching and Leadership Grants on behalf of a consortium of local schools. During the year ended 31 August 2016 grants received were £334k, grants allocated were £189k and costs incurred were £145k. As at 31 August 2016 the company had net assets of nil. During the year the trust charged £42k to the company in respect of administration and coordination fees and debtors includes £42k in respect of these transactions. As at 31 August 2016 the company ceased activities.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

26. Agency Agreements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA and also collects money from students for 16+ travel cards as an agent for KCC. In the accounting period 31 August 2016 the trust received and distributed £61,329 (2015: £42,047) and £44,650 (2015 : £42,047) from the funds respectively.

27. Transfer of properties

As at 1 September 2015 three new primary schools came into operation. The assets of the schools were donated to Valley Invicta Academies Trust from Kent County Council for no consideration at the dates noted below. The three schools began providing education from 1 September 2015. There were no other assets or liabilities as these were new schools.

The following table sets out the fair value of the attributable assets transferred:

Academy	Restricted fixed asset funds	Location	Date of donation
VIPS at Holborough Lakes	3,814,000	Kent	9 October 2015
VIPS at Kingshill	4,487,000	Kent	27 April 2016
VIPS at Leybourne Close	2,305,000	Kent	1 December 2015
	<u>10,606,000</u>		

The investments were accounted for as a combination that is in substance a gift. The assets were valued at their fair values are recognised in the balance sheet as leasehold land and buildings with a corresponding gain in the statement of financial activities as donations – transferred from local authority on conversion.

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2016

28. Reconciliation on adoption of FRS 102

	Notes	1 September 2014	31 August 2015
Current total under UK GAAP and under FRS 102		<u>31,782,003</u>	<u>31,442,509</u>

Reconciliation of net income/(expenditure)

	Notes	31 August 2015
Net income/(expenditure) previously reported under UK GAAP		(228,494)
Change in recognition of LGPS interest cost	(i)	<u>(63,000)</u>
Net movement in funds reported under FRS 102		<u>(291,494)</u>

i) Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £63,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.