

VALLEY INVICTA ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2014

TUESDAY



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COMPANIES HOUSE

COMPANY REGISTRATION NUMBER:
07559256 (ENGLAND AND WALES)

VALLEY INVICTA ACADEMIES TRUST

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2014

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VALLEY INVICTA ACADEMIES TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 AUGUST 2014

Members	Mr David Izatt Mr Tony Moore Mr Chris Stevens Mrs Judi Taylor Dr Nick Ware	from 13.05.14, and Chair from 13.05.14 Chair until 13.05.14 from 13.03.14
Trustees	Mr Vic Ashdown Mrs Julie Derrick Mr Tony Hooker Mr David Izatt Dr Philip Limbert Mr Tony Moore Dr John Moss Mrs Sharon Pink Mrs Sue Ricketts Mr Chris Stevens Mrs Judi Taylor Dr Nick Ware	CEO and Accounting Officer from 03.10.13 Chief Financial Officer until 14.05.14
Governors (who are not Trustees)		
Aylesford Primary School	Mr Andy Edwards Mr Mark Geadah Miss Vanessa Homewood Mrs Charlotte Shilling	until 24.08.14 until 23.06.14
Company Secretary	Pink Accountancy Ltd	
Senior Leadership Team		
VIAT		
CEO	Dr Philip Limbert	
Finance & HR Director	Mrs Sharon Pink	
Aylesford Primary School		
Headteacher	Mr Mark Geadah	until 24.08.14
Deputy Headteacher	Miss Vanessa Homewood	
Invicta Grammar		
Headteacher	Mrs Julie Derrick	
Deputy Headteacher	Ms Liz Ball	
Deputy Headteacher	Mrs Dora Butt	
Valley Park School		
Headteacher	Mr Vic Ashdown	
Deputy Headteacher	Mrs Jacquellien Gleadall	
Deputy Headteacher	Mrs Angela Grant	

VALLEY INVICTA ACADEMIES TRUST
REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

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

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2014

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust currently operates 3 academies: an 11-18 selective girls' school; an 11-18 mixed non-selective school; and a mixed primary school (sponsored to academy status 1 December 2013).

In the October 2013 census:

- Invicta Grammar had 913 pupils in years 7 to 11 and 332 pupils in the sixth form
- Valley Park had 1,075 pupils in years 7 to 11 and 181 pupils in the sixth form
- Aylesford Primary had 217 pupils in years R to 6.

The Published Admission Numbers are:

- Invicta Grammar 192 (from Sep-13) previously 175
- Valley Park 240 (Sep-13), 210 (Sep-10) previously 180
- Aylesford Primary 45

In September 2014:

- The number of pupils at Aylesford Primary had increased to 256
- Invicta Grammar admitted 218 pupils into year 7
- Valley Park admitted 240 pupils into year 7
- The trust is sponsoring 3 new primary schools to open in September 2015.

Structure, Governance and Management

Constitution

The 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.

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

Trustees' Indemnities

The Trustees' have indemnity insurance cover of £5,000,000.

Method of Recruitment and Appointment or Election of Trustees

The Members may appoint up to 9 Trustees. In addition the Members may appoint Staff Directors through such process as they may determine provided that the total number (including the Chief Executive Officer), who are employees of the company, does not exceed one third of the total number of Trustees.

There shall be a minimum of 2 Parent Trustees elected by the Parent members of the Local Governing Bodies or appointed by the Trustees if the number of parents standing for election is less than the number of vacancies.

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2014

The Chief Executive Officer shall be a Trustee for as long as he remains in office as such.

The Trustees may appoint up to 3 Co-opted Trustees. A "Co-opted Trustee" means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the company as a Co-opted Trustee if thereby the number of Trustees who are employees of the Company would exceed one third of the total number of Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Chair of the Trust will appoint a fellow Trustee to provide induction for new Trustees. Whole Trust training is an on-going developmental programme.

Organisational Structure

- Finance and Premises Committee
- Governing Body for Valley Park School and Invicta Grammar School
- Governing Body for Aylesford Primary School (from 01.12.13)

All Trustees sit on the Finance and Premises Committee and Governing Body for Valley Park School and Invicta Grammar School. The Governing Body for Aylesford Primary was set up on conversion to academy status on 01.12.13 with the same structure as pre conversion. This was made up of 5 Trustees, 2 parent governors, the Headteacher and Deputy Headteacher.

The Trust CEO is the Accounting Officer. The Trust has agreed delegated financial authority to the Headteacher (Valley Park), Headteacher (Invicta Grammar) and Finance & HR Director (Aylesford Primary) up to £25,000 and the Headteacher (Valley Park), Headteacher (Invicta Grammar) and Finance & HR Director (Aylesford Primary) together with the CEO up to £50,000. All higher spending must be referred to the Finance and Premises Committee.

Risk Management

The Trust has drawn up a detailed risk register. The audit committee regularly reviews the register and reports to the Trust on its findings. At the last review there was only one area of high risk and actions have been taken to reduce this risk. The risk register is subject to regular update. The Trustees were pleased that the auditors found no matters to report in a management letter to accompany last year's audited financial statements.

Connected Organisations including Related Party Relationships

The Trust works closely with Allington Primary School which provided the services of its Headteacher to the Trust to support Aylesford Primary School.

Valley Park School and Invicta Grammar School are both part of the Mid Kent Learning Alliance (MKLA). Allington Primary School is the lead school of the Mid Kent Learning Alliance (MKLA).

Sharon Pink, a trustee of the Trust, is also a director of Pink Accountancy Ltd, who in turn provided accountancy services during the period.

Objectives Strategies and Activities

Objects and Aims

The Trust has a portfolio of objectives for schools:

- To maintain Invicta Grammar School as the highest performing selective school in Maidstone;
- To maintain Valley Park School as the highest performing non-selective school in Maidstone;
- To ensure both schools achieve Outstanding status at Ofsted inspections;
- To ensure both schools perform and are regarded as World Class institutions;
- To develop a campus which engenders pride in our workforce and student body, a campus suitable to the development of World Class education; and
- To ensure Aylesford Primary School is judged by Ofsted to be good.

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2014

Objectives, Strategies and Activities (continued)

Public Benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Achievements and Performance

Objectives for 2013/14	Level of Success	Objectives for 2014/15	Success Criteria
1. To maintain Invicta Grammar School as the highest performing selective school in Maidstone	At both GCSE and A level Invicta Grammar School outperformed the other 3 selective schools in Maidstone in the 2014 examination round	1. To maintain Invicta Grammar School as the highest performing selective school in Maidstone	To outperform other 3 selective schools in Maidstone at <ul style="list-style-type: none"> • GCSE • A level
2. To establish Valley Park School as the highest performing non-selective school in Maidstone	At both GCSE and A level Valley Park School outperformed the other non-selective, non-comprehensive schools in Maidstone in the 2014 examination round	2. To maintain Valley Park School as the highest performing non-selective school in Maidstone	To outperform other non-selective schools in Maidstone at <ul style="list-style-type: none"> • GCSE • A level
3. To ensure that Valley Park School and Invicta Grammar School maintain Outstanding status at any future Ofsted inspection.	Internal monitoring suggests that the quality of education offered at Invicta Grammar School and Valley Park School would be judged by Ofsted as remaining outstanding	3. 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
4. To ensure that Valley Park School and Invicta Grammar School perform and are regarded as World Class institutes	The Trust has produced a portfolio of 25 objectives which when met would allow the schools to be regarded as World Class	4. To ensure both Invicta Grammar School and Valley Park School achieve at least an 80% success rate against the Trust's World Class objectives	Each school to achieve 20/25% of the Trust's World Class targets
5. To develop a campus which engenders pride in our workforce and student body. A campus suitable to the development of World Class education	Our 2 buildings were completed on time and to cost. The new 3G pitch was completed on the school field.	5. To continue the development of the Maidstone campus and Aylesford Primary site	To submit bids to the C.I.F fund in 2015.16 for <ul style="list-style-type: none"> • Joint Sports Hall • Refectory at Valley Park School • Science Labs at Invicta Grammar School • New roof at Aylesford Primary

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2014

Achievements and Performance (continued)

6. To sponsor other schools to Academy status.	Aylesford Primary became a sponsored academy on 1 December 2013. The trust has approval to open 3 new sponsored academies on 1 September 2015.	6. To ensure the 3 new sponsored primary schools open on time in September 2015	The 3 schools open on time, fully staffed and with pupil numbers inline with PAN
7. To submit a proposal for an Invicta Grammar School annexe in Sevenoaks.	However, the submitted proposal was not successful.	7. To submit a proposal to the DfE for a Secondary Free School on the Maidstone campus.	<ul style="list-style-type: none"> • The proposal is submitted on time • The proposal is successful
8. To promote back-office services (from VIAT Business Centre) to other schools.	VIAT Business Centre has provided services to 2 schools outside of the Trust. With the opening of more schools within the trust the Business Centre is now concentrating on expanding services within the Trust.	8. To ensure Aylesford Primary School is judged by Ofsted to be Good.	<ul style="list-style-type: none"> • Overall judgement should be Good but some improvement is required (during 2014.15) • Overall judgement should be Good during 2015.16

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.

Key Financial Performance Indicators

The success of the schools has seen an increase in student numbers. The resulting increase in funding has enabled the Trust to further improve facilities at both schools.

The schools have effectively managed their budgets and levels of staffing, in particular, are under continuing review to ensure there is no under/over capacity. The Trust is continuing to streamline Finance, HR, IT and Premises support under the VIAT Business Centre resulting in a saving in costs.

Draft plans for future years show the Trust is well placed to manage the financial position at a time when other schools are looking at restructuring programmes.

VALLEY INVICTA ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2014

Financial Review

The financial statements show revenue reserves of £334K at 31 August 2014. This is a significant decrease from the initial agreed position of £857K largely due to investment in the ACMF project and 3G pitch.

Financial and Risk Management Objectives and Policies

The Trust Board's main source of income is funding from the EFA that is paid monthly to the schools throughout the year. Given this and the planned reserves at each school The Trust Board do not consider they have a cash flow or liquidity risk.

Principal Risks and Uncertainties

The Trust has considered and agreed an on-going Risk Register. The Trust considers the Principal Risks and Uncertainties regarding recruitment and retention of students and changes in funding levels. The schools, by providing Outstanding education (as judged by OFSTED in the past year), aim to maximise the recruitment and retention of students and The Trust Board seeks to ensure maximum funding is received.

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 continue to operate with levels of resources considered appropriate for the delivery of outstanding education
- Allow the school to plan to deliver Best Value
- Support any identified risks
- Allow for planned development

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 has no endowment funds for investment.

The Trust has given consideration to the current low level of return on investments and insignificant reserves available for long term investment at this time.

With this in mind the current policy for investment is for the cash surpluses to be held on interest earning current accounts.

The Chief Financial Officer will report periodically on the performance of investments.

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 2014

Auditors

Insofar as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

Approved by order of the board of trustees on 24 November 2014 and signed on its behalf by:



.....
Mr Tony Moore
Chair of Trustees

VALLEY INVICTA ACADEMIES TRUST

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2014

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 CEO 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 and the Supplemental Agreements with Invicta Grammar School, Valley Park School and Aylesford Primary School. The CEO is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. Attendance during the year at meetings of the board of trustees and its committees was as follows:

	Meetings attended	Out of possible
Trust Board, Finance and Premises Committee and Governing Body of Invicta Grammar School and Valley Park School		
Mr Vic Ashdown	8	8
Mrs Julie Derrick	8	8
Mt Tony Hooker	4	8
Mr David Izatt	8	8
Dr Philip Limbert (CEO and Accounting Officer)	8	8
Mr Tony Moore (Chair from 13.05.14)	6	7
Dr John Moss	4	8
Mrs Sharon Pink (Chief Financial Officer)	8	8
Mrs Sue Ricketts (until 14.05.14)	5	7
Mr Chris Stevens	6	8
Mrs Judi Taylor (Chair until 13.05.14)	7	8
Dr Nick Ware	8	8
 Audit Committee		
Dr Philip Limbert (CEO and Accounting Officer)	3	3
Mr Tony Moore	2	2
Mrs Sharon Pink (Chief Financial Officer)	3	3
Mrs Judi Taylor	2	2

VALLEY INVICTA ACADEMIES TRUST
GOVERNANCE STATEMENT (CONTINUED)
YEAR ENDED 31 AUGUST 2014

	Meetings attended	Out of possible
Governing Body of Aylesford Primary School		
Mr Vic Ashdown	3	3
Mrs Julie Derrick	3	3
Mr Andy Edwards	3	3
Mr Mark Geadah (Headteacher)	3	3
Miss Vanessa Homewood (Deputy Headteacher)	3	3
Dr Philip Limbert (CEO and Accounting Officer)	3	3
Mrs Sharon Pink (Chief Financial Officer)	3	3
Mrs Charlotte Shilling	3	3
Dr Nick Ware	3	3

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 year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which VIAT 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 VIAT's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

VIAT'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 Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; 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 Day, Smith & Hunter, the external auditors, to perform additional checks.

VALLEY INVICTA ACADEMIES TRUST
GOVERNANCE STATEMENT (CONTINUED)

YEAR ENDED 31 AUGUST 2014

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The auditors' reports, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities, have been presented to the Finance & Premises Committee and more recently the auditors have presented their report to the Audit Committee. The auditors have therefore delivered their schedule of work as planned and there have been no significant control issues to report.

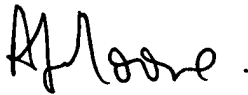
Review of Effectiveness

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

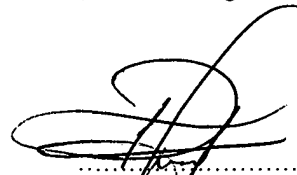
- the work of the external auditor;
- the work of the executive managers within VIAT who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and the Finance and Premises Committee and although no significant weaknesses have been identified has been advised of improvements to further strengthen the system in place.

Approved by order of the members of the board of trustees on 24 Nov 2014 and signed on its behalf by:



.....
Mr Tony Moore
Chair of Trustees



.....
Dr Philip Limbert
Accounting Officer

VALLEY INVICTA ACADEMIES TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2014

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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



.....
Dr Philip Limbert
Accounting Officer

24 - Nov - 2014

VALLEY INVICTA ACADEMIES TRUST
STATEMENT OF GOVERNORS' RESPONSIBILITIES
YEAR ENDED 31 AUGUST 2014

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

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

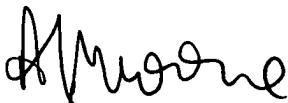
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 operation.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform 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 24 January 2014 and signed on its behalf by:



.....
Mr Tony Moore
Chair of Trustees

VALLEY INVICTA ACADEMIES TRUST
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
TO THE GOVERNING BODY

YEAR ENDED 31 AUGUST 2014

We have audited the financial statements of Valley Invicta Academies Trust for the year ended 31 August 2014 on pages 17 to 38. 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) and the Annual Accounts Direction 2013 to 2014 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 13, 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 2014 and of its incoming resources and application of resources, including its income and expenses, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the 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 GOVERNING BODY (CONTINUED)

YEAR ENDED 31 AUGUST 2014

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.

PHILIP WILSON FCA (Senior Statutory Auditor)

For and on behalf of

Day Smith and Hunter
Chartered Accountants & Statutory Auditor
Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

24 November 2014

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 2014

In accordance with the terms of our engagement letter dated 30 September 2014 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Valley Invicta Academies Trust during the year ended 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 auditors

The Accounting Officer is responsible, under the requirements of Valley Invicta Academies Trust's funding agreement with the Secretary of State for Education dated 25 March 2011 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Conclusion

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

PHILIP WILSON FCA (Senior Statutory Auditor)

For and on behalf of
DAY SMITH & HUNTER
Reporting Accountant
Globe House, Eclipse Park
Sittingbourne Road
Maidstone, Kent ME14 3EN

24 November 2014

VALLEY INVICTA ACADEMIES TRUST
STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 AUGUST 2014

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2014 £	Total Funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	1,959	787,871	1,856,000	2,645,830	874,776
Activities for generating funds	3	64,665	-	-	64,665	75,303
Investment income	4	2,799	-	-	2,799	2,569
Incoming resources from charitable activities:						
Funding for the Academy's educational operations	5	-	13,411,008	3,103,667	16,514,675	14,016,928
TOTAL INCOMING RESOURCES		<u>69,423</u>	<u>14,198,879</u>	<u>4,959,667</u>	<u>19,227,969</u>	<u>14,969,576</u>
RESOURCES EXPENDED						
Charitable activities:						
Academy's educational operations	7	-	13,435,300	954,259	14,389,559	12,877,297
Governance costs	8	-	36,066	-	36,066	50,255
Other resources expended – cost upon conversion		-	160,000	-	160,000	-
TOTAL RESOURCES EXPENDED		<u>-</u>	<u>13,631,366</u>	<u>954,259</u>	<u>14,585,625</u>	<u>12,927,552</u>
NET INCOMING RESOURCES BEFORE TRANSFERS		69,423	567,513	4,005,408	4,642,344	2,042,024
Transfer between funds	17	(127,912)	(1,164,548)	1,292,460	-	-
NET (EXPENDITURE)/INCOME FOR THE YEAR		(58,489)	(597,035)	5,297,868	4,642,344	2,042,024
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial gains/(losses) on defined benefit pension scheme	26	-	356,000	-	356,000	(101,000)
NET MOVEMENT IN FUNDS		(58,489)	(241,035)	5,297,868	4,998,344	1,941,024
RECONCILIATION OF FUNDS						
Total funds brought forward At 1 September 2013		<u>332,774</u>	<u>(2,259,913)</u>	<u>28,710,798</u>	<u>26,783,659</u>	<u>24,842,635</u>
Total funds carried forward at 31 August 2014		<u>274,285</u>	<u>(2,500,948)</u>	<u>34,008,666</u>	<u>31,782,003</u>	<u>26,783,659</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.

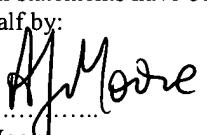
The notes on pages 20 to 38 form part of these financial statements.

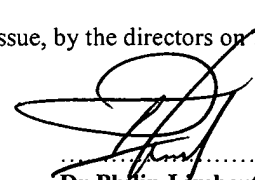
VALLEY INVICTA ACADEMIES TRUST

**BALANCE SHEET
AS AT 31 AUGUST 2014**

	<u>Notes</u>	<u>2014</u>	<u>2013</u> <u>£</u>
Fixed assets			
Tangible fixed assets	13	34,137,148	28,956,615
Current assets			
Stock		7,228	-
Debtors	14	438,635	780,910
Cash at bank and in hand		881,169	2,543,779
		<u>1,327,032</u>	<u>3,324,689</u>
Creditors: amounts falling due within one year	15	<u>(1,111,195)</u>	<u>(2,777,134)</u>
Net current assets		<u>215,837</u>	<u>547,555</u>
Total assets less current liabilities		<u>34,352,985</u>	<u>29,504,170</u>
Creditors: amounts falling due after one year	16	<u>(9,982)</u>	<u>(128,511)</u>
Net assets excluding pension liability		<u>34,343,003</u>	<u>29,375,659</u>
Pension scheme liability	26	<u>(2,561,000)</u>	<u>(2,592,000)</u>
Net assets including pension liability		<u><u>31,782,003</u></u>	<u><u>26,783,659</u></u>
Funds			
Restricted funds			
General fund	17	60,052	332,087
Pension reserve	17	(2,561,000)	(2,592,000)
Fixed asset fund	17	<u>34,008,666</u>	<u>28,710,798</u>
		<u>31,507,718</u>	<u>26,450,885</u>
Unrestricted funds			
General fund	17	<u>274,285</u>	<u>332,774</u>
		<u><u>31,782,003</u></u>	<u><u>26,783,659</u></u>

The financial statements have been approved, and authorised for issue, by the directors on 24 Nov 2014 and signed on their behalf by:


Mr Tony Moore
Chair of Trustees


Dr Philip Lambert
Accounting Officer

Registered Company Number: 07559256

The notes on pages 20 to 38 form part of these financial statements.

VALLEY INVICTA ACADEMIES TRUST

CASH FLOW STATEMENT

YEAR ENDED 31 AUGUST 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Net cash (outflow)/inflow from operating activities	21	(490,284)	2,748,455
Returns on investment and servicing of finance			
Bank interest received	22	<u>2,799</u>	<u>2,569</u>
Net cash inflow from returns on investments and servicing of finance		2,799	2,569
Capital expenditure	23	(1,175,125)	(1,449,861)
(Decrease)/increase in cash	24	<u>(1,662,610)</u>	<u>1,301,163</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		<u>2,543,779</u>	<u>1,242,616</u>
Net funds at 31 August 2014		<u><u>881,169</u></u>	<u><u>2,543,779</u></u>

The notes on pages 20 to 38 form part of these financial statements.

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

1. Statement of accounting policies

Basis of preparation

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

Going concern

The 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 one year from the date of approval of the financial statements.

Incoming resources

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

- **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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The General Annual Grant (GAG) is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. 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 VIAT, which amounts to a donation, is recognised in the Statement of Financial Activities in the year in which it is receivable, where there is certainty of receipt.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

1. Statement of accounting policies (continued)

- **Donated services and gifts in kind**

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

Resources expended

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

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in letting and other activities that raise funds.

- **Charitable activities**

These are costs incurred on VIAT's educational operations.

- **Governance costs**

These include the costs attributable to VIAT's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

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. 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 VIAT's depreciation policy.

Depreciation is provided on all tangible fixed assets 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

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

1. Statement of accounting policies (continued)

Tangible fixed assets (continued)

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.

Stock

Unsold uniforms and sports equipment are valued at the lower of cost and net realisable value.

Operating lease transactions

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

Taxation

VIAT 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, VIAT 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 VIAT are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of VIAT.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with VIAT in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and VIAT is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

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

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

1. Statement of accounting policies (continued)

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied for specific capital purposes imposed by the EFA, the Department for Education (DfE) or other funders where the asset acquired or created is held for a specific purpose.

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

2. Voluntary income

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2014 £	Total Funds 2013 £
Transfer from local authority on conversion (Note 27)	-	-	1,856,000	1,856,000	-
Production income	-	17,640	-	17,640	11,914
Laptop project income	-	115,430	-	115,430	110,390
Other grants and donations	1,959	-	-	1,959	28,987
Other voluntary activities	-	194,290	-	194,290	208,889
Trip income	-	453,099	-	453,099	493,960
Exam resits and other contributions from pupils	-	7,412	-	7,412	20,636
	<u>1,959</u>	<u>787,871</u>	<u>1,856,000</u>	<u>2,645,830</u>	<u>874,776</u>

3. Activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total funds 2014 £	Total funds 2013 £
Lettings	51,940	-	51,940	75,303
Uniform sales	725	-	725	-
Support services	12,000	-	12,000	-
	<u>64,665</u>	<u>-</u>	<u>64,665</u>	<u>75,303</u>

4. Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
Short term deposits	<u>2,799</u>	<u>-</u>	<u>2,799</u>	<u>2,569</u>

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

YEAR ENDED 31 AUGUST 2014

5. Funding for the academy's educational operations

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2014 £	Total Funds 2013 £
DfE/EFA capital grant					
Capital grants	-	-	3,103,667	3,103,667	1,597,301
DfE/EFA revenue grants					
GAG	-	12,616,746	-	12,616,746	11,644,719
Other DfE/EFA grants	-	419,843	-	419,843	520,576
Start Up Grants	-	30,000	-	30,000	-
	-	13,066,589	-	13,066,589	12,165,295
Other government grants					
Local authority grants	-	328,876	-	328,876	214,132
Other	-	15,543	-	15,543	40,200
	-	344,419	-	344,419	254,332
	-	13,411,008	3,103,667	16,514,675	14,016,928

6. Resources expended

	Staff Costs £	Premises £	Other Costs £	Total 2014 £	Total 2013 £
Cost of activities for generating funds	-	-	-	-	8,167
Academy trust's educational operations:					
Direct costs	8,329,929	954,259	2,340,947	11,625,135	10,372,086
Allocated support costs	1,366,215	778,192	620,017	2,764,424	2,497,044
	9,702,976	1,732,451	2,954,132	14,389,559	12,877,297
Governance costs including allocated support costs	6,366	-	29,700	36,066	50,255
	9,709,342	1,732,451	2,983,832	14,425,625	12,927,552

Incoming/outgoing resources for the year include:

	2014 £	2013 £
Depreciation	954,259	683,241
Operating leases	207,580	149,608
Fees payable to auditors:		
Audit	12,975	13,738
Other fees payable to auditors	6,266	5,608
	1,181,080	852,195

VALLEY INVICTA ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2014

7. Charitable activities – educational operations

	Total Funds 2014 £	Total Funds 2013 £
Direct costs		
Teaching and educational support staff costs	8,329,929	7,655,806
Depreciation	954,259	675,589
Educational supplies	961,972	971,398
Examination fees	264,032	329,088
Technology costs	412,266	387,285
Staff development	105,097	54,348
Educational consultancy	85,415	13,814
Other	512,165	284,758
	<u>11,625,135</u>	<u>10,372,086</u>
Allocated support costs		
Support staff costs	1,366,215	1,261,261
Depreciation	-	7,652
Recruitment and support	25,772	29,882
Maintenance of premises and equipment	296,049	266,193
Cleaning	79,952	62,112
Rent, rates and utilities	278,746	261,275
Insurance	116,969	97,415
Security and transport	51,710	30,772
Catering	57,071	43,495
Bank interest and charges	4,824	4,152
Loan interest	1,922	3,248
Information and communication technology	62,569	54,610
Other support costs	422,625	374,977
	<u>2,764,424</u>	<u>2,497,044</u>
Total direct and support costs	<u>14,389,559</u>	<u>12,869,130</u>

8. Governance costs

	Total Funds 2014 £	Total Funds 2013 £
Auditors remuneration:		
Audit of financial statements	12,975	13,738
Other audit costs	6,266	5,608
Legal and professional fees	-	16,614
Support staff costs	6,366	6,221
Expenses and other costs	10,459	8,074
	<u>36,066</u>	<u>50,255</u>

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

9. Staff costs and emoluments

Staff costs during the period were:

	2014 £	2013 £
Wages and salaries	7,699,383	7,159,273
Social security costs	608,186	570,087
Pension costs	1,271,410	1,049,922
	<u>9,578,979</u>	<u>8,779,282</u>
Supply teacher costs	39,631	34,156
Severance payments	83,900	18,850
	<u>9,702,510</u>	<u>8,832,288</u>

The average number of persons (including senior management team) employed by VIAT during the period expressed as full time equivalents was as follows:

	2014 £	2013 £
<i>Charitable Activities</i>		
Teachers	144	146
Administration and support	84	83
Management	8	7
	<u>236</u>	<u>236</u>

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

	2014 No	2013 No
£60,001 - £70,000	4	1
£70,001 - £80,000	-	1
£80,001 - £90,000	2	1
£100,001 - £110,000	-	1
£110,001 - £120,000	2	1
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
	<u>9</u>	<u>6</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £115,394. None of the above employees participated in the Local Government Pension Scheme.

Included in staff costs are non-statutory/non-contractual severance payments (including lump-sum pension contributions) totalling £83,900 (2013 : £18,850). Seven of the payments exceeded £5,000 individually and these were for £12,000, £7,000, £20,000, £7,500, £11,900, £5,781 and £6,563.

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

10. Central services

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

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

The trust charges for these services according to the central services' staff time incurred. The actual amounts charged during the year were as follows:

	2014 £	2013 £
Invicta Grammar School	264,146	178,946
Valley Park School	263,928	178,945
Aylesford Primary School	21,249	-
	<u>549,323</u>	<u>357,891</u>

11. Directors' remuneration and expenses

The Headteacher and staff directors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments from VIAT in respect of their role as trustees. The value of trustees' remuneration was as follows:

P. Limbert (CEO)	£160,001 - £165,000 (2013 : £155,001 - £160,000)
V. Ashdown (Headteacher)	£115,001 - £120,000 (2013 : £110,001 - £115,000)
J. Derrick (Headteacher)	£110,001 - £115,000 (2013 : £105,001 - £110,000)

During the year ended 31 August 2014 travel and subsistence expenses totalling £988 (2013 : £Nil) were reimbursed to four trustees.

Other related party transactions involving the trustees are set out in note 30.

12. Directors' and officers' insurance

In accordance with normal commercial practice VIAT has purchased insurance to protect trustees/directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on VIAT business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £3,767 (2013 : £3,767).

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

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

13. Tangible fixed assets

	Freehold land and buildings £	Leasehold property £	Computer equipment £	Equipment, fixtures and fittings £	Total £
Cost					
At 1 September 2013	29,626,407	146,466	193,807	336,290	30,302,970
Transfer on conversion	-	1,856,000	-	-	1,856,000
Additions	3,783,401	44,556	188,595	262,240	4,278,792
At 31 August 2014	<u>33,409,808</u>	<u>2,047,022</u>	<u>382,402</u>	<u>598,530</u>	<u>36,437,762</u>
Depreciation					
At 1 September 2013	1,166,314	2,929	66,761	110,351	1,346,355
Charge for the year	668,196	40,929	125,428	119,706	954,259
At 31 August 2014	<u>1,834,510</u>	<u>43,858</u>	<u>192,189</u>	<u>230,057</u>	<u>2,300,614</u>
Net book value					
At 31 August 2014	<u>31,575,298</u>	<u>2,003,164</u>	<u>190,213</u>	<u>368,473</u>	<u>34,137,148</u>
At 31 August 2013	<u>28,460,093</u>	<u>143,537</u>	<u>127,046</u>	<u>225,939</u>	<u>28,956,615</u>

The trust's transactions relating to leasehold property include the acquisition of the property at Aylesford Primary School which was transferred on conversion at £1,856,000.

14. Debtors

	2014 £	2013 £
Trade debtors	36,132	25,372
VAT recoverable	136,720	171,672
Other debtors	67,223	439,119
Prepayments and accrued income	198,550	144,747
	<u>438,635</u>	<u>780,910</u>

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

15. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Loans due in one year	118,500	117,305
Trade creditors	296,253	359,295
Deferred income	335,970	1,320,481
Other creditors	1,097	126
Accruals	359,375	979,927
	<u>1,111,195</u>	<u>2,777,134</u>
Deferred income:		
Balance at 1 September 2013	1,320,481	225,152
Resources deferred in the year	334,263	1,320,481
Amounts released from previous years	<u>(1,318,774)</u>	<u>(225,152)</u>
Balance at 31 August 2014	<u>335,970</u>	<u>1,320,481</u>

At the balance sheet date VIAT was holding funding in advance of the 2014/15 financial year totalling £335,970 (2013 : £1,320,481) including specific capital grants of £33,820 (2013: nil).

16. Creditors: amounts falling due after one year

	2014	2013
	£	£
Loans due in two to five years	<u>9,982</u>	<u>128,511</u>

The loans are due to Kent County Council and were repayable over seven years.

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

YEAR ENDED 31 AUGUST 2014

17. Funds

	Balance At 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2014 £
Restricted general funds					
GAG	210,293	12,616,746	(13,284,882)	457,843	-
Start up grant	-	30,000	-	(30,000)	-
Other DfE/EFA grants	-	419,843	(21,484)	(344,846)	53,513
Other restricted projects	-	787,871	-	(786,332)	1,539
Other government grants	-	344,419	-	(339,419)	5,000
Gifted on conversion	121,794	-	-	(121,794)	-
Pension reserve	(2,592,000)	-	(325,000)	356,000	(2,561,000)
	<u>(2,259,913)</u>	<u>14,198,879</u>	<u>(13,631,366)</u>	<u>(808,548)</u>	<u>(2,500,948)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	28,776,862	3,103,667	(881,212)	426,708	31,426,025
Assets transferred on conversion	-	1,856,000	-	-	1,856,000
Liability adopted on conversion	(245,816)	-	-	117,334	(128,482)
Capital expenditure from GAG	-	-	(54,119)	748,418	694,299
Capital expenditure from other funds	179,752	-	(18,928)	-	160,824
	<u>28,710,798</u>	<u>4,959,667</u>	<u>(954,259)</u>	<u>1,292,460</u>	<u>34,008,666</u>
Total restricted funds	<u>26,450,885</u>	<u>19,158,546</u>	<u>(14,585,625)</u>	<u>483,912</u>	<u>31,507,718</u>
Unrestricted funds					
Unrestricted funds	332,774	69,423	-	(127,912)	274,285
Total unrestricted funds	<u>332,774</u>	<u>69,423</u>	<u>-</u>	<u>(127,912)</u>	<u>274,285</u>
Total funds	<u>26,783,659</u>	<u>19,227,969</u>	<u>(14,585,625)</u>	<u>356,000</u>	<u>31,782,003</u>

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

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

17. Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Invicta Grammar School	222,678
Valley Park School	50,811
Aylesford Primary School	2,333
New primary schools	58,515
Total before fixed assets and pension reserve	<u>334,337</u>
Restricted fixed asset fund	34,008,666
Pension reserve	<u>(2,561,000)</u>
Total	<u><u>31,782,003</u></u>

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 £
Invicta Grammar School	3,983,681	531,400	531,671	1,029,899	6,076,651
Valley Park School	3,638,673	574,169	396,079	1,378,265	5,987,186
Aylesford Primary School	499,404	54,999	34,184	248,133	836,720
Central Services	208,171	205,647	38	135,467	549,323
New primary schools	-	-	-	21,486	21,486
Academy trust	<u><u>8,329,929</u></u>	<u><u>1,366,215</u></u>	<u><u>961,972</u></u>	<u><u>2,813,250</u></u>	<u><u>13,471,366</u></u>

18. Analysis of net assets between funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	34,137,148	34,137,148
Current assets	274,284	1,018,928	33,820	1,327,032
Current liabilities	-	(958,875)	(152,320)	(1,111,195)
Non current liabilities	-	-	(9,982)	(9,982)
Pension scheme liability	-	<u>(2,561,000)</u>	-	<u>(2,561,000)</u>
Total funds	<u><u>274,284</u></u>	<u><u>(2,500,947)</u></u>	<u><u>34,008,666</u></u>	<u><u>31,782,003</u></u>

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

19. Financial commitments

Operating leases

At 31 August 2014 VIAT had annual commitments under non-cancellable operating leases (for equipment and the minibuses) as follows:

	2014 £	2012 £
Expiring within one year	34,531	146,872
Expiring between two and five years inclusive	129,375	160,898
	<u>163,906</u>	<u>307,770</u>

20. Capital commitments

	2014 £	2013 £
Amounts contracted for but not provided in the financial statements	34,820	3,003,152

Capital commitments as at 31 August 2014 represent amounts contracted for in respect of the ongoing renovation of existing buildings. Expenditure on these works to the balance sheet date is shown in note 13.

21. Reconciliation of net incoming resources before transfers to net cash (outflow)/inflow from operating activities

	2014 £	2013 £
Net incoming resources	4,642,344	2,042,024
Fixed assets transferred on conversion	(1,856,000)	-
Pension liability transferred on conversion	160,000	-
Depreciation (note 13)	954,259	683,241
Capital grants from DfE and other capital income	(3,103,667)	(1,597,301)
Interest receivable (note 4)	(2,799)	(2,569)
FRS 17 pension cost less contributions payable (note 26)	65,000	20,000
FRS 17 pension finance income (note 26)	100,000	71,000
Increase in stock	(7,228)	-
Decrease/(increase) in debtors	342,275	(420,175)
(Decrease)/increase in creditors	(1,784,468)	1,952,235
Net cash (outflow)/inflow from operating activities	<u>(490,284)</u>	<u>2,748,455</u>

22. Returns on investments and servicing of finance

	2014 £	2013 £
Interest received	<u>2,799</u>	<u>2,569</u>

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

23. Capital expenditure and financial investment

	2014 £	2013 £
Purchase of tangible fixed assets	(4,278,792)	(3,047,162)
Capital grants from DfE/EFA	3,103,667	1,597,301
Net cash outflow from capital expenditure and financial investment	<u>(1,175,125)</u>	<u>(1,449,861)</u>

24. Analysis of changes in net funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash at bank and in hand	<u>2,543,779</u>	<u>(1,662,610)</u>	<u>881,169</u>

25. 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.

26. Pension and similar obligations

VIAT'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 defined benefit schemes.

The LGPS obligation relates to the employees of VIAT, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in that period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and VIAT at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2013.

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

Teachers' Pension Scheme

Introduction

The 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.

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

26. Pension and similar obligations (continued)

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 benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers Pension Scheme

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

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

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

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

(<https://www.teacherspensions.co.uk/news/employers/2014/publication-of-the-valuation-report.aspx>).

Teachers' Pension Scheme changes

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

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

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

VALLEY INVICTA ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2014

26. Pension and similar obligations (continued)

Teachers' Pension Scheme changes (continued)

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. VIAT is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, VIAT has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme, setting 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 2014 was £454,000, of which employer's contributions totalled £358,000 and employees' contributions totalled £96,000. The agreed contribution rates for future years are 26.75% 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 2014 % pa	At 31 August 2013 % pa
Rate of increase in salaries	4.5	5.1
Rate of increase for pensions in payment/inflations	2.7	2.9
Discount rate for scheme liabilities	4.0	4.7
Inflation assumption (CPI)	2.7	2.9
Commutation of pensions to lump sums	-	-

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 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.7	20.1
Females	25.1	24.1
<i>Retiring in 20 years</i>		
Males	24.9	22.1
Females	27.4	26.0

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

26. Pension and similar obligations (continued)

Principal actuarial assumptions (continued)

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

	Expected return at 31.8.2014 % pa	Fair value at 31.8.2014 £	Expected return at 31.8.2013 % pa	Fair value at 31.8.2013 £
Equities	6.7	1,909,000	6.6	1,568,000
Government bonds	3.0	34,000	3.5	-
Other bonds	3.6	330,000	4.4	261,000
Property	5.9	286,000	4.6	174,000
Target return portfolio	5.9	121,000	5.0	87,000
Other	2.9	119,000	0.5	87,000
Total market value of assets		<u>2,799,000</u>		<u>2,177,000</u>
Present value of scheme liabilities				
- Funded		<u>(5,360,000)</u>		<u>(4,769,000)</u>
Deficit in the scheme		<u><u>(2,561,000)</u></u>		<u><u>(2,592,000)</u></u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The return on bonds is assumed to be in line with redemption yields. The expected returns on equities and properties have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on the scheme assets in the year was £253,000 (2013 : £262,000).

Amounts recognised in the statement of financial activities

	31.8.2014 £	31.8.2013 £
Current service cost (net of employee contributions)	399,000	334,000
Past service cost	-	-
Total operating charge	<u>399,000</u>	<u>334,000</u>
Analysis of pension finance (income)/costs		
	31.8.2014 £	31.8.2013 £
Expected return on pension scheme assets	(144,000)	(90,000)
Interest on pension liabilities	244,000	161,000
Pension finance costs	<u>100,000</u>	<u>71,000</u>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £402,000 loss (2013: £758,000 loss).

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

26. Pension and similar obligations (continued)

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

	2014	2013
	£	£
At 1 September 2013	4,769,000	3,939,000
Transfer in from new academies	240,000	-
Current service cost	399,000	334,000
Interest cost	244,000	161,000
Employee contributions	96,000	84,000
Actuarial (gains)/losses	(391,000)	270,000
Benefits paid	(21,000)	(27,000)
Curtailments and settlements	24,000	8,000
At 31 August 2014	<u>5,360,000</u>	<u>4,769,000</u>

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

	2014	2013
	£	£
At 1 September 2013	2,177,000	1,539,000
Transfer in from new academies	80,000	-
Expected return on assets	144,000	90,000
Actuarial (losses)/gains	(35,000)	169,000
Employer contributions	358,000	322,000
Employee contributions	96,000	84,000
Benefits paid	(21,000)	(27,000)
At 31 August 2014	<u>2,799,000</u>	<u>2,177,000</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £289,000.

The history of experience adjustments is as follows:-

	2014	2013
	£	£
Present value of defined benefit obligations	(5,360,000)	(4,769,000)
Fair value of share of scheme assets	2,799,000	2,177,000
Deficit in the scheme	<u>(2,561,000)</u>	<u>(2,592,000)</u>
Experience adjustments on share of scheme assets	(35,000)	169,000
Experience adjustments on scheme liabilities	700,000	-

VALLEY INVICTA ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2014

27. Transfer from local authority

On 1 December 2013 Aylesford Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Valley Invicta Academies Trust from Kent County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet with a corresponding net amount recognised as net incoming resources in the statement of Financial Activities as voluntary income.

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

	Restricted general funds £	Restricted fixed assets funds £	Fair value at Total £
Tangible fixed assets			
Leasehold land and buildings	-	1,856,000	1,856,000
LGPS pension deficit	(160,000)	-	(160,000)
Net assets	<u>(160,000)</u>	<u>1,856,000</u>	<u>1,696,000</u>

28. Ultimate controlling party

There is no ultimate controlling party.

29. Company limited by guarantee

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

30. Related party transactions

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

VIAT received services from Pink Accountancy Ltd. Sharon Pink, a Trustee and the Chief Finance Officer, is a director and shareholder of that company. The charge for the year amounted to £110,000, (2013: £90,666).