

# Coast Academies

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2015

Registration number: 07668923

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## **Coast Academies**

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## Coast Academies

### Reference and Administrative Details

#### Members

Mrs V Dixon, Vice Chair  
Mrs C Toms (appointed 23 September 2014)  
Mr S Tucker (Resignation 16 September 2014)  
Ms L Williams (appointed 18 May 2015)  
Ms K Lawrence (appointed 23 September 2014 and Resignation 24 April 2015)

#### Directors

Mrs L J Braund (Resignation 16 September 2014)  
Mr C Corkerton (Resignation 16 September 2014)  
Mrs V Dixon, Chair Of Directors  
Mr B Harris  
Ms C Hitchcott (Resignation 16 September 2014)  
Mr K Kies, Executive Head  
Mr D Law (appointed 12 September 2014 and Resignation 18 November 2014)  
Ms K Lawrence (Resignation 16 November 2014)  
Mr C Morris  
Mrs B Saunders (Resignation 16 September 2014)  
Mr R Stratford (appointed 16 September 2014)  
Mrs C L Toms (Resignation 16 September 2014)  
Mr S M Tucker (Resignation 16 September 2014)  
Mr P O'Connor (appointed 23 June 2015)

#### Company Secretary

Mrs S A Willisroft

#### Senior Leadership Team

Ms A Clayton, Deputy Head Teacher - Eden Park  
Mr K Kies, Executive Head  
Ms D Mawbey, Deputy Head Teacher - Eden Park  
Mr I Morgan, Head of School - Eden Park  
Mr S Ord, Head of School - Preston  
Ms M Oliver, Assistant Head - Preston

#### Principal and Registered Office

Eden Park  
Brixham  
Devon  
TQ5 9NH

#### Company Registration Number

07668923

## Coast Academies

### Reference and Administrative Details (continued)

<b>Auditors</b>	Francis Clark LLP Chartered Accountants & Statutory Auditor Sigma House Oak View Close Edginswell Park Torquay Devon TQ2 7FF
<b>Bankers</b>	Lloyds TSB plc 2 Palace Avenue Paignton Devon TQ3 3ER
<b>Solicitors</b>	Kitsons Limited Liability Partnership Minerva House Orchard Way Edginswell Park Torquay Devon TQ2 7FA

## **Coast Academies**

### **Directors' Report for the Year Ended 31 August 2015**

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

#### **Structure, governance and management**

The Academy Trust comprises of two primary schools and pre-school nurseries.

#### ***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 directors of Coast Academies are also the directors of the charitable company for the purposes of company law. The charitable company is known as Coast Academies. 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 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.

#### ***Directors' indemnities***

The Academy through its Articles has indemnified its Directors to the fullest extent permissible by law.

#### ***Method of recruitment and appointment or election of Directors***

The academy trust has adopted a skills based approach to governance and directors have been approached for the skills and experience that they can bring to the board. The trust is proactive in recruiting and has approached local businesses, higher education providers and professional consultants to recruit. Membership structure rigidly follows the trust's articles of association.

#### ***Policies and procedures adopted for the induction and training of Directors***

Prior to joining all prospective directors meet with the CEO, the chair of the board and tour both schools with the respective Head of School. They are then required to attend a meeting as an observer. Key policies and documentation are shared and courses are offered in conjunction with bespoke training from our legal partners Browne and Jacobson.

#### ***Organisational structure***

The board of directors meets 4 times a year and is responsible for the overall strategic direction of the trust, holding the CEO to account for the standards and outcomes for pupils and ensuring best value. Academy Councillors carry out an evidence gathering role on behalf of the directors and spend time in each school analyzing data, meeting with leaders and making comparisons between schools. The councillors submit evidence forms to ensure that directors are fully informed.

Two directors act in the responsible officer role and are referred to as the designated accountable directors (DADs).

## Coast Academies

### Directors' Report for the Year Ended 31 August 2015 (continued)

#### Connected organisations, including related party relationships

Coast Academies runs Eden Park Primary Academy and directly sponsors Preston Primary Academy. Each school is connected with its own associated Parent Teachers Association namely Eden Park PTA and Friends of Preston Primary School (FOPPS). A note of their activities is included within the Financial Statements.

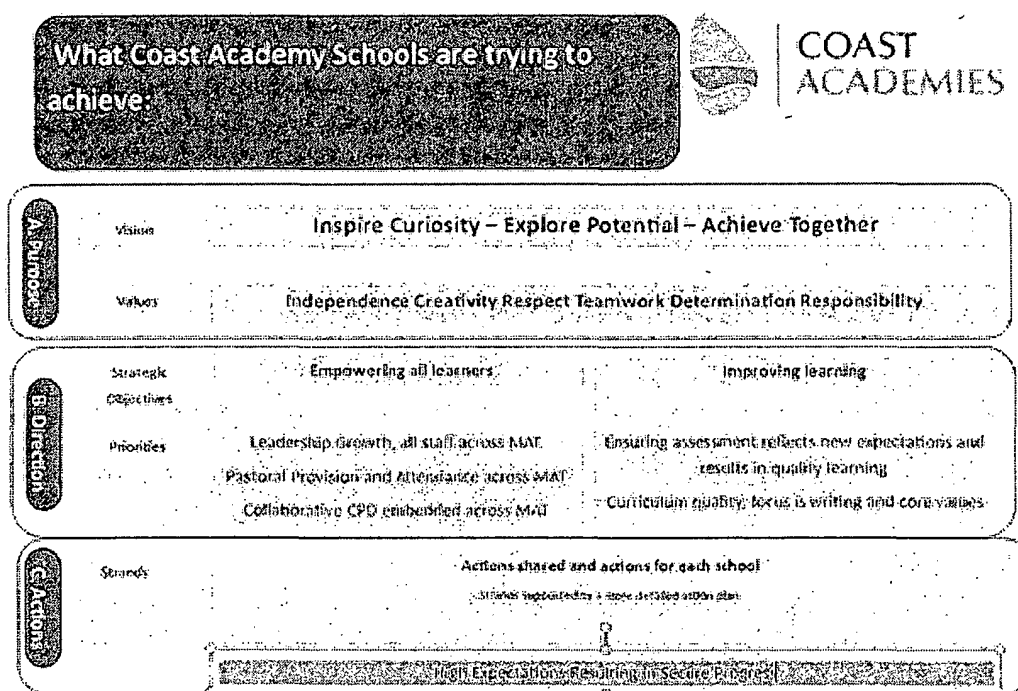
#### Objectives and activities

##### Objects and aims

The purpose of Coast Academies is to support a group of schools to "Inspire Curiosity, Explore Potential and Achieve Together". At Eden Park these aims are realized in the school's own vision which is for Eden Park to be "An exciting school with an irresistible curriculum and high expectations, committed to care, adventure and success". At Preston the vision is for the school to be "An outstanding coastal school, known for an innovative curriculum that delivers excellent outcomes for children".

##### Objectives, strategies and activities

The diagram below clearly shows the achievement objectives of the Academy:



#### Public benefit

The Academy provides educational services to all children in the local area. The Directors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

## Coast Academies

### Directors' Report for the Year Ended 31 August 2015 (continued)

#### Strategic Report

##### Achievements and performance

##### Eden Park

Performance has improved again from last year with particular success in the number of pupils achieving the higher grade of level 5. In reading and maths the percentage of more able pupils was higher than the national figure. Combined level 4 for reading writing and maths was above the national figure at 85%. Eden Park's result for the spelling and grammar test was below national however and this is being addressed.

Of particular note is the Trust's success in its sponsor role supporting Preston Primary where results have dramatically improved during the sponsor period. Please see below.

These tables show the percentage of Year 6 pupils at Eden Park Primary School achieving each level, compared to national end of Key Stage 2 teacher assessment levels and test results. The shaded sections of the tables represent 2013 national teacher assessment and test result data.

Figures may not total 100 per cent because of rounding.

Teacher assessment results									
Percentage at each level:	W	1	2	3	4	5	6	Pupils disapplied	Pupils absent
English	0	0	0	5	39	56	0	0	0
	1	1	2	9	37	39	2	0	0
Spelling and listening	0	0	0	4	50	41	0	0	0
	1	1	2	10	48	38	12	0	0
Reading	0	0	0	13	35	52	0	0	0
	1	1	2	8	40	46	3	0	0
Writing	0	0	0	7	46	44	0	0	0
	1	1	3	11	52	21	2	0	0
Maths	0	0	2	6	57	31	4	0	0
	1	0	2	9	44	30	8	0	0
Science	0	0	0	4	52	44	0	0	0
	1	0	2	9	49	38	0	0	0

Test results						
Percentage at each level:	Below level 3	3	4	5+	Pupils not entered	Pupils absent
English grammar, punctuation and spelling	4	30	19	48	0	0
	3	18	24	53	0	0
Reading	2	11	43	41	0	0
	3	6	39	50	0	0
Maths	2	7	55	33	0	0
	3	10	44	42	0	0

## Coast Academies

### Directors' Report for the Year Ended 31 August 2015 (continued)

#### Strategic Report

##### Preston

Results have risen dramatically with the school out performing national figures in most areas.

Combined level 4 for reading writing and maths was well above the national figure at 91%.

These tables show the percentage of Year 6 pupils at Preston Primary School achieving each level, compared to national end of Key Stage 2 teacher assessment levels and test results. The shaded sections of the tables represent 2013 national teacher assessment and test result data.

Figures may not total 100 per cent because of rounding.

Teacher assessment results									
Percentage at each level:									
	W	1	2	3	4	5	6	Pupils disapplied	Pupils absent
English	0	0	2	7	55	40	0	0	0
Speaking and Listening	0	0	2	12	40	47	0	0	0
Reading	0	0	2	5	35	58	0	0	0
Writing	0	0	2	7	56	35	0	0	0
Maths	0	0	0	2	44	47	7	0	0
Science	0	0	0	7	47	47	0	0	0
	1	0	2	9	49	38	0	0	0

Test results						
Percentage at each level:						
	Below level 3	3	4	5+	Pupils not entered	Pupils absent
English grammar, punctuation and spelling	5	7	23	65	0	0
Reading	3	18	24	55	0	0
Maths	3	10	44	43	0	0

##### Going concern

After making appropriate enquiries, the Board of Directors 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 performance indicators

Eden Park still has its "good" OFSTED grading and with results up again this year it is expected that this grade will be maintained. Preston still has a "requires improvement" grade from OFSTED but this is expected to be upgraded this year due to the greatly improved results.

##### Plans for future periods

The trust plans to grow further enhance the benefits of collaboration. Talks are current underway with a large successful primary academy within Torbay. Should this school join Coast Academies the savings around procurement would be greater and the trust's capacity to educationally improve would be significantly increased. With this increased capacity and resilience it is also possible the trust could consider a further sponsor role supporting another school.



## **Coast Academies**

### **Directors' Report for the Year Ended 31 August 2015 (continued)**

#### **Strategic Report**

##### **Financial review**

The Academy is considered to be in a stable financial position for the forthcoming year.

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2015 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE and 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 useful life of the assets concerned, as defined in the Academy Trust's accounting policies.

The Academy Trust also receives funding from Torbay Council for pupil premium and special educational needs and funding towards nursery children.

Incoming resources in the period totalled £6,412,000 (2014: £1,783,000) and resources expended totalled £3,459,000 (2014: £1,849,000). After the loss of £9,000 (2014: £109,000) on the pension scheme, the total net movement in funds for the period was an increase of £2,944,000 (2014: a decrease of £175,000).

The Academy adheres to the financial management policies as contained in the Finance Policy.

##### ***Reserves policy***

The Directors review the reserve levels of Coast Academies annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors take into consideration the future plans of Coast Academies, the uncertainty over future income streams and other key risks identified during the risk review.

At 31 August 2015 the Academy's unrestricted funds were £75,000 (2014: £50,000) and the main restricted fund carried forward was £278,000 (2014: £127,000). Reserves increased this year beyond the budgeted amount due in the main to additional income that was not forecast at the date when the budget for the year was set and an allowance for the repayment of a capital loan that was not required.

The Directors have made allowance for:

- Future planned expenditure that cannot be met from the annual budget,
- For the replacement of capital and infrastructure items; and
- The creation and maintenance of capacity to deal with unknown items of expenditure that cannot be expected to be funded from the annual budget.

##### ***Investment policy***

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Academy has in place an Investment Policy which allows for the potential investment of surplus cash balances but operated within strict guidelines approved by the Board of Directors.

## Coast Academies

### Directors' Report for the Year Ended 31 August 2015 (continued)

#### Strategic Report

##### *Principal risks and uncertainties*

A risk register is maintained and regular reviewed by the senior leadership team, head of finance and the directors. Current risks include:

Current levels of staffing not sustainable should funding be reduced. Some temporary staff and flexi contracts have been built in to our structure to provide a buffer for this.

New national testing arrangements and assessment make predictions for future outcomes difficult. A lower OFSTED grade for either school would be a serious concern. Quality of teaching is strong in both schools however and this mitigates the risk significantly.

##### **Funds held as Custodian Trustee on behalf of others**

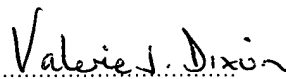
The Trust does not hold any funds on behalf of others.

##### **Auditor**

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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.

Approved by order of the Board of Trustees on 01/12/15 and signed on its behalf by:

 01/12/15  
Mrs V Dixon  
Director

## Coast Academies

### Governance Statement

#### Scope of responsibility

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

The Board of Directors has delegated the day-to-day responsibility to Mr K Kies, 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 Coast Academies and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Trustee	Meetings attended	Out of a possible
Mrs C L Toms	0	0
Mrs L J Braund	0	0
Mrs V Dixon	5	5
Mr B Harris	4	5
Mr K Kies	5	5
Ms K Lawrence	0	0
Mr C Morris	4	5
Mrs B Saunders	0	0
Mr S M Tucker	0	0
Mr C Corkerton	0	0
Ms C Hitchcott	0	0
Mr D Law	2	2
Mr P O'Connor	1	1
Mr R Stratford	4	5

#### Key Changes

Darren Law was appointed as a Director on 12.09.14. Eden Park Primary Academy joined with Preston Primary and became Coast Academies. Governance was restructured when Eden Park Primary School joined with Preston Primary to become Coast Academies. The board of Directors reduced in size to a maximum of 6 Directors. Therefore Lisa Braund, Colin Corkerton, Caroline Hitchcott, Karen Lawrence, Barbara Saunders and Carrienne Toms and Stephen Tucker stood down as Directors and resigned on 16.09.14. Richard Stratford was appointed as a Director on 16.09.14. Patrick O'Connor was appointed as a Director on 23.06.15.

## **Coast Academies**

### **Governance Statement (continued)**

#### **Review of value for money**

As accounting officer the executive head 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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Ensuring joint procurement between the two schools wherever this could save money
- Looking for opportunities to restructure staff to provide high quality support and learning outcomes whilst saving money
- Appointing a Head of Finance and Operations with accountancy qualifications and great experience of large budgets within the public sector and business
- Ensuring spending is in line with the current school improvement priorities and holding heads of school and other budget holders to account

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than 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 place in Coast Academies Trust for the period from 1 September 2014 to 31 August 2015 and up to the date of the approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Board of Directors 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 Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that have been in place for the year ending 31 August 2015 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

#### **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 Directors;
- 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;

## Coast Academies

### Governance Statement (continued)

- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided:

- to appoint Devon Audit Partnership as internal auditor

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period include:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a 6 monthly basis, the auditor reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors's financial responsibilities.

The Academy can confirm that the internal auditor has delivered their schedule of work as planned.

There were no material control or other issues reported by the internal auditor to date.

There were no material control or other issues reported by the RO to date.

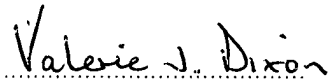
#### Review of effectiveness

As Accounting Officer, Mr K Kies 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 ; carried out by Devon Audit Partnership
- the work of the external auditor; carried out by Francis Clark Accountants
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework. This is carried out by the designated accountable directors (DADs).

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

Approved by order of the members of the Board of Directors on 1/12/15 and signed on its behalf by:



Mrs V Dixon  
Director



Mr K Kies  
Accounting Officer


## Coast Academies

### Statement on Regularity, Propriety and Compliance

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

I confirm that I and the Academy Trust Board of Directors 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 Directors and EFA.

  
.....  
Mr K Kies  
Accounting Officer

## Coast Academies

### Statement of Directors' Responsibilities

The Directors (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 Directors are required to:

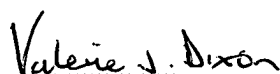
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Directors 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 Directors 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 Directors 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 Directors on 01/02/15 and signed on its behalf by:



Mrs V Dixon  
Director

## **Coast Academies**

### **Independent Auditor's Report on the Financial Statements to the Members of Coast Academies**

We have audited the financial statements of Coast Academies for the year ended 31 August 2015, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared under the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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 charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 13), the Directors (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 Directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



## Coast Academies

### Independent Auditor's Report on the Financial Statements to the Members of Coast Academies (continued)

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

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

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

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

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



Sharon Austen (Senior Statutory Auditor)  
For and on behalf of Francis Clark LLP, Statutory Auditor

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
Devon  
TQ2 7FF

Date: 4 December 2015.

## **Coast Academies**

### **Independent Reporting Accountant's Report on Regularity to Coast Academies and the Education Funding Agency**

In accordance with the terms of our engagement letter dated and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Coast Academies during the period 1 September 2014 to 31 August 2015 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 Coast Academies and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Coast Academies 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 Coast Academies and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Coast Academies accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Coast Academies funding agreement with the Secretary of State for Education dated 30 June 2011 and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 from 1 September 2014 to 31 August 2015 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 2014 to 2015 issued by the Education Funding Agency. 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.

The work undertaken to draw to our conclusion includes:

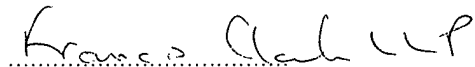
- Inspection and review of documentation providing evidence of governance procedures.
- Evaluation of the system of internal controls for authorisation and approval.
- Performing substantive tests on relevant transactions.

## Coast Academies

### Independent Reporting Accountant's Report on Regularity to Coast Academies and the Education Funding Agency (continued)

#### 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 from 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Francis Clark LLP  
Reporting Accountant

For and on behalf of Francis Clark LLP, Chartered Accountants

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
Devon  
TQ2 7FF

Date: 4 December 2015

## Coast Academies

### Statement of Financial Activities for the Year Ended 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2015 £ 000	Total 2014 £ 000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income						
Transfer on conversion	2	20	(329)	2,817	2,508	-
Other voluntary income	2	3	-	-	3	5
Activities for generating funds	3	58	28	-	86	85
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy Trust's educational operations	4	-	3,319	496	3,815	1,693
Total incoming resources		81	3,018	3,313	6,412	1,783
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		2	-	-	2	-
Fundraising trading		44	28	-	72	84
<i>Charitable activities:</i>						
Academy's educational operations		10	3,206	127	3,343	1,755
Governance costs	7	-	42	-	42	10
Total resources expended	5	56	3,276	127	3,459	1,849
Net incoming/(outgoing) resources before transfers		25	(258)	3,186	2,953	(66)
Gross transfers between funds		-	(12)	12	-	-
Net income/(expenditure) for the year		25	(270)	3,198	2,953	(66)

## Coast Academies

### Statement of Financial Activities for the Year Ended 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)

		Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2015 £ 000	Total 2014 £ 000
	Note					
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	25	-	(9)	-	(9)	(109)
Net movement in funds/(deficit)		25	(279)	3,198	2,944	(175)
<b>Reconciliation of funds</b>						
Total Funds/(deficit) brought forward at 1 September 2014		50	(331)	3,004	2,723	2,898
Total Funds/(deficit) carried forward at 31 August 2015		75	(610)	6,202	5,667	2,723

All of the Academy Trust's activities derive from continuing operations during the above two 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.

# Coast Academies

## (Registration number: 07668923) Balance Sheet as at 31 August 2015

	Note	2015 £ 000	2014 £ 000
<b>Fixed assets</b>			
Tangible assets	13	5,990	3,004
<b>Current assets</b>			
Stocks	14	8	6
Debtors	15	351	89
Cash at bank and in hand		<u>588</u>	<u>262</u>
		947	357
Creditors: Amounts falling due within one year	16	<u>(382)</u>	<u>(180)</u>
Net current assets		<u>565</u>	<u>177</u>
Total assets less current liabilities		<u>6,555</u>	<u>3,181</u>
Net assets excluding pension liability		6,555	3,181
Pension scheme liability	25	<u>(888)</u>	<u>(458)</u>
Net assets including pension liability		<u><u>5,667</u></u>	<u><u>2,723</u></u>
<b>Funds of the Academy Trust:</b>			
<b>Restricted funds</b>			
Restricted general fund		278	127
Restricted fixed asset fund		6,202	3,004
Restricted pension fund		<u>(888)</u>	<u>(458)</u>
		5,592	2,673
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>75</u>	<u>50</u>
Total funds		<u><u>5,667</u></u>	<u><u>2,723</u></u>

The financial statements on pages 18 to 45 were approved by the Directors, and authorised for issue on 01/12/15 and signed on their behalf by:

Valerie S. Dixon  
Mrs V Dixon  
Governor

## Coast Academies

### Cash Flow Statement for the Year Ended 31 August 2015

	Note	2015 £ 000	2014 £ 000
Net cash inflow from operating activities	21	3,439	170
Capital expenditure and financial investment	22	<u>(3,113)</u>	<u>(19)</u>
Increase in cash in the year	23	<u>326</u>	<u>151</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		326	151
Net funds at 1 September 2014		<u>262</u>	<u>111</u>
Net funds at 31 August 2015		<u>588</u>	<u>262</u>

All of the cash flows are derived from continuing operations during the above two periods.

## **Coast Academies**

### **Notes to the Financial Statements for the Year Ended 31 August 2015**

#### **1 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 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

##### **Going concern**

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

##### **Incoming resources**

All incoming resources are recognised when the Academy Trust 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 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.

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

##### **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

##### **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.



## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 1 Accounting policies (continued)

##### ***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.

##### ***Donated services and gifts in kind***

The value of donated services and gifts in kind provided to the Academy Trust 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 is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Upon Preston Primary School becoming part of the multi academy trust The Council of the Borough of Torbay granted the land and buildings on a 125 year lease. No rent is payable to the council. The basis of valuation was fair value, as defined by the International Financial Reporting Standards (IFRS).

##### ***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.

All resources expended are inclusive of irrecoverable VAT.

##### ***Cost of generating funds***

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

##### ***Charitable activities***

These are costs incurred on the Academy Trust's educational operations.

##### ***Governance costs***

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

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 1 Accounting policies (continued)

##### 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 Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives on a straight line basis, per the table below.

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

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

<b>Asset class</b>	<b>Depreciation method and rate</b>
Buildings	50 years
Second Hand Motor Vehicles	2 years
Fixture & Fittings	4 years
Office Equipment	4 years
Computers	3 years

##### Leased assets

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

##### Stock

Stationery and books are valued at the lower of cost or net realisable value.

##### 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.

## **Coast Academies**

### **Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

#### **1 Accounting policies (continued)**

##### **Pension 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the 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 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.

##### **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 Directors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other 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/Department for Education.

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 2 Voluntary income

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Transfer on conversion	20	(329)	2,817	2,508	-
<b>Other voluntary income</b>					
Other donations	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>5</u>
Total voluntary income	<u>23</u>	<u>(329)</u>	<u>2,817</u>	<u>2,511</u>	<u>5</u>

#### 3 Activities for generating funds

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Hire of facilities	5	-	5	-
Nursery income	39	-	39	23
School shop sales	1	-	1	-
Recharges and reimbursements	-	28	28	53
Other income	<u>13</u>	<u>-</u>	<u>13</u>	<u>9</u>
	<u>58</u>	<u>28</u>	<u>86</u>	<u>85</u>

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 4 Funding for Trust's educational operations

	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2015 £ 000	Total 2014 £ 000
<b>DfE/EFA capital grants</b>				
Devolved Formula Capital	-	26	26	8
Capital Improvement Fund	-	470	470	-
	-	496	496	8
<b>DfE/EFA revenue grants</b>				
General Annual Grant	2,608	-	2,608	1,391
Start Up Grant	25	-	25	-
Pupil Premium	270	-	270	150
PE Grant	19	-	19	9
MAT Improvement Grant	45	-	45	-
MAT SCF	75	-	75	-
	3,042	-	3,042	1,550
<b>Other government grants</b>				
LA - SEN Funding	67	-	67	6
LA - Nursery Funding	186	-	186	97
Two Year Old Development Funding	-	-	-	10
LA - Nusery Capital	-	-	-	10
	253	-	253	123
<b>Non-government grants and other income</b>				
Education trips and visits	24	-	24	12
<b>Total grants</b>	3,319	496	3,815	1,693

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 5 Resources expended

	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 2015 £ 000	Total 2014 £ 000
Costs of generating voluntary income	-	-	2	2	-
Costs of activities for generating funds	62	6	4	72	84
<b>Academy's educational operations</b>					
Direct costs	2,162	127	206	2,495	1,321
Allocated support costs	<u>367</u>	<u>351</u>	<u>130</u>	<u>848</u>	<u>434</u>
	2,529	478	336	3,343	1,755
Governance costs including allocated support costs	<u>4</u>	<u>-</u>	<u>38</u>	<u>42</u>	<u>10</u>
	<u>2,595</u>	<u>484</u>	<u>380</u>	<u>3,459</u>	<u>1,849</u>

#### Net incoming/outgoing resources for the year include:

	2015 £ 000	2014 £ 000
Operating leases - other leases	12	13
Fees payable to auditor - audit	8	5
- other audit services	<u>2</u>	<u>2</u>

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 6 Charitable activities

	Total 2015 £ 000	Total 2014 £ 000
<b>Direct costs - educational operations</b>		
Teaching and educational support staff costs	2,162	1,139
Depreciation	127	85
Technology costs	6	-
Educational supplies	98	60
Staff development	32	7
Educational consultancy	28	19
Other direct costs	42	11
	<u>2,495</u>	<u>1,321</u>
<b>Support costs - educational operations</b>		
Support staff costs	288	141
FRS 17 service cost adjustment	79	34
Recruitment and support	2	2
Maintenance of premises and equipment	168	97
Cleaning	68	27
Rent and rates	44	12
Energy costs	36	22
Insurance	35	18
Security and transport	9	10
Catering	76	50
Expected return on scheme assets	(51)	(32)
Interest on defined benefit pension scheme	64	40
Other support costs	30	13
	<u>848</u>	<u>434</u>
<b>Total direct and support costs</b>	<u><u>3,343</u></u>	<u><u>1,755</u></u>

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 7 Governance costs

	Total 2015 £ 000	Total 2014 £ 000
Legal and professional fees	22	1
<b>Auditors' remuneration</b>		
Audit of financial statements	8	5
Other accountancy services	2	2
Responsible officer audit	3	1
Support costs	7	1
	<u>42</u>	<u>10</u>

#### 8 Staff

##### Staff costs

	2015 £ 000	2014 £ 000
<b>Staff costs during the year were:</b>		
Wages and salaries	2,054	1,132
Social security costs	120	66
Pension costs	347	189
Supply teacher costs	29	12
Staff restructuring costs	45	-
	<u>2,595</u>	<u>1,399</u>

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £2,500 (2014: £Nil). Individually, the payments were:

Non-contractual payments £2,500



## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 8 Staff (continued)

##### Staff numbers

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

	2015 No	2014 No
<b>Charitable Activities</b>		
Teachers	72	44
Administration and support	8	4
Management	1	1
	<u>81</u>	<u>49</u>

##### Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2015 No	2014 No
£70,001 - £80,000	-	1
£80,001 - £90,000	<u>1</u>	<u>-</u>

1 (2014 - 1) of the above employees participated in the Teachers' Pension Scheme.

#### 9 Central services

No central services were provided by the Academy Trust to its academies during the period and no central charges arose.

#### 10 Related party transactions - Trustees' remuneration and expenses

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

Mrs A Clayton (Assistant Headteacher):

Remuneration: £Nil (2014 - £5,000 - £10,000)

Employer's pension contributions: £Nil (2014 - £0 - £5,000)

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 10 Related party transactions - Trustees' remuneration and expenses (continued)

Miss J Stead (Teacher):

Remuneration: £Nil (2014 - £10,000 - £15,000)

Employer's pension contributions: £Nil (2014 - £0 - £5,000)

Mr K Kies (Head Teacher):

Remuneration: £100,000 - £105,000 (2014 - £80,000 - £85,000)

Employer's pension contributions: £10,000 - £15,000 (2014 - £10,000 - £15,000)

Mrs L J Braund (Staff Support Governor):

Remuneration: £Nil (2014 - £10,000 - £15,000)

Employer's pension contributions: £Nil (2014 - £0 - £5,000)

Ms M Harper (Teacher):

Remuneration: £Nil (2014 - £10,000 - £15,000)

Employer's pension contributions: £Nil (2014 - £0 - £5,000)

Mr C Morris (Teacher):

Remuneration: £30,000 - £35,000 (2014 - £15,000 - £20,000)

Employer's pension contributions: £0 - £5,000 (2014 - £0 - £5,000)

During the year ended 31 August 2015, travel and subsistence expenses totalling £Nil (2014 - £Nil) were reimbursed or paid directly to 0 Directors (2014 - 0).

Other related party transactions involving the Directors are set out in note 26.

#### 11 Trustees' and officers' insurance

In accordance with normal commercial practice the Eden Park purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 30 June 2015 was £1,023 (2014 - £963).

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

From 1st October 2014 Preston Primary School and Eden Park Primary School 1st July 2015 opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 12 Connected charities

PTA's of Coast Academies are a connected charity and they relate to the Academy Trust as follows:  
The PTA's are established for the general purpose of raising funds for Coast Academies.

- The aggregate amount of the entity's assets are £22,505
- The aggregate amount of the entity's liabilities are £Nil
- The aggregate amount of the entity's funds are £22,505
- The total turnover of the entity's is £27,961
- The total expenditure of the entity's is £17,595
- Profit for the year is £10,366

#### 13 Tangible fixed assets

	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Asset under construction £ 000	Total £ 000
<b>Cost</b>						
At 1 September 2014	3,117	57	3	80	-	3,257
Additions	55	-	-	21	220	296
Inherited assets	<u>2,807</u>	<u>4</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>2,817</u>
At 31 August 2015	<u>5,979</u>	<u>61</u>	<u>3</u>	<u>107</u>	<u>220</u>	<u>6,370</u>
<b>Depreciation</b>						
At 1 September 2014	151	31	3	68	-	253
Charge for the year	<u>94</u>	<u>14</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>127</u>
At 31 August 2015	<u>245</u>	<u>45</u>	<u>3</u>	<u>87</u>	<u>-</u>	<u>380</u>
<b>Net book value</b>						
At 31 August 2015	<u>5,734</u>	<u>16</u>	<u>-</u>	<u>20</u>	<u>220</u>	<u>5,990</u>
At 31 August 2014	<u>2,966</u>	<u>26</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>3,004</u>

#### 14 Stock

	2015 £ 000	2014 £ 000
Books and stationery	<u>8</u>	<u>6</u>

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 15 Debtors

	2015 £ 000	2014 £ 000
Prepayments	28	35
Accrued grant and other income	275	29
VAT recoverable	48	25
	<u>351</u>	<u>89</u>

#### 16 Creditors: amounts falling due within one year

	2015 £ 000	2014 £ 000
Trade creditors	62	17
Other taxation and social security	37	20
Pension scheme creditor	37	20
Accruals and deferred income	246	123
	<u>382</u>	<u>180</u>

#### Deferred income

	2015 £ 000
Deferred income at 1 September 2014	(97)
Resources deferred in the period	39
Amounts released from previous periods	<u>97</u>
Deferred income at 31 August 2015	<u>39</u>

At the balance sheet date the Academy Trust was holding grants received in advance for universal infant free school meals and funds for educational trips, received in advance for the 2015/2016 academic year.

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 17 Funds

	Balance at 1 September 2014 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2015 £ 000
<b>Restricted general funds</b>					
General Annual Grant	60	2,608	(2,383)	(20)	265
SEN	-	67	(67)	-	-
Nursery fees	26	186	(212)	-	-
Pupil Premium	33	270	(303)	-	-
Restricted reimbursements fund	-	28	(28)	-	-
Two Year Old Development Funding	8	-	-	-	8
PE Grant	-	19	(19)	-	-
MAT Improvements Grant	-	45	(42)	-	3
MAT SCF	-	75	(73)	-	2
Start Up Grant	-	25	(33)	8	-
Educational Trips	-	24	(24)	-	-
	<u>127</u>	<u>3,347</u>	<u>(3,184)</u>	<u>(12)</u>	<u>278</u>
<b>Restricted fixed asset funds</b>					
Other LA capital	2,887	2,817	(94)	-	5,610
Capital expenditure from GAG	103	-	(27)	12	88
Capital expenditure from EFA	4	496	(6)	-	494
Capital LA Nursery	10	-	-	-	10
	<u>3,004</u>	<u>3,313</u>	<u>(127)</u>	<u>12</u>	<u>6,202</u>
<b>Restricted pension funds</b>					
Defined benefit pension liability	<u>(458)</u>	<u>(329)</u>	<u>(92)</u>	<u>(9)</u>	<u>(888)</u>
Total restricted funds	2,673	6,331	(3,403)	(9)	5,592
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>50</u>	<u>81</u>	<u>(56)</u>	<u>-</u>	<u>75</u>
Total funds	<u>2,723</u>	<u>6,412</u>	<u>(3,459)</u>	<u>(9)</u>	<u>5,667</u>

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 17 Funds (continued)

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015

#### Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £ 000
Eden Park Primary School	246
Preston Primary	107
	<hr/>
Total before fixed assets and pension reserve	353
Other LA capital	6,202
Defined benefit pension liability	(888)
	<hr/>
Total	5,667

#### Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total £ 000
Eden Park Primary School	1,310	185	64	458	2,017
Preston Primary	880	103	34	298	1,315
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Academy Trust	2,190	288	98	756	3,332

#### 18 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	5,990	5,990
Current assets	75	660	212	947
Current liabilities	-	(382)	-	(382)
Pension scheme liability	-	(888)	-	(888)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	75	(610)	6,202	5,667

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 19 Capital commitments

	2015 £ 000	2014 £ 000
Contracted for, but not provided in the financial statements	<u>263</u>	<u>-</u>

#### Other commitments

Just prior to the year end the company became eligible for a Capital Improvement Funding grant with a total value of £425,199. Of these funds £50,000 is a loan repayable to the EFA. This is assumed to be included within the final instalments of the grant and will be recognised in the next financial year.

#### 20 Financial commitments

##### Operating leases

At 31 August 2015 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

##### Operating leases which expire:

	2015 £ 000	2014 £ 000
<b>Other</b>		
Within one year	7	1
Within two to five years	<u>5</u>	<u>8</u>
	<u>12</u>	<u>9</u>

#### 21 Reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities

	2015 £ 000	2014 £ 000
Net income/(expenditure)	2,953	(66)
Depreciation	127	85
Pension deficit on conversion	329	-
FRS 17 expected return on scheme assets	(51)	(32)
FRS 17 interest on defined benefit pension scheme	64	40
FRS17 service cost adjustment	79	34
Increase in stocks	(2)	-
Increase in debtors	(262)	(3)
Increase in creditors	<u>202</u>	<u>112</u>
Net cash inflow from operating activities	<u>3,439</u>	<u>170</u>

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 22 Capital expenditure and financial investment

	2015 £ 000	2014 £ 000
Purchase of tangible fixed assets	(296)	(19)
Donated capital	(2,817)	-
Net cash outflow from capital expenditure and financial investment	<u>(3,113)</u>	<u>(19)</u>

#### 23 Analysis of changes in net funds

	At 1 September 2014 £ 000	Cash flows £ 000	At 31 August 2015 £ 000
Cash at bank and in hand	<u>262</u>	<u>326</u>	<u>588</u>

#### 24 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 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.

#### 25 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 Devon County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. 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 £(37,000) (2014 - £(20,000)) were payable to the schemes at 31 August 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.



## **Coast Academies**

### **Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

#### **25 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 pension benefits are paid by public funds provided by Parliament.

#### **Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. 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
- 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 will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £167,132 (2014: £95,300).

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

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 25 Pension and similar obligations (continued)

##### 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 2015 was £150,000 (2014 - £79,000), of which employer's contributions totalled £110,000 (2014 - £59,000) and employees' contributions totalled £40,000 (2014 - £20,000). The agreed contribution rates for future years are 14.7% for employers, with additional monthly contributions, and 5.5%-12.5% for employees.

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 2015 %	At 31 August 2014 %
Rate of increase in salaries	4.40	4.40
Rate of increase for pensions in payment/inflation	2.60	2.60
Discount rate for scheme liabilities	4.00	3.90
Inflation assumptions (CPI)	2.60	2.60
RPI increases	<u>3.50</u>	<u>3.40</u>

##### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
<b>Adjustment to discount rate</b>			
Present value of total obligation	1,812	1,851	1,891
Projected service cost	<u>215</u>	<u>220</u>	<u>225</u>
<b>Adjustment to pension increases and deferred revaluation</b>	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Present value of total obligation	1,883	1,851	1,820
Projected service cost	<u>225</u>	<u>220</u>	<u>215</u>
<b>Adjustment to rate of salary growth</b>	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Present value of total obligation	1,860	1,851	1,842
Projected service cost	<u>220</u>	<u>220</u>	<u>220</u>
<b>Adjustment to mortality age rating assumption</b>	+ 1 Year £ 000	None £ 000	- 1 Year £ 000
Present value of total obligation	1,898	1,851	1,805
Projected service cost	<u>226</u>	<u>220</u>	<u>215</u>

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 25 Pension and similar obligations (continued)

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

	At 31 August 2015	At 31 August 2014
<b>Retiring today</b>		
Males retiring today	22.80	22.70
Females retiring today	26.10	26.00
<b>Retiring in 20 years</b>		
Males retiring in 20 years	25.10	24.90
Females retiring in 20 years	<u>28.40</u>	<u>28.30</u>

The Trust's share of the assets and liabilities in the scheme were:

	At 31 August 2015 £ 000	At 31 August 2014 £ 000
Equities	551	316
Gilts	48	29
Alternative assets	18	10
Infrastructure	29	15
Other bonds	48	22
Property	103	51
Cash	22	11
Target return portfolio	<u>144</u>	<u>77</u>
Total market value of assets	963	531
Present value of scheme liabilities - funded	<u>(1,851)</u>	<u>(989)</u>
Deficit in the scheme	<u>(888)</u>	<u>(458)</u>

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 25 Pension and similar obligations (continued)

The expected rates of return were:

	At 31 August 2015 %	At 31 August 2014 %
Equities	6.00	6.70
Gilts	6.00	3.00
Alternative assets	6.00	5.90
Infrastructure	6.00	3.60
Other bonds	6.00	3.60
Property	6.00	5.90
Cash	6.00	2.90
Target return portfolio	<u>6.00</u>	<u>5.90</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £Nil (2014 - £51,000).

The expected rates of return for 2015 are set equal to the discount rate (As per the forthcoming FRS102 disclosure requirements)

#### Amounts recognised in the statement of financial activities

	2015 £ 000	2014 £ 000
Current service cost	<u>203</u>	<u>93</u>
Total operating charge	<u>203</u>	<u>93</u>

#### Analysis of pension finance income/(costs)

	2015 £ 000	2014 £ 000
Expected return on pension scheme assets	(51)	(32)
Interest on pension liabilities	<u>64</u>	<u>40</u>
Pension finance income	<u>13</u>	<u>8</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 (£209,000) (2014 - (£200,000)).

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 25 Pension and similar obligations (continued)

##### Movements in the present value of defined benefit obligation

	2015 £ 000	2014 £ 000
At 1 September	989	797
Current service cost	203	93
Interest cost	64	40
Employee contributions	40	20
Actuarial (gains)/losses	(42)	40
Benefits paid	(1)	(1)
Liabilities assumed in a business combination	636	-
Liabilities assumed / (extinguished) on settlements	(38)	-
At 31 August	<u>1,851</u>	<u>989</u>

##### Movements in the fair value of Trust's share of scheme assets

	2015 £ 000	2014 £ 000
At 1 September	531	490
Expected return on assets	51	32
Actuarial losses	(51)	(69)
Employer contributions	110	59
Employee contributions	40	20
Benefits paid	(1)	(1)
Assets assumed in a business combination	307	-
Settlement prices received / (paid)	(24)	-
At 31 August	<u>963</u>	<u>531</u>

The estimated value of employer contributions for next period is £121,000 (2014 - £54,000).

##### History of experience adjustments

	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(1,851)	(989)	(797)	(655)
Fair value of share of scheme assets	963	531	490	376
Deficit in the scheme	<u>(888)</u>	<u>(458)</u>	<u>(307)</u>	<u>(279)</u>

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 25 Pension and similar obligations (continued)

	2015 £ 000	2014 £ 000	2013 £ 000	2012 £ 000
Experience adjustments arising on scheme assets	(51)	(69)	34	6
Experience adjustments arising on scheme liabilities	-	2	-	-

Comparative figures have not been restated as permitted by FRS 17.

#### 26 Related party transactions

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

During the year the Academy Trust made the following related party transactions:

##### **Kenneth & Edwards**

(Patrick O'Connor is a director and 50% shareholder of Kenneth & Edwards.)

Before Patrick O'Connor became a Director at Coast Academy Kenneth & Edwards provided the project management work for the Kitchen refurbishment at Preston Primary and the roof works at Eden Park totalling £22,583. Since he became a Director Kenneth & Edwards have been contracted to complete some survey works with a total value of £948. At the balance sheet date the amount due to Kenneth & Edwards was £4,764 (2014 - £Nil).

#### 27 Conversion to an Academy Trust

On 1 October 2014 the Preston Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Coast Academies from the Torbay Local Authority 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 under the appropriate headings 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 and an analysis of their recognition in the SOFA.

## Coast Academies

### Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

#### 27 Conversion to an Academy Trust (continued)

	Unrestricted fund £ 000	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets				
Leasehold land and buildings	-	-	2,807	2,807
Other tangible fixed assets	-	-	10	10
Budget surplus on LA funds	20	-	-	20
LGPS pension deficit	-	(329)	-	(329)
Net assets/(liabilities)	<u>20</u>	<u>(329)</u>	<u>2,817</u>	<u>2,508</u>

The above net assets include £20,000 that were transferred as cash.