

**Vale Academy Trust
formerly King Alfred's School, Wantage
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31st August 2014



**Company Registration Number:
07674473 (England and Wales)**

Vale Academy Trust (formerly King Alfred's School, Wantage)

Contents

Item	Page
Reference and Administrative Details	1
Trustees' Report	4
Governance Statement	13
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditor's Report on the Financial Statements	19
Independent Reporting Accountant's Report on Regularity	21
Statement of Financial Activities incorporating Income & Expenditure Account	23
Balance Sheet	24
Cash Flow Statement	25
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	26
Other Notes to the Financial Statements	30

Vale Academy Trust (formerly King Alfred's School, Wantage)

Reference and Administrative Details

Reference and Administrative Details

Current Members, Trustees and Directors (with effect from 1st October 2013)

Members

Mark Craig (resigned 4th June 2014)
Sara Ward (appointed 5th June 2014)
James Goodman
Christopher Munday
The Diocese of Oxford

Directors and trustees

Mark Craig (Chair - resigned 4th June 2014)
Jennifer de la Coze
Matthew Donaldson
Christopher Ferguson
James Goodman
Philip Harrison
Gina Hocking
Karen Leigh
Christopher Munday (resigned 1st October 2014)
Jeffrey Penfold (appointed 1st November 2014)
Richard Peters
John Price (resigned 27th August 2014)
Stephen Quinton
Fiona Rose (resigned 1st October 2014)
Robin Sharples
Simon Spiers (Executive Headteacher and Accounting Officer)
Sara Ward (Chair from 8th July 2014)

The following served as members, directors, governors and trustees for the period to 30th September 2013

Members

Mark Craig (resigned 4th June 2014)
Sara Ward (appointed 5th June 2014)
James Goodman
Christopher Munday

Vale Academy Trust (formerly King Alfred's School, Wantage)

Reference and Administrative Details (continued)

Appointed Governors

Mark Craig (Chair)
Jean Creagh
Christopher Ferguson
Glyn Oliver
Herb Newark
John Price (Joint Vice Chair)
Sarah Rusby
Andrew St George
Stephen Quinton

Staff Governors

Jennie Baxter
David Johnson
Anthony Norris
Simon Spiers (Executive Headteacher and Accounting Officer)

Parent Governors

Christine Butler
Charles Clayton
Richard Fisher
Angela Glover
Philip Harrison
Iona Tonnet
Maria Wysocki-Jones

Local Authority

Governor

Gina Hocking (Joint Vice Chair)

Clerk to the Governors and Company Secretary

Victoria Roberts

Trust Central Leadership Team

Simon Spiers	Executive Headteacher
Joanna Halliday	Headteacher King Alfred's
Jenny de la Coze	Headteacher Charlton
Fiona Rose	Acting Headteacher Wantage CE (to 31 st August 2014)
Clare Morgan	Headteacher Wantage CE (from 1 st September 2014)
Peter Thompson	Finance Director
Allison Ascroft	Operations Director

Vale Academy Trust (formerly King Alfred's School, Wantage)
Reference and Administrative Details (continued)

Principal and Registered Office

Portway
Wantage
Oxfordshire
OX12 9BY

Company Registration Number

07674473 (England and Wales)

Independent Auditor

Critchleys LLP
Greyfriars Court
Paradise Square
Oxford
OX1 1BE

Bankers

Lloyds Bank
National Westminster Bank

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

Vale Academy Trust (formerly King Alfred's School, Wantage) Trustees' Report

The trustees present their annual report, together with the financial statements and auditor's report of Vale Academy Trust, (formerly King Alfred's School, Wantage), an Academy Trust charitable company, for the year ended 31st August 2014. The annual report serves the purpose of both a trustees' report under charity law, and a directors' report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Vale Academy Trust is a Multi-Academy Trust, which was established on 1st October 2013, when King Alfred's School, a single school academy converter since 1st August 2011, joined with two of its partner Primary schools, Charlton Primary School, and Wantage CE Primary School to create one of the first Trusts to include both secular and church schools working together as part of the same entity.

King Alfred's was founded in 1597 and was latterly a local authority maintained 11 to 18 non-selective secondary school under the control of Oxfordshire County Council until 31st July 2011, with Specialist Sports College status, Training School status, and Foundation School status. King Alfred's occupies three sites across Wantage: East Site, which houses Years 7 and 8; West Site for Years 9 and 10; and Centre Site for Years 11 to 13.

There are currently 1,862 students on roll at King Alfred's, including 344 in the Sixth Form. King Alfred's attracts students from Wantage, Grove, the surrounding villages and from further afield in Oxfordshire and neighbouring counties. There are currently 343 pupils on roll at Charlton Primary School, and 435 at Wantage CE Primary School.

On 1st October 2014 a fourth partner school, St Nicholas CE Primary School, Challow, joined the Trust, and a fifth partner school, Millbrook Primary School joined on 1st December 2014. St Nicholas currently has 77 pupils, and Millbrook 433, so that the total number across the Trust is 3,150.

The Academy Trust is a company limited by guarantee with no share capital and is also an exempt charity. There are two principal governing documents: the Memorandum and Articles of Association; and the Funding Agreement with the Secretary of State for Education. The main board Governors act as the trustees for the charitable activities of the entity, and are directors of the charitable company for the purposes of company law. The charitable company's registered name when incorporated was King Alfred's School, Wantage and was known as King Alfred's. On 18th July 2013 the company's name was changed to Vale Academy Trust in anticipation of the creation of the Multi Academy Trust.

Details of the governors who served during the period up to the creation of the Multi Academy Trust are included in the Reference and Administrative Details. Details of the new structure that was put in place on 1st October 2013 are also shown. Prior to 1st October 2013 the governance structure was flat, with members, trustees, directors, and governors comprising the same individuals. On 1st October 2013, the structure was amended to recognise the inclusion of each of the three founding schools and The Diocese of Oxford. There are four members, drawn from the three founding schools and the Diocese, and sixteen trustees/directors drawn from stakeholder groups, comprising: the three Chairs of Governors of the Founding Schools; nine trustees/directors appointed by the Members; and four appointed by the Diocese of Oxford.

Vale Academy Trust (formerly King Alfred's School, Wantage)

Trustees' Report (continued)

Each member school has a Local Governing Body, to which the Board of Trustees/Directors delegates powers. A Local Governing Body comprises thirteen people for the Secondary School, and nine for each Primary. In addition, the Trust has established Committees with responsibility across all member schools, namely Teaching & Learning, Pastoral, Discipline, Finance and Operations, and Audit.

Members' Liability

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

Trustees' Indemnities

No qualifying third party indemnities have been given which would require disclosure under the Companies Act 2006 s236.

Method of Recruitment and Appointment or Election of Trustees

For the period to 30th September 2013

The Members of the Trust were responsible for the appointment of trustees/directors except for parent governors and staff governors who were appointed through an election process directed by the governing body. In the event that these positions were not filled, the members of the Trust were able to appoint to these positions.

On 1st August 2011 the members appointed all those Governors that served the predecessor school to be Governors of the newly-formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

For the period to 30th September 2013 the Academy's Governing Body comprised: the Executive Headteacher on an ex officio basis; a minimum of four Parent Governors; up to three Staff Governors (providing that the total number of Governors, including the Headteacher, who were employees of the Academy Trust, did not exceed one third of the total number of Governors); one local authority nominated Governor; and up to twelve other appointed Governors. In addition, the members could co-opt an additional three governors.

For the period from 1st October 2013

With effect from 1st October 2013, on which date the constitution was changed from a Single Academy Trust to a Multi Academy Trust, there are four members and sixteen trustees/directors. The members comprise the Chairs of the three founder school governing bodies, and the Diocese of Oxford. The Board of Trustees/Directors comprises: the three Chairs of Governors of the Founding Schools; nine appointed by the Members; and four appointed by the Diocese of Oxford. The nine appointed by the Members comprise: one Secondary Academy Headteacher, one Primary Academy Headteacher, two parents of current Academy students, three nominated by the Secondary Academy Local Governing Body, and two nominated by the Primary Academy Local Governing Bodies.

Vale Academy Trust (formerly King Alfred's School, Wantage) Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust procures Governor Support services provided by Oxfordshire County Council, and from elsewhere. Additional training is provided as required based on individual or collective need. External advice and support is commissioned as appropriate. In addition, self and peer evaluation is undertaken in order to ensure maximum effectiveness.

Organisational Structure

The Trustees/Directors are responsible for: the strategic direction of the academy trust; approving policies; adopting the Improvement and Development Plan and Budget; monitoring performance against these plans; and making major decisions about the direction of the Trust, including its curriculum, the achievement and welfare of students and staff, its staffing and its estate.

The Executive Headteacher of the Trust, who is an ex-officio trustee/director and the nominated Accounting Officer, supported by the individual school Headteachers and Leadership Teams, has operational and leadership responsibility for the Trust at an executive level, and implements the strategies and policies set by the trustees and is accountable to them. As designated Accounting Officer the Executive Headteacher is accountable ultimately to Parliament for propriety, regularity and value for money.

The Trust is a converter academy and therefore does not have or require a Sponsor. The trustees and staff are privileged to enjoy the support of many stakeholders and members of the community, who provide their time, effort and expertise on a voluntary basis, across many activities and areas which are for the great benefit of the Trust.

Connected Organisations, including Related Party Relationships

The academy has strong collaborative links with many other schools and organisations, in particular its partner primary schools which form the WASPS (Wantage Area Secondary and Primary Schools) Partnership. The academy is also a founder member of the Oxfordshire Teaching Schools Alliance (OTSA), along with Frank Wise School, and The Cherwell School, which provides training and continuing professional development opportunities in collaboration with Oxfordshire County Council.

There are no related parties which either control or significantly influence the decisions and operations of the academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the academy trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools, offering a broad and balanced curriculum for students of different abilities, and recognising the faith nature of its member Church schools, and the secular nature of its other schools.

Vale Academy Trust (formerly King Alfred's School, Wantage)

Trustees' Report (continued)

The particular aims of the Trust during the year under review were:

- to continue to raise the standard of educational attainment and achievement of all students.
- to continue to provide a broad and balanced curriculum, including extra curricular and enrichment activities.
- to develop students as effective and independent learners.
- to develop the academy sites to support students to achieve their full potential.
- to ensure that every student enjoys the same high quality of education in terms of resourcing, teaching and care.
- to continue to improve the effectiveness of the academy by continual review of the curriculum and organisational structure.
- to achieve value for money for the funds expended.
- to fulfil the role of a Teaching School
- to comply with all appropriate statutory and curriculum requirements.
- to maintain close links with the community, industry and commerce.
- to develop the academy's capacity to manage change, and
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

The academy aims to get the best for, and from, each student. The academy intends to enable each student to realise his or her full academic, creative and physical potential and to develop positive social and moral values.

Objectives, Strategies and Activities

Key activities and targets are identified in the Improvement and Development Plan and are informed by the significant challenges and opportunities arising from national developments in education policy and funding, including the expansion of the Academy programme. The targets comprise:

- Raising achievement
- Improving Teaching and Learning through the use of Digital Technology
- Developing the physical Learning Environment

Each of these strands is supported by detailed activity targets, plans, and success criteria.

Public Benefit

The Trustees confirm that they have complied with their duty under Section 17(5) of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

As a non-selective state-funded group of schools, Vale Academy Trust's work is to the public benefit. The academy offers a broad and balanced curriculum and a wealth of extra-curricular and enrichment activities to all its students of all abilities and from varied socio-economic backgrounds. The academy also has regard to Charity Commission guidance on public benefit beyond the core provision of education to its students, and endeavours to be at the heart of its community and fosters many collaborative links with community and other stakeholder groups.

Vale Academy Trust (formerly King Alfred's School, Wantage)

Trustees' Report (continued)

STRATEGIC REPORT

Achievements and Performance

King Alfred's was rated by Ofsted in 2011 in the highest grade of Outstanding in all categories. Since the Ofsted inspection and conversion to Academy status on 1st August 2011, attainment has continued to significantly surpass national averages: 73% of King Alfred's students achieved the "gold standard" of 5 GCSE A*-C including English and Maths in Summer 2014, the third year running that results have exceeded 70%. 95% achieved 5 or more grades at A* to C and 25 individual students attained 7 or more A* or A grades at GCSE.

At A Level the pass rate in Summer 2014 was 100%, and the proportion of grades at the highest A*/B grades was 57% with 26% being A* or A. The vast majority of Sixth Form students applying for places at university were accepted at their first choice university with only a few going through the clearing system. Four students succeeded in taking up their places to read Medicine, and another two students have accepted places at The University of Cambridge. In total seventeen students met or exceeded their offers from elite Russell Group universities.

The exam results of King Alfred's students in 2014 again placed the academy amongst the highest performing state-funded schools in Oxfordshire. These exam results also surpassed those of some fee-paying, selective private schools in the County.

Both Wantage CE Primary School and Charlton Primary School were rated as Good at their last Ofsted inspections in 2009. Working as part of a Multi Academy Trust has enabled the acceleration of school improvement in both Primaries to be made at a rate that would not have been possible as stand-alone schools. Self-evaluation reviews moderated externally indicate that both schools are working towards maintaining the "Good" Ofsted grade across all principal areas. The Trust aspires and has a realistic expectation that all its schools will reach and maintain the "Outstanding" grade.

The Trust's success is further evidenced by increased student intakes, well-being and outcomes; staff recruitment and retention; and sound finances.

Key Performance Indicators

The performance of the Trust is monitored over a range of indicators, including: student recruitment, welfare, attendance, and outcomes; the quality of teaching and learning; the curriculum delivered; staff recruitment and retention; and financial performance, including the achievement of Best Value, and continuing solvency.

Site developments

Since conversion the Trust has begun a major refurbishment programme across all three King Alfred's sites after many years of under-investment whilst a local authority-maintained school. This work has been greatly assisted by the award of grants totalling to date £4,709k from the Education Funding Agency under the Academies Capital Maintenance Fund. These grants, together with the use of academy capital reserves, have enabled significant improvements to be made to the fabric of all three sites and have brought much-needed improvements to the learning and working environments. Further grants are being sought in order to continue the improvement programme across the three sites, which forms part of a longer term plan to rationalise the use of the sites.

Vale Academy Trust (formerly King Alfred's School, Wantage)

Trustees' Report (continued)

Charlton Primary School is in the final phase of a building project that commenced in September 2011 pre-conversion in order to increase capacity from 1.5 to 2 Forms of Entry (class groups). The project, which is being managed by the Local Authority, is due to be completed by September 2015.

Staff development

The Trust submitted a successful application to the National College and the DfE to become a National Teaching School during the 2012/13 academic year, as part of a consortium formed with The Cherwell School and Frank Wise Special School, known as Oxfordshire Teaching Schools Alliance ("OTSA"). This application follows 5 years as a very successful Training School, where Continuing Professional Development has been at the heart of what King Alfred's and its partner schools do, and has played a significant role in recruiting and retaining high calibre staff. As such the Trust continues to run numerous training programmes for its staff and for staff from across the County. Through work with the Youth Sports Trust the Trust has also undertaken national training for leaders in Physical Education and those aspiring to senior leadership.

Enrichment

Enrichment activities for students have always and continue to form a very significant part of the provision at King Alfred's and its partner schools. Enrichment comprises a number of aspects of the work at the Trust: including all after-hours extra-curricular activities; local trips and visits; receiving numerous local and national speakers and experts to work with our students; and residential trips within the UK and abroad, including trips to Croatia, Morocco, Florence, Tanzania, Paris, the Ardeche, and Skiing in the French Alps. Enrichment also includes the very successful Duke of Edinburgh Award Scheme, which is offered to students from Years 9 to 13 and is very popular. In addition there are numerous academic Awards evenings, Sports Awards evenings, dance shows, celebration evenings and productions.

Going Concern

After making appropriate enquiries, including an assessment of the likelihood of public funds continuing to be made available to it under the Funding Agreement with the Secretary of State for Education, the Trustees/Directors have a reasonable expectation that the Academy Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason it adopts the going concern basis in preparing the financial statements. Further details about the adoption of the going concern basis are set out in the Statement of Accounting Policies.

FINANCIAL REVIEW

The principal source of academy's public funding is grants received from the Education Funding Agency (EFA), most of which are properly restricted for use for particular purposes relating to the Trust's charitable activities, its educational operations. The grants received from the EFA during the year and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The amounts of the principal annual grants received by the Trust are known with certainty some months before the start of each financial/academic year, and are received in monthly instalments during the year which enables cashflow to be managed with accuracy.

In accordance with the Trust's financial strategy, the key financial performance target has been met during the year: overall total expenditure has been contained at less than the total funding and income available, in order to accumulate adequate reserves, which will be used to contribute to on-going projects and to sustain educational provision at a time of funding uncertainty. Reserves are held in interest-bearing bank deposit accounts with UK banks, which are not considered to be at risk of loss to the Trust.

Vale Academy Trust (formerly King Alfred's School, Wantage)

Trustees' Report (continued)

The Trust has also successfully bid for grants for capital expenditure from the EFA under the Academies Capital Maintenance Fund. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful lives of the assets concerned.

As set out in Note 29 to the Financial Statements, the Trust is responsible for meeting the employers' contributions for employees who are members of the Teachers' Pension Scheme or the Local Government Pension Scheme. Both schemes are defined-benefit schemes, and the latter scheme is a funded scheme, with the assets held in separate trustee-administered funds. The scheme actuary has calculated a notional fund deficit at the date of the financial statements, which is used to determine the level of employers' contributions, currently 16% (2013 19.3%). In addition, the scheme actuary's valuation requires lump sum employer contributions of £46,000, £48,000 and £51,000 to be made by the Trust in the years beginning 1st April 2014, 2015, and 2016 respectively. Prior to conversion the trustees were advised that there are no circumstances in which an academy would be called upon to meet the pension deficit in a single transaction. Since conversion, at the request of the Secretary of State for Education, Parliament has agreed that, in the event of an academy closing, outstanding pension scheme liabilities would be met by the DfE. This guarantee came into force on 18th July 2013.

Reserves Policy

The academy's Reserves policy is to hold in reserves sufficient sums to enable educational provision and the on-going improvement and development of the teaching, learning and working environment to be continued as far as possible, whilst making proper use of funds for the current cohort.

The total fund balances of the Trust at 31st August 2014, as detailed in Note 19 to the financial statements, amounted to £23,311k (2013: £19,059k). Excluding the fixed asset fund (representing the net book value of fixed assets) of £24,488k (2013: £18,686k) and the pension deficit fund of £3,478k (2013: £1,964k), the operational fund balances amounted to £2,301k (2013: £2,337k) and are summarised as follows:

	2014 £	2013 £
GAG funds	731,199	788,310
Other restricted income funds	273,816	183,278
Academies Capital Maintenance Fund	-	439,285
Other restricted capital funds	386,188	393,766
Unrestricted funds	909,949	532,262
	<u>2,301,152</u>	<u>2,336,901</u>

Vale Academy Trust (formerly King Alfred's School, Wantage)

Trustees' Report (continued)

As set out in Note 21 to the Financial Statements, at the Balance Sheet date the Trust had contracted for the sum of £3,542,379 in respect of the further in-budget costs of the construction of a new Teaching/Canteen block on the King Alfred's Centre Site, which is substantially funded by further instalments of £3,197,060 to be received after date from a fourth successful bid from the EFA Academies Capital Maintenance Fund (ACMF). The sum of £345,319 has been earmarked from the Trust's available Fund balances to meet the required contribution under the terms of the ACMF grant. In addition a further amount of up to £200,000 has been earmarked in available balances to be used in the coming period to meet other capital costs arising as part of the overall rationalisation of the King Alfred's sites.

A proportion of the available revenue balances will be required over the next two years in order to minimise turbulence during a period of funding uncertainty.

Investment Policy

The academy's Investment policy is to safeguard its assets by holding them in low-risk categories, principally interest-bearing accounts with UK banks, and land and buildings.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees and the Leadership Team continually consider the major risks to which the academy is exposed, including those relating to governance, health and safety, safeguarding, teaching and learning, reputation, finance, and facilities. A formal Risk Register is in place which records the strategies and systems in place to identify and manage all risks. The Risk Register is reviewed on an annual basis in order to assess the effectiveness of the procedures in place.

PLANS FOR FUTURE PERIODS

The Trust will continue in future periods to strive to meet its key objectives, and has ambitious aspirations and targets for: student outcomes; the use and development of its estate; and closer and more formal collaborative links with other schools across the age range. Strong governance and leadership, pro-active strategic planning, sound financial management, and continuing staff development will be key aspects of the academy's continuing success.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy and its trustees do not act as the Custodian Trustees of any other Charity.

Vale Academy Trust (formerly King Alfred's School, Wantage)
Trustees' Report (continued)

AUDITOR

In so far as the trustees are aware:

- there is no relevant audit information of which the auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, Critchleys LLP are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The report of the Trustees was approved by the Trustees on 17 December 2014 and signed on their behalf by:



Sara Ward
Chair of Trustees

Vale Academy Trust (formerly King Alfred's School, Wantage)

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Vale Academy 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 a reasonable and not an absolute assurance against material misstatement or loss. The Board of Trustees/Directors have delegated to the Executive Headteacher, as Accounting Officer, the day-to-day responsibility 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 the trustees in the Funding Agreement between Vale Academy Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included in this section supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Board of Trustees/Directors has formally met nine times during the year ended 31st August 2014. Not all trustees/directors attended the full nine meetings as attendance is determined by when they were appointed/resigned. This information is shown below where applicable.

Board of Trustees/Directors (Chair: Mark Craig to 4th June 2014, Sara Ward from 8th July 2014)

Trustee	Meetings Attended	Out of a possible	Appointed	Resigned
Mark Craig	6	6		4 th Jun 2014
Sara Ward	8	9		
Simon Spiers	9	9		
Stephen Quinton	7	9		
Philip Harrison	9	9		
Gina Hocking	7	9		
John Price	7	9		27 th Aug 2014
Christopher Ferguson	8	9		
Fiona Rose	8	9		
Jennifer de la Cose	8	9		
James Goodman	9	9		
Richard Peters	7	9		
Christopher Munday	6	9		
Matthew Donaldson	8	9		
Robin Sharples	7	9		
Karen Leigh	7	9		

The Finance & Operations Committee is a sub-committee of the Board of Trustees/Directors. Its terms of reference include responsibility for agreeing the formal Budget Plans and the Financial Statements for each year, and for recommending their approval by the Board of Trustees/Directors. The committee also monitors financial activity during the year. Not all trustees/governors attended the full five meetings as the committee comprises a core membership, with others attending on an ad hoc basis.

Vale Academy Trust (formerly King Alfred's School, Wantage)

Governance Statement (continued)

The Audit Committee is a sub-committee of the Board of Trustees/Directors, and is separate to the Finance & Operations Committee. Its terms of reference include responsibility for agreeing that an effective audit process is in place. The committee has met three times during the year. Not all trustees/directors attended the meetings as the committee comprises a core membership of a minimum of three persons and a maximum of five, with others attending on an ad hoc basis.

Attendance during the year at the meetings of these two committees was as follows:

VAT Finance & Operations Committee (Chair: John Price)

Trustee	Meetings Attended	Out of a possible	Appointed	Resigned
John Price	5	5		27 th Aug 2014
Mark Craig	1	5		4 th Jun 2014
Simon Spiers	5	5		
Christopher Ferguson	5	5		
Stephen Quinton	4	5		
James Goodman	5	5		
Richard Peters	5	5		
Karen Leigh	1	5		
Philip Harrison	4	5		
Sara Ward	1	5		
Matthew Donaldson	1	5		

VAT Audit Committee (Chair: Philip Harrison)

Trustee	Meetings Attended	Out of a possible	Appointed	Resigned
Philip Harrison	3	3		
Sara Ward	2	3		31 st Aug 2014
Christopher Ferguson	3	3		31 st Aug 2014
Ed Mitchell (External member)	3	3		

On 11th December 2014 two additional external members were appointed to the Audit Committee: Edward Byrne and Nigel Tipple.

Governance Review

As part of the planned expansion from a single to a multi academy trust, the governance structure was reviewed to ensure that it continues to be effective, and the new structure has been designed to maintain a balance between effective oversight and challenge by the Board of Trustees/Directors and the operational responsibilities of the Executive Headteacher and his senior teams. The Audit Committee, which comprises a majority of independent and external members, will carry out a further review of governance in the current year.

Vale Academy Trust (formerly King Alfred's School, Wantage)

Governance Statement (continued)

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 a reasonable and not an 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 at the academy throughout the period from 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trustees/Directors, in conjunction with the leadership teams, have 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 Trustees/Directors confirm that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees/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 Trustees/Directors
- regular reviews by the Governors' Finance and Operations Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

In addition, in accordance with the requirements of the Academies Financial Handbook issued by the EFA, the trustees have appointed Michael Lawes, Chief Financial Officer of Eynsham Partnership Academy as independent Peer Reviewer on a stand-alone, non-reciprocal basis. The Peer Reviewer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. The Peer Reviewer carries out his work on a regular basis and submits a formal report to the Trustees/Directors on the operation of the systems of control and on the discharge of the Trustees/Directors' financial responsibilities. The Peer Reviewer has delivered his schedule of work as planned, and no material control issues have arisen as a result of his work.

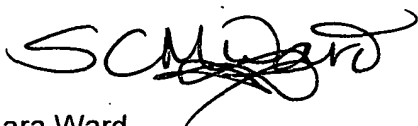
Vale Academy Trust (formerly King Alfred's School, Wantage) Governance Statement (continued)

Review of Effectiveness

As Accounting Officer the Executive Headteacher 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 Peer Reviewer
- The work of the external auditor
- The work of senior staff who develop and maintain the internal control framework

Approved by order of the members of the board of trustees on 17 December 2014 and signed on its behalf by:



Sara Ward
Chair of Trustees



Simon Spiers
Accounting Officer

Vale Academy Trust (formerly King Alfred's School, Wantage)
Statement on Regularity, Propriety and Compliance

As Accounting Officer of Vale Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees/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. 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/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, they will be notified to the Board of Trustees/Directors and the EFA.



Simon Spiers
Accounting Officer

Date:

Vale Academy Trust (formerly King Alfred's School, Wantage)

Statement of Trustees' Responsibilities

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

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

In preparing these financial statements, the trustees are required to:

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

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

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

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

Approved by order of the members of the board of trustees on 17 December 2014 and signed on its behalf by:



Sara Ward
Chair of Trustees

Independent Auditor's Report to the members of Vale Academy Trust

We have audited the financial statements of Vale Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the 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 company'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 auditor

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 financial statements

In our opinion the financial statements:

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

Independent Auditor's Report to the members of Vale Academy Trust (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report (which includes the strategic report and 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Michael Good (Senior statutory auditor)
For and on behalf of Critchleys LLP
Statutory Auditor
Oxford

Date:

18 December 2014

Independent Reporting Accountant's Assurance Report on Regularity to Vale Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 18 July 2013 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 Vale Academy Trust during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the governing body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Vale Academy 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 Vale Academy Trust and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of Vale Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Vale Academy Trust's funding agreement with the Secretary of State for Education 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 period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to Vale Academy Trust and the Education Funding Agency (continued)

The work undertaken to draw to our conclusion includes:

1. Reviewing minutes of meetings of the Board of Trustees and obtaining representations concerning access to information, disclosure and provision of information
2. Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity
3. Assessment and testing of a sample of the specific control activities over regularity of a particular activity.
4. Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities and externally imposed limits.
5. Consideration of whether activities carried out are within the charitable objects.

Conclusion

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



Critchleys LLP
Reporting Accountant
Oxford

Date: 18 December 2014

Vale Academy Trust
Statement of Financial Activities
For the year ended 31 August 2014
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income - transfer on conversion	2,31	369,697	(674,000)	5,390,911	5,086,608	-
Other voluntary income	3	37,979	27,400	-	65,379	105,455
Activities for generating funds	4	158,655	-	-	158,655	126,177
Investment income	5	14,715	-	-	14,715	17,056
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	6	-	12,403,624	345,635	12,749,259	10,278,587
Other income for educational operations	7	1,040,735	74,619	-	1,115,354	863,214
Total incoming resources		1,621,781	11,831,643	5,736,546	19,189,970	11,390,489
Resources expended						
<i>Cost of generating funds:</i>						
Costs of activities for generating funds	8	160,452	-	-	160,452	108,713
<i>Charitable activities:</i>						
Academy's educational operations	8,9	1,083,643	12,236,940	838,922	14,159,505	10,638,751
Governance costs	10	-	55,151	-	55,151	72,523
Total resources expended		1,244,095	12,292,091	838,922	14,375,108	10,819,987
Net incoming / (outgoing) resources before transfers		377,686	(460,448)	4,897,624	4,814,862	570,502
Gross transfers between funds	19	-	(457,125)	457,125	-	-
Net income/(expenditure) for the period		377,686	(917,573)	5,354,749	4,814,862	570,502
Actuarial gains and losses in period for defined benefit pension schemes	19,29	-	(563,000)	-	(563,000)	(59,000)
Net movement in funds		377,686	(1,480,573)	5,354,749	4,251,862	511,502
Funds brought forward at 1 September 2013		532,262	(992,412)	19,519,116	19,058,966	18,547,464
Funds carried forward at 31 August 2014		909,948	(2,472,985)	24,873,865	23,310,828	19,058,966

The Academy's activities derive from continuing operations and new operations (see note 31).

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

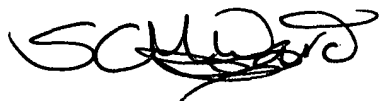
Vale Academy Trust
Balance sheet
As at 31 August 2014

Company number:
07674473

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	15		24,487,676		18,686,065
Current assets					
Debtors	16	287,405		507,233	
Cash at bank and in hand		<u>3,385,174</u>		<u>2,643,180</u>	
		3,672,579		3,150,413	
Creditors: Amounts falling due within one year	17	(1,299,800)		(813,512)	
Net current assets			<u>2,372,779</u>		<u>2,336,901</u>
Total assets less current liabilities			26,860,455		21,022,966
Creditors: Amounts falling due after more than one year	18		<u>(71,627)</u>		
Net assets excluding pension liability			26,788,828		21,022,966
Pension scheme liability	29		<u>(3,478,000)</u>		<u>(1,964,000)</u>
Net assets including pension liability			<u>23,310,828</u>		<u>19,058,966</u>
Funds of the academy:					
Restricted fixed asset funds	19		24,873,865		19,519,116
Restricted funds					
Restricted funds excluding pension liability	19	1,005,015		971,588	
Pension reserve	19	<u>(3,478,000)</u>		<u>(1,964,000)</u>	
Total restricted funds			(2,472,985)		(992,412)
Unrestricted funds	19		909,948		532,262
Total funds			<u>23,310,828</u>		<u>19,058,966</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 17 December 2014.

Signed on behalf of the Board of Trustees



Sara Ward
Chair of Trustees

Vale Academy Trust
Cash Flow Statement
For the year ended 31 August 2014

	Notes	2014 £	2013 £
Net cashflow from operating activities	23	1,307,725	502,745
Returns on investments and servicing of finance	24	14,715	17,056
Capital expenditure and financial investment	25	(964,210)	(481,804)
Increase/(decrease) in cash in the period	26	358,230	37,997
Reconciliation of net cash flow to movement in net funds			
Cash transferred on conversion of new academy schools		383,764	-
Net funds at 1 September 2013		2,643,180	2,605,183
Net funds at 31 August 2014		3,385,174	2,643,180

All of the cash flows are derived from continuing operations and new academy schools added to the Trust in the year.

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 EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Academy conversion

The conversion from the Local Authority maintained schools to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration and has been accounted for under the acquisition accounting method. The assets and liabilities transferred have been valued at their fair value in accordance with the accounting policies set out below. Property has been valued on a depreciated replacement cost basis (see note 15). The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 31.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust 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 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.

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.

1. Statement of Accounting Policies (continued)

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.

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 other relevant 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 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 trustees' meetings and any reimbursed expenses.

All resources expended are inclusive of any irrecoverable VAT.

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 15 for further details).

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 lives. 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 spread the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	35 years from conversion
Leasehold buildings	30-50 years from conversion
Buildings improvements	10-35 years
Fixtures, fittings and equipment	5 years
ICT equipment	3 years
Motor vehicles	5 years

1. Statement of Accounting Policies (continued)

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

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

Leased Assets

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

Stock

Any significant catering stocks 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.

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, 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 Note 29, 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.

1. Statement of Accounting Policies (continued)

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education and 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 Department for Education and other funders.

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

2 Voluntary income on conversion to academy

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Fixed assets transferred to academy	-	5,376,844	5,376,844	-
LGPS pension deficit	-	(674,000)	(674,000)	-
Other capital funds	-	14,067	14,067	-
Other revenue funds	369,697	-	369,697	-
	<u>369,697</u>	<u>4,716,911</u>	<u>5,086,608</u>	<u>-</u>

3 Other voluntary income

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Other grants and donations	37,979	27,400	65,379	105,455
	<u>37,979</u>	<u>27,400</u>	<u>65,379</u>	<u>105,455</u>

4 Activities for Generating Funds

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Hire of facilities / other lettings	22,380	-	22,380	16,279
Catering income from other schools	102,604	-	102,604	85,853
Other income	33,671	-	33,671	24,045
	<u>158,655</u>	<u>-</u>	<u>158,655</u>	<u>126,177</u>

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

5 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Bank interest	14,715	-	14,715	17,056
	<u>14,715</u>	<u>-</u>	<u>14,715</u>	<u>17,056</u>

6 Funding for Academy's educational operations

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
DfE/EFA capital grants				
Devolved formula capital grant	-	51,431	51,431	35,269
Academies Capital Maintenance Fund grant	-	248,048	248,048	602,001
	<u>-</u>	<u>299,479</u>	<u>299,479</u>	<u>637,270</u>
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	11,486,904	11,486,904	9,338,238
GAG: SEN LACSEG adjustment	-	(107,012)	(107,012)	-
Other DfE grants	-	705,967	705,967	294,317
	<u>-</u>	<u>12,085,859</u>	<u>12,085,859</u>	<u>9,632,555</u>
Other Government grants				
Early Years funding	-	72,009	72,009	-
Local authority revenue grants	-	245,756	245,756	-
Local authority capital grants	-	46,156	46,156	-
Other grants	-	-	-	8,762
	<u>-</u>	<u>363,921</u>	<u>363,921</u>	<u>8,762</u>
	<u>-</u>	<u>12,749,259</u>	<u>12,749,259</u>	<u>10,278,587</u>

7 Other income for educational operations

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Contributions to salaries	52,538	-	52,538	29,235
Trip income	403,865	-	403,865	326,470
Training school and OTSA income	41,930	74,619	116,549	58,627
Transport charges	72,194	-	72,194	62,726
Catering income	266,140	-	266,140	243,611
Other educational income	204,068	-	204,068	142,545
	<u>1,040,735</u>	<u>74,619</u>	<u>1,115,354</u>	<u>863,214</u>

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

8 Resources Expended

	Staff Costs	Premises Costs	Other Costs	Total 2014	Total 2013
	£	£	£	£	£
<i>Costs of activities for generating funds</i>	84,210	-	76,242	160,452	108,713
<i>Academy's educational operations</i>					
Direct costs (note 9)	8,160,302	-	1,894,050	10,054,352	7,234,163
Allocated support costs (note 9)	1,860,932	1,386,608	857,613	4,105,153	3,404,588
	<u>10,021,234</u>	<u>1,386,608</u>	<u>2,751,663</u>	<u>14,159,505</u>	<u>10,638,751</u>
Governance costs (note 10)	-	-	55,151	55,151	72,523
	<u>10,105,444</u>	<u>1,386,608</u>	<u>2,883,056</u>	<u>14,375,108</u>	<u>10,819,987</u>

Incoming/outgoing resources for the period include:

	2014	2013
	£	£
Operating leases		
Plant and machinery	-	-
Other	<u>43,769</u>	<u>67,156</u>

9 Charitable Activities - Academy's educational operations

	Total 2014	Total 2013
	£	£
Direct costs		
Teaching and educational support staff costs	8,160,302	6,057,813
Educational supplies, trips and transport costs	1,019,170	753,651
Examination fees	175,953	153,135
Staff development	112,765	91,168
Technology costs	229,151	123,868
Other direct costs	357,011	178,396
	<u>10,054,352</u>	<u>7,358,031</u>
Allocated support costs		
Support staff costs	1,386,043	1,085,154
Depreciation	838,922	687,407
Recruitment and support	52,659	30,139
Maintenance of premises	373,736	359,895
Cleaning	48,362	44,617
Rent, rates and other utilities	286,634	271,174
Catering staff costs	199,389	150,114
Catering supplies	233,164	173,130
Insurance	75,671	72,142
Technology costs	38,095	37,226
Other pension costs	189,000	116,000
Other finance costs (FRS17)	88,000	42,000
Legal and professional fees	10,965	19,997
Other support costs	284,513	191,725
	<u>4,105,153</u>	<u>3,280,720</u>
Total	<u><u>14,159,505</u></u>	<u><u>10,638,751</u></u>

10 Governance Costs

	Total 2014	Total 2013
	£	£
Legal and professional fees	34,916	54,698
Auditors' remuneration		
Audit services	10,575	9,650
Other services	8,400	8,175
Other governance costs	1,260	-
	<u>55,151</u>	<u>72,523</u>

Charitable activities costs in note 9 includes further auditors' remuneration for other non-governance related services amounting to £6,650 (2013: £10,525).

11 Staff Costs

	2014	2013
	£	£
Staff costs for the period were:		
Wages and salaries	8,098,720	6,012,679
Social security costs	549,041	432,336
Pension costs	1,171,230	863,960
FRS17 Other pension and finance costs	277,000	158,000
	<u>10,095,991</u>	<u>7,466,975</u>
Agency supply teacher costs	5,953	36,651
Staff restructuring costs	3,500	8,861
	<u>10,105,444</u>	<u>7,512,487</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £3,500.

The average number of persons (including core leadership team) employed by the Academy during the period expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Charitable Activities		
Teachers	148	111
Administration and support	138	85
Management	8	6
	<u>294</u>	<u>202</u>

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

	2014 No.	2013 No.
£60,001 - £70,000	3	4
£70,001 - £80,001	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

The above employees also participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £54,921 (2013: £53,836).

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

12 Central services

Each member school in the Trust contributes proportionately to the cost of central services that benefit the whole Trust. During the period under review each school contributed a sum equivalent to the Education Service Grant funding attributable to the full accounting period, as follows:

	2014 £
King Alfred's School	351,806
Wantage CoE Primary School	58,786
Charlton Primary School	43,642
	<u>454,234</u>

During the period under review the following shared costs were met by the contributions:

	2014 £
Central Leadership Team staff costs	212,385
Teaching staff costs	83,521
Premises and general insurance	81,260
External administration and support services	53,620
External professional services	23,448
	<u>454,234</u>

13 Trustees' remuneration and expenses

The Executive Headteacher, the staff trustees and one appointed trustee receive remuneration in respect of their employment to undertake the roles of Executive Headteacher and staff, and not in respect of their additional role as trustees. No trustee receives any payments from the Academy in respect of their roles as trustees. Remuneration for the whole year (including employers' pension contributions) is disclosed in £5,000 bands for trustees who were in post during any part of the year, as follows:

	2014 £	2013 £
S Spiers, Executive Headteacher Trustee	£120k-£125k	£110k-£115k
D Johnson, Staff Trustee (until 30 September 2013)	£55k-£60k	£50k-£55k
A Norris, Staff Trustee (until 30 September 2013)	£40k-£45k	£40k-£45k
J Baxter, Staff Trustee (until 30 September 2013)	£40k-£45k	£35k-£40k
H Newark, Appointed Trustee (until 30 September 2013)	£0k-£5k	£0k-£5k
F Rose, Staff Trustee (from 1 October 2013)	£55k-£60k	-
J De La Coze, Staff Trustee (from 1 October 2013)	£65k-£70k	-

During the period ended 31 August 2014, no expenses were reimbursed to governors for travel and subsistence expenditure incurred in their roles as governors (2013: Nil).

Related party transactions involving trustees are disclosed in note 30.

14 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10m (2013: £10m) on any one claim and the cost for the period ended 31 August 2014 was £3,999 (2013: £3,685).

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

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

15 Tangible Fixed Assets

	Freehold Land and Buildings £	Leasehold Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
As at 1 September 2013	13,274,718	5,989,885	178,800	521,751	32,895	19,998,049
Transfer on conversion	-	5,324,000	47,457	5,387	-	5,376,844
Additions	8,659	1,169,571	12,503	72,956	-	1,263,689
As at 31 August 2014	13,283,377	12,483,456	238,760	600,094	32,895	26,638,582
Depreciation						
As at 1 September 2013	569,395	354,699	99,948	276,364	11,578	1,311,984
Charges in period	300,230	315,836	49,013	167,264	6,579	838,922
As at 31 August 2014	869,625	670,535	148,961	443,628	18,157	2,150,906
Net book values						
As at 31 August 2014	12,413,752	11,812,921	89,799	156,466	14,738	24,487,676
As at 1 September 2013	12,705,323	5,635,186	78,852	245,387	21,317	18,686,065

Transfers on conversion during year ended 31 August 2014

The Academy Trust entered into a 125 year lease over the land and buildings at Charlton Primary School. Leasehold buildings have been valued by Mouchel as commissioned by the EFA and this valuation has been used as the basis of the value of the transfer on conversion. The valuation was carried out on a desktop depreciated replacement cost basis as at 31 March 2014.

The Academy Trust also entered into a Supplemental Agreement with Church land trustees for the use of land and buildings at Wantage Church of England Primary School. The Academy Trust has permission to use the land and buildings for an indefinite period, subject to a 2 year termination notice period. A depreciated replacement cost value of the buildings (as valued by Mouchel) has been recognised on the balance sheet on the basis that the Academy has the economic benefit arising from their use.

16 Debtors

	2014 £	2013 £
Trade debtors	42,895	6,206
Prepayments and accrued income	104,228	26,923
Other debtors	140,282	474,104
	<u>287,405</u>	<u>507,233</u>

Other debtors at 31 August 2014 included an amount of £11,616 (2013: £325,253) relating to the balance of the Academies Capital Maintenance Fund grant awarded to the Academy.

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

17 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	365,653	238,532
Salix loan	4,530	-
PAYE and NIC creditor	172,504	129,799
Other creditors	280,841	202,591
EFA creditor (SEN LACSEG adjustment)	53,506	-
Accruals and deferred income	422,766	242,590
	<u>1,299,800</u>	<u>813,512</u>

18 Creditors: amounts falling after more than one year

	2014 £	2013 £
EFA creditor (SEN LACSEG adjustment)	53,506	-
Salix loan	18,121	-
	<u>71,627</u>	<u>-</u>

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

19 Funds

	Balance at 1 September 2013 £	Incoming Resources £	Resources Expended £	Transfers & actuarial loss on pension £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	788,310	11,379,892	(10,979,878)	(457,125)	731,199
Pupil Premium funding	94,919	398,829	(493,748)	-	-
16-19 bursary funding	7,531	19,673	(17,058)	-	10,146
Other DfE funding	-	55,484	(55,484)	-	-
Early Years funding	-	72,009	(72,009)	-	-
OTSA	-	319,840	(192,027)	-	127,813
Schools Direct	-	142,760	(87,888)	-	54,872
Other LA revenue funding	-	58,756	(44,827)	-	13,929
Sports related funding	63,967	6,000	(41,261)	-	28,706
Other restricted funding	16,861	27,400	(21,620)	-	22,641
Primaries' conversion grants	-	25,000	(9,291)	-	15,709
Pension reserve (note 29)	(1,964,000)	(674,000)	(277,000)	(563,000)	(3,478,000)
	<u>(992,412)</u>	<u>11,831,643</u>	<u>(12,292,091)</u>	<u>(1,020,125)</u>	<u>(2,472,985)</u>
Restricted fixed asset funds					
Academies Capital Maintenance fund	439,285	248,048	-	(687,333)	-
Devolved formula capital	-	51,431	-	(34,931)	16,500
LA capital funding	-	46,156	-	(46,156)	-
Capital funds transferred on conversion	105,419	14,067	-	-	119,486
Proceeds of house sale restricted for capital reinvestment	288,347	-	-	(38,144)	250,203
Fixed asset fund (note 15)	18,686,065	5,376,844	(838,922)	1,263,689	24,487,676
	<u>19,519,116</u>	<u>5,736,546</u>	<u>(838,922)</u>	<u>457,125</u>	<u>24,873,865</u>
Total restricted funds	<u>18,526,704</u>	<u>17,568,189</u>	<u>(13,131,013)</u>	<u>(563,000)</u>	<u>22,400,880</u>
Unrestricted funds					
Unrestricted funds	532,262	1,621,781	(1,244,095)	-	909,948
Total unrestricted funds	<u>532,262</u>	<u>1,621,781</u>	<u>(1,244,095)</u>	<u>-</u>	<u>909,948</u>
Total funds	<u>19,058,966</u>	<u>19,189,970</u>	<u>(14,375,108)</u>	<u>(563,000)</u>	<u>23,310,828</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.

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

19 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
King Alfred's School	1,904,657
Wantage CoE Primary School	244,824
Charlton Primary School	135,962
Central - main funds	-
Central - primaries' conversion funding	15,709
Total before fixed assets and pension reserve	<u>2,301,152</u>
Fixed asset fund (representing net book value of fixed assets - note 15)	24,487,676
Pension reserve	(3,478,000)
Total funds	<u>23,310,828</u>

Analysis of academies by cost

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies (including all non staff direct costs) £	Other costs (excluding depreciation and FRS17 pension costs) £	Total £
King Alfred's School	6,099,324	1,361,445	1,539,681	1,304,703	10,305,153
Wantage CoE Primary School	1,063,122	89,101	70,531	219,915	1,442,669
Charlton Primary School	844,796	72,470	56,965	82,899	1,057,130
Central costs	150,781	145,125	-	158,328	454,234
	<u>8,158,023</u>	<u>1,668,141</u>	<u>1,667,177</u>	<u>1,765,846</u>	<u>13,259,186</u>
				Depreciation	838,922
				Other finance costs and pension costs (FRS17)	277,000
				Note 8	<u>14,375,108</u>

20 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	24,487,676	24,487,676
Current assets	2,227,869	1,058,521	386,189	3,672,579
Current liabilities	(1,299,800)	-	-	(1,299,800)
Long term liabilities	(18,121)	(53,506)	-	(71,627)
Pension Scheme liability	-	(3,478,000)	-	(3,478,000)
Total net assets	<u>909,948</u>	<u>(2,472,985)</u>	<u>24,873,865</u>	<u>23,310,828</u>

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

21 Capital commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements	<u>3,542,379</u>	<u>513,000</u>

£3,197,060 of the commitment at 31 August 2014 is to be funded by future Academies Capital Maintenance funding from the EFA.

22 Financial commitments

Operating leases

At 31 August 2014 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
<u>Land and buildings</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<u>-</u>	<u>-</u>
<u>Other</u>		
Expiring within one year	17,307	-
Expiring within two and five years inclusive	-	15,717
Expiring in over five years	-	-
	<u>17,307</u>	<u>15,717</u>

23 Reconciliation of net income to net cash flow from operating activities

	2014 £	2013 £
Net income	4,814,862	570,502
Cash transferred on conversion	(383,764)	-
Depreciation (note 15)	838,922	687,407
Capital income re fixed assets transferred on conversion	(5,376,844)	-
Capital grants from DfE	(299,479)	(637,270)
Interest receivable (note 5)	(14,715)	(17,056)
FRS17 pension liability on transfer to Academy	674,000	-
FRS17 pension costs less contributions payable (note 29)	189,000	116,000
FRS17 pension finance income (note 29)	88,000	42,000
Decrease in debtors	219,828	193,746
Increase / (decrease) in creditors	557,915	(452,584)
Net cash inflow from operating activities	<u>1,307,725</u>	<u>502,745</u>

24 Returns on investments and servicing of finance

	2014 £	2013 £
Interest received	14,715	17,056
Net cash inflow from returns on investment and servicing of finance	<u>14,715</u>	<u>17,056</u>

Vale Academy Trust
Notes to the financial statements
For the year ended 31 August 2014

25 Capital expenditure and financial investment

	2014	2013
	£	£
Purchase of tangible fixed assets	(1,263,689)	(1,119,074)
Capital grants from DfE	299,479	637,270
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	(964,210)	(481,804)

26 Analysis of changes in net funds

	At 1 Sept 2013 £	Transfer on conversion	Cashflows £	At 31 August 2014 £
Cash at bank and in hand	2,643,180	383,764	358,230	3,385,174
	<u>2,643,180</u>	<u>383,764</u>	<u>358,230</u>	<u>3,385,174</u>

27 Contingent liabilities

There are no contingent liabilities that require disclosure.

28 Members' liability

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

29 Pension and similar obligations

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

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

Contributions amounting to £158,453 were payable to the schemes at 31 August 2014 (2013: £114,383) 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' Pension Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007 automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

The Teachers' 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

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

29 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The last valuation of the TPS related to the period 1 April 2001-31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report 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. Pension benefits built up before 1 April 2015 will be fully protected.

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

29 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 period ended 31 August 2014 was £528,000 of which employer's contributions totalled £393,000 and employees' contributions totalled £135,000. The agreed contribution rates for future years are 16.0% for employers (until 31 March 2017) and 5.5-12.5% for employees. The agreed additional lump sum employer contributions due are £46,000 for the year ended 31 March 2015, £48,000 for the year ended 31 March 2016 and £51,000 for the year ended 31 March 2017.

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	At 31 August 2013
Rate of increase in salaries	4.40%	5.10%
Rate of increase for pensions in payment / inflation	2.60%	2.90%
Discount rate for scheme liabilities	3.90%	4.70%
Inflation assumption (CPI)	2.60%	2.90%
Commutation of pensions to lump sums	50.00%	50.00%

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	6,791,000	6,925,000	7,062,000
Projected service cost	558,000	569,000	581,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	6,691,000	6,925,000	7,161,000
Projected service cost	550,000	569,000	588,000

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	23.2	19.2
Females	25.5	23.2
<i>Retiring in 20 years</i>		
Males	25.4	21.1
Females	27.9	25.1

29 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.70%	2,454,000	7.00%	1,522,000
Gilts	3.00%	334,000	3.50%	265,000
Other bonds	3.60%	223,000	4.40%	88,000
Property	5.90%	219,000	6.00%	132,000
Cash	2.90%	155,000	0.50%	88,000
Other (hedge funds)	6.70%	62,000	5.00%	110,000
Total market value of assets		3,447,000		2,205,000
Present value of scheme liabilities				
- Funded		(6,925,000)		(4,169,000)
Surplus/(deficit) in the scheme		(3,478,000)		(1,964,000)

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 (i.e. as at 1 September 2014 for the year to 31 August 2015).

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield 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 £303,000 (2013: £262,000).

Amounts recognised in the statement of financial activities

	2014 £	2013 £
Current service cost (net of employee contributions)	582,000	391,000
Past service cost	-	-
Total operating charge	582,000	391,000

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	172,000	98,000
Interest on pension liabilities	(260,000)	(140,000)
Pension finance income / (costs)	(88,000)	(42,000)

29 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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 FRS17 is a £1,001,000 loss (2013: £438,000 loss).

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

	2014 £	2013 £
At 1 September	4,169,000	3,387,000
Current service cost	582,000	391,000
Interest cost	260,000	140,000
Employee contributions	135,000	98,000
Actuarial (gain) / loss	690,000	222,000
Estimated benefits paid	4,000	(69,000)
Past Service cost	-	-
Curtailments and settlements	1,085,000	-
At 31 August	6,925,000	4,169,000

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

	2014 £	2013 £
At 1 September	2,205,000	1,640,000
Expected return on assets	172,000	98,000
Actuarial gain / (loss)	127,000	163,000
Employer contributions	393,000	275,000
Employee contributions	135,000	98,000
Benefits paid	4,000	(69,000)
Settlement prices received / (paid)	411,000	-
At 31 August	3,447,000	2,205,000

Reconciliation of opening and closing deficit

	2014		2013	
	£	£	£	£
Pension deficit at 1 September		(1,964,000)		(1,747,000)
Deficit transferred on conversion of new academy schools		(674,000)		-
Current service cost	(582,000)		(391,000)	
Employer contributions	393,000		275,000	
Additional pension cost		(189,000)		(116,000)
Other finance costs		(88,000)		(42,000)
Actuarial losses		(563,000)		(59,000)
Pension deficit at 31 August		(3,478,000)		(1,964,000)

29 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The estimated value of employer contributions for the year ended 31 August 2015 is £384,000 (2014: £278,000)

The history of experience adjustments is as follows:

	2014 £	2013 £
Present value of defined benefit obligations	(6,925,000)	(4,169,000)
Fair value of share of scheme assets	3,447,000	2,205,000
Deficit in the scheme	<u>(3,478,000)</u>	<u>(1,964,000)</u>
Experience adjustments on share of scheme assets	<u>127,000</u>	<u>163,000</u>
Experience adjustments on scheme liabilities	<u>(435,000)</u>	<u>-</u>

30 Related party transactions

The membership of the governing body appropriately includes individuals from stakeholder public and private sector organisations and groups. Where it is to the benefit of the Academy to use such networking links, from time to time financial transactions will be entered into with organisations in which a member of the governing body may have an interest. All transactions are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Prior to conversion to academy status on 1 August 2011, following a due diligence and procurement process, King Alfred's entered into a contractual arrangement with Red Octopus Media Limited to provide coaching services to senior staff. This arrangement continued post conversion. The principal director of Red Octopus Media Limited is the spouse of a director of the Trust, Gina Hocking. The Trust has been able to secure a continued discounted fee rate. The arrangement is not considered to create a conflict of interest with Gina Hocking's role as a Director. The Board considers that as the contract was in place prior to 7 November 2013, the Trust is exempted from the "at cost" rules related to services provided by connected persons, as set out in the Academies Financial Handbook. The arrangement with Red Octopus Media Limited was terminated by mutual agreement on 31 August 2014. Transactions totalling £14,700 (2013: £5,100) took place during the year. There were no amounts outstanding at 31 August 2014 or 31 August 2013.

Mrs J Spiers (spouse of Simon Spiers, Trustee/Director, Executive Headteacher and Accounting Officer) is employed by the Trust as a teacher, having previously been employed by the predecessor local authority maintained school since 1 September 2000). Mrs Spiers' remuneration during the year was £20,424 (2013: £22,054) and employer pension contributions amounted to £2,880 (2013: £3,109).

Mrs V Harrison (spouse of Phil Harrison, Trustee/Director) is employed by the Trust as a teacher, having previously been employed by the predecessor local authority maintained school since 1 September 2008). Mrs Harrison's remuneration as during the year was £39,685 (2013: £37,982) and employer pension contributions amounted to £5,592 (2013: £5,355).

Miss K Spiers and Miss J Harrison, daughters of Simon Spiers and Phil Harrison respectively, are Sixth Form students at King Alfred's. Both have been appointed, along with 41 other Sixth Form students, as mentors to younger students under a Peer Support programme. Miss Spiers gross pay was £345 during the year for this work, and Miss Harrison £87, at rates consistent with those paid to other students.

31 Additions to the Academy Trust

On 1 October 2013, Charlton Primary School and Wantage Church of England Primary School (Local Authority maintained schools) converted to academy trust status under the Academies Act 2010. All the operations and assets and liabilities were transferred to Vale Academy Trust from Oxfordshire 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 under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities ("SOFA") 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.

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	Total £
Tangible fixed assets:				
Leasehold buildings			5,324,000	5,324,000
Other tangible fixed assets			52,844	52,844
Budget surplus on LA funds - revenue	369,697			369,697
Budget surplus on LA funds - capital			14,067	14,067
	369,697	0	5,390,911	5,760,608
LGPS pension deficit		(674,000)		(674,000)
Net assets	369,697	(674,000)	5,390,911	5,086,608

The above net assets include £383,764 that was transferred as cash at bank.