

Registered number: 07865663

STOUR VALE ACADEMY TRUST
(formerly The Earls High School)
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 3
Trustees' report	4 - 10
Governance statement	11 - 14
Statement on regularity, propriety and compliance	15
Statement of Trustees' responsibilities	16
Independent auditor's report on the financial statements	17 - 19
Independent accountants' assurance report on regularity	20 - 21
Statement of financial activities	22
Balance sheet	23 - 24
Statement of cash flows	25
Notes to the financial statements	26 - 52

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

Mr Andy O'Connor (resigned 31 January 2017)
Mr Stephen Bell (resigned 31 January 2017)
Mr Ian Preston (resigned 31 January 2017)
Mrs Diane Baker (appointed 1 February 2017)
Mr Dennis Hodson (appointed 1 February 2017)
Rev Christopher Siviter (appointed 1 February 2017, resigned 12 October 2017)
Mr Martin Stevens (appointed 1 February 2017)
Mrs Joanne Williams (appointed 12 October 2017)
Prof Linda Lang (appointed 1 February 2017)

Trustees

Up to 31 January 2017

Mr Andy O'Connor, Chair of Trustees³
Mr Stephen Bell³
Mr Ian Preston³
Mrs Diane Baker³
Mrs Christine Chambers³
Mr Kuldeep Deol³
Mr Nigel Ford³
Mr Andrew Harwood³
Cllr. Jeffrey Hill³
Cllr. Robert James³
Mrs Rachel Jewson³
Mrs Lisa McClenaghan³
Mrs Tracey Price³
Mr Andrew Shelton (resigned 28 November 2016)
Mr Simon Southall³
Mr Billy Whittaker (resigned 2 December 2016)
Mr Alan Whiting³
Mrs Rachel Cope^{2,3}

From 1 February 2017

Mrs Julie Arnell⁴
Mrs Laura Braznell⁴
Mrs Rachel Cutting⁴
Mr Stephen Dunster^{4,5}
Mr Gary Mills (appointed 22 July 2017)
Mr Andrew Mullaney⁴
Rev Christopher Siviter, Chair of Trustees (resigned 12 October 2017)⁴
Mrs Joanne Williams, Chair of Trustees (appointed 12 October 2017)⁴

² Accounting Officer (1 September 2016 to 31 January 2017)

³ Resigned 31 January 2017

⁴ Appointed 1 February 2017

⁵ Chief Executive and Accounting Officer from 1 February 2017

Company registered number

07865663

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Company name and registered number

Stour Vale Academy Trust

Principal and registered office

Furnace Lane
Halesowen
West Midlands
B63 3SL

Senior leadership team

Up to 31 January 2017

Mrs Rachel Cope, The Earls High School, Principal (from 1 September 2016)
Mr Robert Kew, Vice Principal (resigned 31 August 2017)
Mr Jamie Fox, Deputy Headteacher
Mr Nigel Ford, Assistant Headteacher (resigned 31 May 2017)
Mr Simon Hasting, Assistant Headteacher
Ms Nikki Meredith, Assistant Headteacher
Mrs Eleanor Langston-Jones, Assistant Headteacher
Mr Stephen Scholey, Facilities Director
Mrs Vicki Dodd, Finance & Business Director

From 1 February 2017

Mr Stephen Dunster, Chief Executive and Accounting Officer (from 1 February 2017)
Mrs Rachel Cope, The Earls High School Principal (until 31 May 2017)
Miss Christine McGrail, Redhill School Headteacher
Ms Rachel Cutting, Olive Hill Primary School, Headteacher
Mr Philip Loveday, The Earls High School, Principal (from 1 June 2017)
Miss Joanne Murphy, Trust Chief Financial Officer (from 1 April 2017)
Mrs Vicki Dodd, Trust Chief Operation and Administrative Officer (resigned 31 August 2017)

Independent auditor

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Lloyds Bank plc
PO Box 1000
Andover
BX1 1LT

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Solicitors

Anthony Collins Solicitors
134 Edmund Street
Birmingham
B3 2ES

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Earls High School's company number was used as the vehicle to create a Multi Academy Trust along with Redhill School, an existing Academy and Olive Hill Primary School, a maintained school. As at 31 January 2017 the existing Members and Trustees of The Earls High School resigned and the new Members and Trustees of Stour Vale Academy Trust were appointed on 1 February 2017. Redhill School joined the Trust and transferred its net assets on 1 April 2017 and Olive Hill joined on 1 September 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity. The charitable company's Trust deed is the primary governing document of the academy trust. The Trustees of Stour Vale Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Stour Vale Academy Trust.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

MEMBERS' LIABILITY

Every member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member and to pay such amounts as may be required not exceeding £10 for the debt and liabilities contracted before they ceased to be a member.

TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the current year was £537.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Academy Trust shall have the following Trustees as set out in its Articles of Association and Funding Agreement:

- Up to 11 Trustees who are appointed by the Members
- The number of Trustees shall not be less than 3
- Chief Executive Officer
- Minimum of 2 parent trustees appointed in the event that no Local Governing Body is established or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body.
- 1 Co-opted Trustee appointed by the Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided to new Trustees will depend upon their existing experience but will always include a meeting with the Chief Executive Officer. All Trustees will be provided with copies of policies, procedures, minutes and other documents that they need to undertake their role.

ORGANISATIONAL STRUCTURE

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department for Education. The structure of the Trust consists of three senior levels:

- The Board of Trustees
- Chief Executive Officer (Accounting Officer)
- Senior Leadership Team

The Trust Board is accountable in law for all major decisions about the Trust and its future.

A Scheme of Delegation has been drawn up to enable local accountability and a sharing of responsibilities. A decision grid has been used to show the level at which a task can or must be actioned and if it can be delegated to whom the board has delegated it to.

Schools within the Trust establish a Local Governing Body which consists of 9 appointments:

- 1 to be the Principal/Headteacher
- 2 elected Staff Governors
- 2/3 elected Parent Governors (2 for schools of 500 pupils or below, 3 if above this figure)
- 4/3 (to make the total to 9) Community Governors

Each school has a leadership team in place for day to day management which includes authorisation of spending within agreed budgets and the appointment of staff.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Earls High School and Redhill School are both National Teaching Schools. In addition, Redhill School is a member of The Stourbridge Educational Trust.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

To create a consistent educational experience for all our pupils so they become responsible, successful and confident young people who are active citizens in the 21st Century. Pupils in all the Trust schools will achieve outstanding progress through excellent teaching, a challenging curriculum and rich extra curricula experiences.

The essential principle for the Trust is that each school will have their own distinctive and individual identity whilst working in partnership.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

OBJECTIVES, STRATEGIES AND ACTIVITIES

The Trust's objectives are summarised below:

- **Leadership**
 - There is a culture of high expectations and dynamic relationships that enables pupils and staff to excel.
 - All pupils follow a challenging and appropriate curriculum
 - The progress, outcomes and personal development of disadvantaged pupils is a key driver for everyone.
 - All partnerships are used to produce measurable impact on pupil outcomes
- **Teaching**
 - That consistently high standards of teaching are in place across all learning areas and subjects leading to rapid progress of pupils
 - Pupils with SEND have effective teaching to meet their needs and demonstrate beyond expected levels of progress
 - Pupil's Personal Development, Welfare and Safety
- **Safeguarding is effective**
 - Pupil participation in all areas of the school (including school rewards) creates a culture of high achievement
 - School attendance for all groups of learners especially for those that nationally have lower educational outcomes is in line with the attendance of the most advantaged pupils nationally
- **Pupil outcomes**
 - All pupils make outstanding progress from their different starting points
 - The progress and attainment for disadvantaged pupils is in line with or better than national other
 - All pupils leave school to continue their learning

PUBLIC BENEFIT

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

ACHIEVEMENTS AND PERFORMANCE

Pupil outcomes for pupils in the two Trust schools as at 31 August 2017 all show significant improvement compared to 2016. Redhill School and The Earls High School are the two highest attaining (non-selective) secondary schools in Dudley.

The provisional data Key Stage 4 is highlighted in the table below. The new grading system in English and Maths means that we cannot compare 2017 attainment scores with 2016. The pupil progress for all curriculum areas is better, in 2017 compared to 2016, for both schools.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

	Redhill Attainment	Redhill Progress	Eafts Attainment	Eafts Progress
Overall 2017	51.3	+0.14	49.69	+0.18
Overall 2016	53.8	+0.05	50.70	-0.04
English 2017	11.05	+0.21	10.26	+0.01
English 2016	11.52	+0.17	10.40	-0.19
Maths 2017	9.95	+0.12	9.44	+0.12
Maths 2016	10.39	-0.08	9.80	-0.14
EBACC 2017	15.00	+0.45	14.05	+0.37
EBACC 2016	15.86	+0.36	14.20	+0.04
Open 2017	15.28	-0.22	15.93	+0.16
Open 2016	15.98	-0.25	16.40	+0.06

KEY PERFORMANCE INDICATORS

Staffing costs as a percentage of General Annual Grant (GAG) is a key performance indicator. For the year ended 31 August 2017 this was 93% for the Trust in total (excluding actuarial movements). This may be higher than the average due to the number of staff employed to support non-teaching and learning areas as opposed to contract provision. In addition, staff costs funded via Pupil Premium and Teaching Schools also raises the measure as these funding streams are not classified as GAG. Including Pupil Premium and Teaching School income, the staff costs % is 87%.

GOING CONCERN

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi Academy Trust has adequate resources to continue operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

FINANCIAL REVIEW

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31st August 2017 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

During the year ended 31 August 2017, the Trust received charitable income grants amounting to £8,718,755 and generated other income amounting to £882,400. On 1 April 2017, the entire net assets of Redhill School were transferred to the Trust as part of forming the MAT. The net assets received amounted to £4,982,188, including fixed assets of £7,893,240, cash of £152,311 and a pension deficit of £3,063,363.

Total Trust expenditure was £9,996,062 (2016 - £7,389,105) whilst the total income for the year excluding Redhill School's transfer in to the Trust as at 1 April 2017 was £9,601,155 (2016 - £7,089,380). This resulted in excess expenditure over income for the year of £394,907 (2016 - £299,725) before actuarial movements.

The Trust also receive grants for capital expenditure from the ESFA. In accordance with Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

As at 31 August 2017 the net book value of fixed assets was £(18,191,067) (2016 - £10,585,631) and movements in tangible assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils within the Trust.

The Trust held fund balances at 31 August 2017 of £14,194,452 (2016 - £9,561,171) comprising £18,272,770 (2016 - £10,593,652) restricted fixed assets funds, £99,582 (2016 - £nil) of restricted general funds (excluding the pension fund), a restricted endowment fund of £127,586 (2016 - £127,586) and £888,514 (2016 - £459,933) of unrestricted general funds. The restricted pension fund deficit amounted to £5,194,000.

RESERVES POLICY

Multi Academy Trusts are expected to hold contingency reserves from their annual grant funding or other income, which may be both capital and revenue reserves. Schools within the Trust need to ensure that reserves are not being used to offset funding shortfalls but instead must be time limited. In addition, the Trust needs to ensure that the schools hold enough reserves for:

- Working capital
- Mitigate financial risks
- Future developments
- Going Concern

The trust's free reserves at 31 August 2017 amounted to £988,096, comprising £99,582 of restricted funds and £888,514 of unrestricted funds. This represents approximately 1.5 months of the Trust's annual payroll cost which is considered to be a reasonable level of reserves.

INVESTMENTS POLICY

The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. The School does not consider the investment of funds as a primary activity, rather as a result of good stewardship as and when circumstances allow.

PRINCIPAL RISKS AND UNCERTAINTIES

The School has implemented a risk management policy and created a risk register and risk review process. The main risks identified include both strategic and operational risks. The Governors have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the Trust's risk management process is undertaken on an annual basis and key controls in place include:

- Formal agenda for all committee activity
- Terms of reference for all Local Governing Bodies and delegated committees under the direction of the Governing Bodies
- Pecuniary interests of Trustees and Governors reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

FUTURE DEVELOPMENTS

All schools in the Trust have identified improvement priorities for the coming year. These improvements will support an improvement in school effectiveness to 'outstanding'. Main priorities for improvement across the Trust:

- Accurately monitor the progress of all pupils in Years 1-6 and intervene so that no pupil is left behind
- Improve the outcomes for boys in English in The Earls High School and Redhill School
- Improve outcomes for pupils eligible for the pupil premium
- Raise the level of 'oracy' for pupils in the Trust schools

There are two National Teaching Schools in the Trust. The Earls High Teaching School is due for re-designation by the Department for Education (DfE) during Autumn Term 2017. Our expectation is that re-designation will be successful. During this year we will bring together the two teaching school alliances into a new single 'Stour Vale Teaching School Alliance', this will help to improve efficiency of the operations.

On 1 September 2017 Olive Hill Primary School joined the Trust as one of its founding members. It is anticipated that during 2017/18 Ridgewood High School will transfer in to the Trust. As Stour Vale Academy Trust is a sponsoring Multi Academy Trust it may be approached by the DfE to support a school that has received an Academy Order.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

An Executive Appointment Committee was established to prepare and agree the Job Descriptions, Person Specifications and pay ranges for the Executive Officers of the Trust i.e. Chief Executive Officer and the Chief Finance Officer. Support was provided by the Trust's external HR provider to ensure transparency and consistency when setting the pay ranges.

In addition, The Trust Board has established a Chief Executive Performance Management Committee to set performance objectives for the Chief Executive Officer. These objectives and the performance against the objectives will be assessed externally as outlined in the Governance Handbook. The Trust Board will satisfy itself that the external advisor has the skills, experience and objectivity to provide it with advice and support. The objectives for the Chief Finance Officer will be set by the Chief Executive Officer and subject to performance review.

The Pay Policy of the Trust also includes the staff within the individual schools. Staff are set meaningful and challenging objectives which are then assessed. Each Local Governing Body has its own Pay Committee and the Terms of Reference are:

- To review, update and implement the School Pay Policy with appropriate consultation as required
- To work with the Headteacher to ensure that the appraisal process for all teaching staff is implemented effectively
- To carry out the effective appraisal of the Headteacher in accordance with current regulations and appraisal policy
- To determine the salaries of all staff employed at the school in accordance with statutory and contractual obligations, including annual pay awards
- To establish fair procedures for addressing pay discrepancies
- To ensure that appropriate salary ranges are determined, recorded and advertised through the recruitment process
- To ensure that recruitment to a teaching post has been duly considered in terms of relevant pay in relation to the candidates skills, experience and competence

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- To formally record all decisions relating to pay
- To clearly minute the rationale for all decisions and report these to the next Governing Body meeting
- To ensure the right to raise a pay grievance in relation to pay decisions following the salary review statement is complied with in a fair, consistent and transparent manner

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

The Trustees' report was approved by order of the board of Trustees, as the company directors, on
and signed on its behalf by:

6/12/17



Mrs J Williams
Chair of Trustees

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Stour 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 reasonable and not absolute assurance against material misstatement or loss.

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities.

For the period 1 September 2016 to 31 January 2017 the then Board of Trustees formally met once during the year. Attendance during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr Andy O'Connor,	1	1
Mr Stephen Bell,	0	1
Mr Ian Preston	0	1
Mrs Diane Baker	0	1
Mrs Christine Chambers	0	1
Mr Kuldeep Deol	0	1
Mr Nigel Ford	1	1
Mr Andrew Harwood	1	1
Cllr Jeffrey Hill	0	1
Cllr Robert James	0	1
Cllr Rachel Jewson	1	1
Mrs Lisa McClenaghan	0	1
Mrs Tracey Price	1	1
Mr Andrew Shelton	1	1
Mr Simon Southall	1	1
Mr Billy Whittaker	0	1
Mr Alan Whiting	1	1
Mrs Rachel Cope	1	1

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

For the period 1 February to 31 August 2017 the Stour Vale Academy Trust Board of Trustees met 3 times. The attendance during the period was:

Trustee	Meetings attended	Out of a possible
Mrs Julie Arnell	3	3
Mr Stephen Bull	2	3
Mrs Laura Braznell	3	3
Ms Rachel Cutting	3	3
Mr Stephen Dunster	3	3
Mr Gary Mills	1	1
Mr Andrew Mullaney	2	3
Rev Christopher Siviter	2	3
Mrs Joanne Williams	3	3

The Earls High School's company number was used as the vehicle to create a Multi Academy Trust along with Redhill School, an existing Academy and Olive Hill Primary School, a maintained school. As at 31 January 2017 the existing Members and Trustees of The Earls High School resigned and the new Members and Trustees of Stour Vale Academy Trust were appointed on 1 February 2017.

The skills set of the Trustees ensures that the Board is not just educationally focussed but includes knowledge of finance, human resources and legal. The Trustees have completed a skills audit and work will be undertaken during this coming year to evaluate the results and put in to place an action plan. An annual evaluation will take place during the Summer Term.

The scheme of delegation sets out clearly the responsibilities of the office holders in the governance and executive teams within the Trust. The scheme ensures that all the headteachers in the schools continue to be held to account by the Local Governing Body with the involvement of the CEO to provide additional guidance and professional advice.

A schedule of external audit is in place to review the financial effectiveness of the Trust. The review of school performance also includes external reviewers to provide accurate and reliable information to the school governors and trustees.

An agreed format for reports from the headteachers has been implemented across Trust schools and the CEO report is focused on providing clear information on school performance with benchmarking data used against previous performance and similar schools.

Currently all schools in the Trust have OFSTED judgements on Leadership and Governance that are at least good. However we have appointed a governance support consultant with significant experience of supporting MAT to advise and support the board of trustees. A review of governance will be completed within our first year. In June the board of Trustees made a new appointment supported by Academy Ambassadors to ensure that the new Trustee had the necessary experience and skills to strengthen the board.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- not only measuring the cost of goods and services, but also take in to account the mix of quality, cost, resources use, fitness for purpose, timeliness and convenience to judge whether or not, when taken together, they constitute good value for money
- the Finance Teams within the schools take a lead in promoting the sharing of good practice, where this has an implication for VfM as budget holders may not always be aware of the opportunities to achieve greater VfM.
- Quotes/tenders are obtained in line with authorised limits and Framework Agreements are used whenever appropriate.
- Text systems are used to communicate with parents saving on postage

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stour Vale Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

Before 1 February 2017 the Board of Trustees of The Earls High School appointed Sandwell Local Authority as internal auditor. Redhill School appointed Dudley Metropolitan Borough Council as their internal auditor and their report of October 2016 stated that the overall effectiveness of controls was excellent (a significant level of assurance can be given as controls are in place, which are operating effectively). During 2016/17 due diligence work took place between both schools to ensure that systems were operating effectively.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint an external auditor during 2017/18. The audit team's role will be to perform a range of checks on the trust's financial systems and statutory duties, these checks will include the testing of payroll/personnel, procurement, income collection, health and safety, governance.

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 6/12/17 and signed on their behalf, by:

Mrs J Williams
Chair of Trustees



Mr S Dunster
Accounting Officer



STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Stour Vale Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Mr S Dunster
Accounting Officer

6 / 12 / 17

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who act as governors of Stour Vale Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills 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 of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 ESFA/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 6/12/17 and signed on its behalf by:



Mrs J Williams
Chair of Trustees

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF STOUR VALE ACADEMY TRUST

OPINION

We have audited the financial statements of Stour Vale Academy Trust for the year ended 31 August 2017 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF STOUR VALE ACADEMY TRUST

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

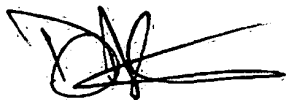
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF STOUR VALE ACADEMY TRUST

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Dave Darlaston (Senior statutory auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 6/12/17

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO STOUR VALE
ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 10 March 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stour Vale Academy Trust during the year 1 September 2016 to 31 August 2017 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 Stour Vale Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stour Vale Academy Trust and the ESFA 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 Stour Vale Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF STOUR VALE ACADEMY TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Stour Vale Academy Trust's funding agreement with the Secretary of State for Education dated 30 September 2011, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the trust's income and expenditure. The work undertaken to draw our conclusion includes a review of the design and implementation of the trust's internal controls and review processes on regularity, supported by detailed tests on samples of expenditure incurred by the trust and specific transactions identified from our review.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO STOUR VALE
ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 6/12/17

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:							
Donations & capital grants:							
Transfers	2	152,311	(3,063,363)	7,893,240	-	4,982,188	-
Other donations and capital grants	2	-	2,307	123,229	-	125,536	67,762
Charitable activities:	5						
Teaching School		240,103	-	-	-	240,103	132,107
Other charitable activities		219,786	8,718,755	-	-	8,938,541	6,642,946
Other trading activities	3	193,297	101,978	-	-	295,275	240,489
Investments	4	1,700	-	-	-	1,700	6,076
TOTAL INCOMING RESOURCES		807,197	5,759,677	8,016,469	-	14,583,343	7,089,380
EXPENDITURE ON:							
Raising funds:							
Voluntary income		-	2,308	-	-	2,308	3,602
Fundraising trading		9,689	34,579	-	-	44,268	209,404
Charitable activities:							
Teaching School		206,323	-	-	-	206,323	176,138
Other charitable activities		175,698	9,138,380	429,085	-	9,743,163	6,999,961
TOTAL EXPENDITURE	6	391,710	9,175,267	429,085	-	9,996,062	7,389,105
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		415,487	(3,415,590)	7,587,384	-	4,587,281	(299,725)
Transfers between Funds	19	13,094	(104,828)	91,734	-	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		428,581	(3,520,418)	7,679,118	-	4,587,281	(299,725)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	46,000	-	-	46,000	(733,000)
NET MOVEMENT IN FUNDS		428,581	(3,474,418)	7,679,118	-	4,633,281	(1,032,725)
RECONCILIATION OF FUNDS:							
Total funds brought forward		459,933	(1,620,000)	10,593,652	127,586	9,561,171	10,593,896
TOTAL FUNDS CARRIED FORWARD		888,514	(5,094,418)	18,272,770	127,586	14,194,452	9,561,171

The notes on pages 26 to 52 form part of these financial statements.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07865663

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Intangible assets	13		6,736		8,021
Tangible assets	14		18,191,067		10,585,631
Investments	15		85,671		85,537
			<u>18,283,474</u>		<u>10,679,189</u>
CURRENT ASSETS					
Stocks		41,264		34,552	
Debtors	16	520,266		239,230	
Cash at bank and in hand		1,406,181		711,515	
		<u>1,967,711</u>		<u>985,297</u>	
CREDITORS: amounts falling due within one year	17	<u>(837,733)</u>		<u>(453,315)</u>	
NET CURRENT ASSETS			<u>1,129,978</u>		<u>531,982</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,413,452</u>		<u>11,211,171</u>
CREDITORS: amounts falling due after more than one year	18		<u>(25,000)</u>		<u>(30,000)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>19,388,452</u>		<u>11,181,171</u>
Defined benefit pension scheme liability	23		<u>(5,194,000)</u>		<u>(1,620,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>14,194,452</u></u>		<u><u>9,561,171</u></u>

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FUNDS OF THE ACADEMY					
Endowment funds	19		127,586		127,586
Restricted income funds:					
Restricted funds	19	99,582		-	
Restricted fixed asset funds	19	18,272,770		10,593,652	
Restricted income funds excluding pension reserve		18,372,352		10,593,652	
Pension reserve		(5,194,000)		(1,620,000)	
Total restricted income funds			13,178,352		8,973,652
Unrestricted income funds	19		888,514		459,933
TOTAL FUNDS			14,194,452		9,561,171

The financial statements on pages 22 to 52 were approved by the Trustees, and authorised for issue, on 6/12/17 and are signed on their behalf, by:


Mrs J Williams
Chair of Trustees


Mr S Dunster
Accounting Officer

The notes on pages 26 to 52 form part of these financial statements.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	363,514	(96,059)
Cash flows from investing activities:			
Interest received		1,700	6,076
Proceeds from the sale of tangible fixed assets		-	1,017
Purchase of tangible fixed assets		(176,336)	(367,843)
Capital grants from DfE/ESFA and other sources		48,262	64,160
Net cash used in investing activities		(126,374)	(296,590)
Cash flows from financing activities:			
Repayments of Salix loan		(5,000)	(5,000)
Cash transferred from Redhill School on conversion		462,526	-
Net cash provided by/(used in) financing activities		457,526	(5,000)
Change in cash and cash equivalents in the year		694,666	(397,649)
Cash and cash equivalents brought forward		711,515	1,109,164
Cash and cash equivalents carried forward	22	1,406,181	711,515

The notes on pages 26 to 52 form part of these financial statements.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The results include the entire year's operations of The Earls High School and 5 months operations of Redhill School which joined the Trust on 1 April 2017. The comparative figures show includes the operations for The Earls High School for the entire year to 31 August 2016.

1.2 Company information

The academy trust is a company limited by guarantee and was incorporated in England and Wales (registered number 07865663). The address of the registered office is Furnace Lane, Halesowen, West Midlands, B63 3SL.

1.3 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 to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 Statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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 are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities and other invoiced income, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.6 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Restricted endowment funds represent gifted assets that can be utilised by the trust in carrying out its charitable objectives.

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

Investment income, gains and losses are allocated to the appropriate fund.

1.7 Intangible fixed assets and amortisation

Intangible assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	- 33% straight line
-------------------	---------------------

1.8 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	over useful economic life at conversion (2-20% straight line)
Long term leasehold property	-	over the life of the lease
Equipment	-	20% straight line
Fixtures & fittings	-	15 - 20% straight line
Computer equipment	-	20 - 33% straight line

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.

1.9 Investments

Investments represent cash held on deposit measured at amortised cost.

1.10 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.12 Taxation

The 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 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.

1.13 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.14 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.15 Financial instruments

The trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.16 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.17 Accounting for agency arrangements

The trust acts as an agent in distributing bursary funds and grants from government bodies. Payments received and subsequent disbursements are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a % of the allocation towards its own administration costs and this is recognised in the statement of financial activities where applicable. The funds received and paid and any balances held are disclosed in the notes to the financial statements.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.18 Transfer in of an existing academy

The transfer into the Trust of an existing academy involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred from Redhill School on 1 February 2017 have been valued at their fair value, being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Stour Vale Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

1.19 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions

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

The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Surplus transferred from Redhill School	152,311	320,637	-	472,948	-
Pension liability transferred from Redhill School	-	(3,384,000)	-	(3,384,000)	-
Fixed assets transferred from Redhill School	-	-	7,893,240	7,893,240	-
Transfers subtotal	152,311	(3,063,363)	7,893,240	4,982,188	-
Donations	-	2,307	-	2,307	3,602
Capital grants	-	-	123,229	123,229	64,160
Other donations and capital grants	-	2,307	123,229	125,536	67,762
	152,311	(3,061,056)	8,016,469	5,107,724	67,762
Total 2016	-	3,602	64,160	67,762	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
Other income	93,525	55,440	148,965	132,578
Rental income	99,772	-	99,772	70,993
Music tuition fees	-	46,538	46,538	36,918
	193,297	101,978	295,275	240,489
Total 2016	158,304	82,185	240,489	

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	1,278	1,278	5,270
Other interest receivable	422	422	806
	<u>1,700</u>	<u>1,700</u>	<u>6,076</u>
<i>Total 2016</i>	<u>6,076</u>	<u>6,076</u>	

5. CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	8,197,580	8,197,580	5,866,132
Other DfE/EFSA grants	-	396,102	396,102	339,408
	<u>-</u>	<u>8,593,682</u>	<u>8,593,682</u>	<u>6,205,540</u>
<i>Total 2016</i>	<u>431,551</u>	<u>6,343,502</u>	<u>6,775,053</u>	

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	-	-	2,308	2,308	3,602
Expenditure on fundraising trading	-	-	44,268	44,268	209,404
Funding for educational operations:					
Direct costs	6,551,498	-	849,318	7,400,816	5,356,436
Support costs 7	1,234,122	763,993	344,232	2,342,347	1,643,525
Teaching School costs 7	110,406	479	95,438	206,323	176,138
	<u>7,896,026</u>	<u>764,472</u>	<u>1,335,564</u>	<u>9,996,062</u>	<u>7,389,105</u>
Total 2016	<u>5,662,126</u>	<u>797,456</u>	<u>929,523</u>	<u>7,389,105</u>	

7. SUPPORT COSTS

	Educational operations £	Teaching School £	Total 2017 £	As restated Total 2016 £
Excluded pupils	27,182	-	27,182	35,143
Insurance	54,573	-	54,573	49,631
Maintenance of premises and equipment	150,260	479	150,739	114,102
Cleaning	22,854	-	22,854	6,930
Rent and rates	63,692	-	63,692	47,021
Light and heat	98,648	-	98,648	83,982
Security and transport	36,016	-	36,016	18,421
Catering	47,338	1,631	48,969	70,900
Legal and professional fees	94,263	-	94,263	89,843
Other support costs	62,205	93,807	156,012	100,792
Profit on sale of fixed assets	-	-	-	(581)
Governance costs	22,109	-	22,109	15,906
Amortisation of intangible assets	4,345	-	4,345	4,154
Wages and salaries	773,795	88,765	862,560	617,763
National insurance	54,190	8,933	63,123	42,696
Pension cost	406,137	12,708	418,845	145,903
Depreciation	424,740	-	424,740	377,057
	<u>2,342,347</u>	<u>206,323</u>	<u>2,548,670</u>	<u>1,819,663</u>
At 31 August 2016	<u>1,643,525</u>	<u>176,138</u>	<u>1,819,663</u>	

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Amortisation of intangible fixed assets	4,345	4,154
Depreciation of tangible fixed assets:		
- owned by the charity	424,740	377,057
Auditor's remuneration - audit	12,100	9,350
Auditor's remuneration - other services	5,750	3,720
Operating lease rentals	27,885	26,609
Profit on sale of fixed assets	-	581
	<hr/> <hr/>	<hr/> <hr/>

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	6,012,223	4,530,902
Social security costs	528,355	344,856
Operating costs of defined benefit pension schemes	1,253,934	771,490
	<u>7,794,512</u>	<u>5,647,248</u>
Apprenticeship levy	11,807	-
Supply teacher costs	89,707	14,878
	<u><u>7,896,026</u></u>	<u><u>5,662,126</u></u>

The average number of persons employed by the trust during the year was as follows:

	2017 No.	2016 No.
Teachers	151	87
Administration and support	132	76
Management	19	9
	<u>302</u>	<u>172</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

The key management personnel of the trust comprise the trustees and the senior leadership team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £532,392 (2016: £731,489).

10. CENTRAL SERVICES

No central services were provided by the trust to its academies during the year and no central charges arose.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

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

		2017 £	2016 £
Mr T Johnston	Remuneration	-	90,000-95,000
	Pension contributions paid	-	15,000-20,000
Mr S Mills	Remuneration	-	30,000-35,000
	Pension contributions paid	-	5,000-10,000
Mr N Ford	Remuneration	15,000-20,000	55,000-60,000
	Pension contributions paid	0-5,000	5,000-10,000
Mr B Whittaker	Remuneration	5,000-10,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000
Mrs C Chambers	Remuneration	0-5,000	0-5,000
	Pension contributions paid	-	-
Mrs R Cope	Remuneration	40,000-45,000	-
	Pension contributions paid	5,000-10,000	-
Mr S Dunster	Remuneration	40,000-45,000	-
	Pension contributions paid	5,000-10,000	-

During the year, no Trustees received reimbursement of expenses (2016 - £NIL).

- 12. 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £538 (2016 - £1,490).

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
At 1 September 2016	56,717
Additions	3,060
At 31 August 2017	<u>59,777</u>
Amortisation	
At 1 September 2016	48,696
Charge for the year	4,345
At 31 August 2017	<u>53,041</u>
Carrying amount	
At 31 August 2017	<u>6,736</u>
At 31 August 2016	<u>8,021</u>

14. TANGIBLE FIXED ASSETS

	Freehold property £	Long term leasehold property £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2016	8,888,361	2,345,000	481,769	160,556	11,875,686
Additions	175,859	-	-	21,795	197,654
Transfers from Redhill	7,814,680	-	16,053	1,789	7,832,522
At 31 August 2017	<u>16,878,900</u>	<u>2,345,000</u>	<u>497,822</u>	<u>184,140</u>	<u>19,905,862</u>
Depreciation					
At 1 September 2016	842,968	87,547	234,816	124,724	1,290,055
Charge for the year	292,357	18,760	83,796	29,827	424,740
At 31 August 2017	<u>1,135,325</u>	<u>106,307</u>	<u>318,612</u>	<u>154,551</u>	<u>1,714,795</u>
Net book value					
At 31 August 2017	<u>15,743,575</u>	<u>2,238,693</u>	<u>179,210</u>	<u>29,589</u>	<u>18,191,067</u>
At 31 August 2016	<u>8,045,393</u>	<u>2,257,453</u>	<u>246,953</u>	<u>35,832</u>	<u>10,585,631</u>

Included within freehold land and buildings cost is freehold land of £3,080,000 which is not depreciated.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

14. TANGIBLE FIXED ASSETS (continued)

During the year ended 31 August 2016, the trust granted a leasehold on land and buildings which will generate yearly rental income of approximately £9,000.

Long leasehold property includes property that has been gifted to the Trust on 125 year leases upon conversion of constituent schools to an academy trust. The legal owners of the leasehold property being Dudley Metropolitan Borough Council.

15. FIXED ASSET INVESTMENTS

	Other investments
Cash held on deposit	
At 1 September 2016	85,537
Transfer from current assets	134
	<hr/>
At 31 August 2017	85,671
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16. DEBTORS

	2017 £	2016 £
Trade debtors	17,995	19,096
Other debtors	82,677	29,164
Prepayments and accrued income	419,594	190,970
	<hr/>	<hr/>
	520,266	239,230
	<hr/> <hr/>	<hr/> <hr/>

17. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Salix loan (note 18)	5,000	5,000
Trade creditors	-	36,880
Other taxation and social security	204,455	104,893
Other creditors	176,105	89,066
Accruals and deferred income	452,173	217,476
	<hr/>	<hr/>
	837,733	453,315
	<hr/> <hr/>	<hr/> <hr/>

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. CREDITORS: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	135,997	225,783
Resources deferred during the year	160,041	135,997
Amounts released from previous years	(135,997)	(225,783)
	<u>160,041</u>	<u>135,997</u>
Deferred income at 31 August 2017	<u>160,041</u>	<u>135,997</u>

Deferred income relates to general government grants received in advance of entitlement and school trip monies received in advance.

18. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Salix loan	<u>25,000</u>	<u>30,000</u>

Included above is an amount of £5,000 (2016 - £10,000) due after more than five years in respect of a Salix loan. The Salix loan is repayable by twice yearly, equal instalments of £2,500 and is interest free.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Teaching school	194,100	240,103	(206,323)	63,094	-	290,974
School fund	171,388	219,786	(159,824)	81,252	-	312,602
Transfer from LA	94,445	-	-	(94,445)	-	-
Other unrestricted funds	-	194,997	(25,563)	44,445	-	213,879
Transfers from Redhill School	-	152,311	-	(152,311)	-	-
Football development centre fund	-	-	-	71,059	-	71,059
	<u>459,933</u>	<u>807,197</u>	<u>(391,710)</u>	<u>13,094</u>	<u>-</u>	<u>888,514</u>
Restricted Endowment funds						
Endowment Funds - all funds	<u>127,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,586</u>
Restricted general funds						
General Annual Grant (GAG)	-	8,222,673	(8,346,560)	123,887	-	-
Other DfE/ESFA grants	-	371,009	(371,009)	-	-	-
Other grants	-	125,073	(125,073)	-	-	-
Transfers from Redhill School	-	320,637	-	(320,637)	-	-
Other restricted funds	-	104,285	(96,625)	91,922	-	99,582
Teaching school	-	-	-	-	-	-
Pension reserve	(1,620,000)	(3,384,000)	(236,000)	-	46,000	(5,194,000)
	<u>(1,620,000)</u>	<u>5,759,677</u>	<u>(9,175,267)</u>	<u>(104,828)</u>	<u>46,000</u>	<u>(5,094,418)</u>
Restricted fixed asset funds						
Restricted fixed assets	10,593,652	-	(429,085)	8,033,236	-	18,197,803
Transfers from Redhill School	-	7,893,240	-	(7,893,240)	-	-
Capital grants	-	48,262	-	(48,262)	-	-
Sports England grant	-	74,967	-	-	-	74,967
	<u>10,593,652</u>	<u>8,016,469</u>	<u>(429,085)</u>	<u>91,734</u>	<u>-</u>	<u>18,272,770</u>
Total restricted funds	<u>8,973,652</u>	<u>13,776,146</u>	<u>(9,604,352)</u>	<u>(13,094)</u>	<u>46,000</u>	<u>13,178,352</u>
Total of funds	<u>9,561,171</u>	<u>14,583,343</u>	<u>(9,996,062)</u>	<u>-</u>	<u>46,000</u>	<u>14,194,452</u>

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Teaching school	222,629	132,107	(160,636)	-	-	194,100
School fund	88,082	259,444	(176,138)	-	-	171,388
Transfer from LA	223,148	-	-	(128,703)	-	94,445
Other unrestricted funds	74,073	164,380	(164,380)	(74,073)	-	-
	<u>607,932</u>	<u>555,931</u>	<u>(501,154)</u>	<u>(202,776)</u>	<u>-</u>	<u>459,933</u>
Restricted Endowment funds						
Foundation property	127,586	-	-	-	-	127,586
	<u>127,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,586</u>
Restricted general funds						
General Annual Grant (GAG)	-	5,866,133	(5,841,584)	(24,549)	-	-
Other DfE/ESFA grants	-	299,408	(299,408)	-	-	-
Other grants	-	134,771	(134,771)	-	-	-
Other restricted funds	-	168,977	(168,977)	-	-	-
Pension reserve	(825,000)	-	(62,000)	-	(733,000)	(1,620,000)
	<u>(825,000)</u>	<u>6,469,289</u>	<u>(6,506,740)</u>	<u>(24,549)</u>	<u>(733,000)</u>	<u>(1,620,000)</u>
Restricted fixed asset funds						
Restricted fixed assets	-	64,160	-	(64,160)	-	-
Restricted fixed assets	2,642,976	-	(381,211)	8,331,887	-	10,593,652
Inherited on conversion	8,040,402	-	-	(8,040,402)	-	-
	<u>10,683,378</u>	<u>64,160</u>	<u>(381,211)</u>	<u>227,325</u>	<u>-</u>	<u>10,593,652</u>
Total restricted funds	<u>9,858,378</u>	<u>6,533,449</u>	<u>(6,887,951)</u>	<u>202,776</u>	<u>(733,000)</u>	<u>8,973,652</u>
Total of funds	<u>10,593,896</u>	<u>7,089,380</u>	<u>(7,389,105)</u>	<u>-</u>	<u>(733,000)</u>	<u>9,561,171</u>

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. STATEMENT OF FUNDS (continued)

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

Restricted general funds will be used for educational purposes in line with the trust's objects and its funding agreement with the DfE.

Restricted fixed asset funds will be reserved against future depreciation charges. There are no unspent capital grants at the year end.

Unrestricted funds are available for use at the discretion of the trustees for the furtherance of the academy's charitable objects.

Transfers between funds represent capital expenditure from funds other than the restricted fixed asset fund and reclassifications of certain funds between restricted and unrestricted.

The restricted endowment fund represents assets gifted to the academy on an endowed basis by The Earls High School Foundation upon conversion to an academy trust.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
The Earls High School	543,125	459,933
Redhill School	444,971	-
Foundation property/Endowment fund	127,586	127,586
Total before fixed asset fund and pension reserve	1,115,682	587,519
Restricted fixed asset fund	18,272,770	10,593,652
Pension reserve	(5,194,000)	(1,620,000)
Total	14,194,452	9,561,171

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	Total 2016 £
The Earls High School	4,879,093	744,894	321,197	861,570	6,806,754	7,007,894
Redhill School	1,782,811	489,228	217,300	270,884	2,760,223	-
	<u>6,661,904</u>	<u>1,234,122</u>	<u>538,497</u>	<u>1,132,454</u>	<u>9,566,977</u>	<u>7,007,894</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Endowment funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	6,736	-	6,736
Tangible fixed assets	-	-	18,191,067	-	18,191,067
Fixed asset investments	-	-	-	85,671	85,671
Current assets	888,514	962,315	74,967	41,915	1,967,711
Creditors due within one year	-	(837,733)	-	-	(837,733)
Creditors due in more than one year	-	(25,000)	-	-	(25,000)
Provisions for liabilities and charges	-	(5,194,000)	-	-	(5,194,000)
	<u>888,514</u>	<u>(5,094,418)</u>	<u>18,272,770</u>	<u>127,586</u>	<u>14,194,452</u>

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Endowment funds</i>	<i>Total funds</i>
	2016 £	2016 £	2016 £	2016 £	2016 £
Intangible fixed assets	-	-	8,021	-	8,021
Tangible fixed assets	-	-	10,585,631	-	10,585,631
Fixed asset investments	-	-	-	85,537	85,537
Current assets	459,933	483,315	-	42,049	985,297
Creditors due within one year	-	(453,315)	-	-	(453,315)
Creditors due in more than one year	-	(30,000)	-	-	(30,000)
Provisions for liabilities and charges	-	(1,620,000)	-	-	(1,620,000)
	<u>459,933</u>	<u>(1,620,000)</u>	<u>10,593,652</u>	<u>127,586</u>	<u>9,561,171</u>

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	4,587,281	(299,725)
Depreciation and amortisation charges		
Depreciation and amortisation charges	429,085	381,211
Interest receivable	(1,700)	(6,076)
Profit on the sale of fixed assets	-	(581)
Decrease/(increase) in stocks	7,788	(8,687)
Decrease in debtors	105,681	29,588
Increase/(decrease) in creditors	104,662	(190,259)
Capital grants from DfE and other capital income	(123,229)	(64,160)
Defined benefit pension scheme cost less contributions payable	171,000	32,000
Defined benefit pension scheme finance cost	65,000	30,000
Net assets transferred from Redhill School	(4,982,188)	-
Increase in valuation of investments	134	630
Net cash provided by/(used in) operating activities	<u>363,514</u>	<u>(96,059)</u>

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	1,406,181	711,515
Total	<u>1,406,181</u>	<u>711,515</u>

23. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. PENSION COMMITMENTS (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £726,747 (2016 - £553,088).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £313,000 (2016 - £224,000), of which employer's contributions totalled £241,000 (2016 - £173,000) and employees' contributions totalled £72,000 (2016 - £51,000). The agreed contribution rates for future years are between 17.9 and 19.9% for employers and between 5.5 and 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	3.75 %
Rate of increase for pensions in payment	2.70 %	2.00 %
Inflation assumption (CPI)	2.70 %	2.00 %

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

	2017	2016
Retiring today		
Males	21.8	23.1
Females	24.3	25.8
Retiring in 20 years		
Males	24.0	25.3
Females	26.6	28.1

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. PENSION COMMITMENTS (continued)

	At 31 August 2017 £
Sensitivity analysis - on pension liabilities	
Discount rate +0.1%	8,401,000
Discount rate -0.1%	10,897,000
Mortality assumption - 1 year increase	10,990,000
Mortality assumption - 1 year decrease	10,313,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	3,450,000	1,439,000
Gifts	399,000	376,000
Other bonds	210,000	193,000
Property	398,000	-
Cash and other liquid assets	271,000	156,000
Derivatives	-	-
Other	724,000	262,000
Total market value of assets	6,452,000	2,582,000

The actual return on scheme assets was £765,000 (2016 - £380,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(412,000)	(205,000)
Interest income	73,000	79,000
Interest cost	(137,000)	(108,000)
Admin expenses	(1,000)	(1,000)
Total	(477,000)	(235,000)
Actual return on scheme assets	765,000	380,000

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	4,046,000	2,713,000
Transferred in on existing academies joining the trust	5,571,000	-
Interest cost	137,000	108,000
Employee contributions	72,000	51,000
Actuarial losses	443,000	1,034,000
Benefits paid	(35,000)	(65,000)
Current service cost	412,000	205,000
	<u>10,646,000</u>	<u>4,046,000</u>
Closing defined benefit obligation	<u>10,646,000</u>	<u>4,046,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	2,426,000	1,888,000
Transferred in on existing academies joining the trust	2,187,000	-
Interest income	73,000	79,000
Actuarial gains	489,000	301,000
Employer contributions	241,000	173,000
Employee contributions	72,000	51,000
Benefits paid	(35,000)	(65,000)
Administration expenses	(1,000)	(1,000)
	<u>5,452,000</u>	<u>2,426,000</u>
Closing fair value of scheme assets	<u>5,452,000</u>	<u>2,426,000</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	29,745	23,132
Between 1 and 5 years	30,912	27,255
	<u>60,657</u>	<u>50,387</u>
Total	<u>60,657</u>	<u>50,387</u>

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. RELATED PARTY TRANSACTIONS

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

Other than Trustees remuneration there are no further related party transactions entered into during the year.

26. 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 amounts as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

27. AGENCY ARRANGEMENTS

The academy distributes training bursaries to student teachers as an agent for the NCTL. In the accounting period ending 31 August 2017 the trust received £79,000 and disbursed £76,000 from the fund. The trust is entitled to withhold an administration charge from the grants received and this amounted to £3,000 during the year. There are no undistributed funds at the balance sheet date.

28. POST BALANCE SHEET EVENTS

From 1 September 2017 the trustees have agreed to expand the Trust by welcoming Olive Hill Primary into the Trust.

STOUR VALE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

29. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY

Redhill School

	Value reporting by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Freehold property	7,814,681	-	7,814,681
Other fixed assets	17,841	-	17,841
Stock	14,500	-	14,500
Debtors due within one year	311,750	-	311,750
Cash in bank and in hand	462,526	-	462,526
Liabilities			
Creditors due within one year	(255,110)	-	(255,110)
Pensions			
Pensions - pension scheme assets	2,187,000	-	2,187,000
Pensions - pension scheme liabilities	(5,571,000)	-	(5,571,000)
Net assets	<u>4,982,188</u>	<u>-</u>	<u>4,982,188</u>