

**The Mead Academy Trust  
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**For The 16 Month Period Ended 31 August 2013**

TUESDAY



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COMPANIES HOUSE

**Company Registration Number: 08024396  
(England and Wales)**

## **The Mead Academy Trust**

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## **The Mead Academy Trust**

### **Reference and Administrative Details**

#### **Members**

Mrs M Jacob (Chair) – appointed 01/05/12  
Mrs L Bolton (Principal and accounting officer) – appointed 01/05/12  
Mrs T Wright – appointed 01/05/12  
Mr J Clark – appointed 01/05/12  
Mrs N Henderson – appointed 01/05/12  
Mr R Quick – appointed 01/05/12

#### **Directors**

Mrs M Jacob – appointed 01/05/12  
Mrs L Bolton – appointed 01/05/12  
Mrs T Wright – appointed 01/05/12  
Mr J Clark – appointed 01/05/12  
Mrs N Henderson – appointed 01/05/12  
Mr R Quick – appointed 01/05/12

#### **Governors**

Tracy Boulton – appointed 01/05/12  
Amanda Taylor – appointed 01/05/12  
Stephanie Davis – appointed 01/05/12  
Lyn Eden – appointed 22/11/12  
Alex Purcell – appointed 01/05/12, resigned 01/07/13  
Harriet Phillips – appointed 01/05/12  
Emma Holton – appointed 01/05/12  
A Jackson – appointed 01/05/12, resigned 01/07/13  
L Palmer – appointed 01/05/12

#### **Senior Management Team**

Executive Head – Mrs L Bolton  
Head of Teaching School – Miss L Palmer  
Assistant Head Teacher – Mrs T Boulton  
Assistant Head Teacher – Mrs K Jamieson  
Assistant Head Teacher – Mrs H Phillips  
School Business Manager – Sheila Pedler  
School Business Manager – Mrs H Clift

#### **Registered Office**

THE MEAD ACADEMY TRUST,  
Hackett Place,  
Hilperton,  
Trowbridge,  
Wiltshire  
BA14 7GN

#### **Company Registration Number**

08024396

#### **Auditors**

Monahans Chartered Accountants  
Clarks Mill  
Stallard Street  
Trowbridge  
Wiltshire  
BA14 8HH

#### **Bankers**

Lloyds Bank  
64 Fore Street  
Trowbridge  
Wiltshire  
BA14 8EU

## **The Mead Academy Trust**

### **Governors Report**

The Governors present their annual report together with the audited financial statements of the Academy for the 16 month period ended 31 August 2013

### **Structure, Governance and Management**

#### Constitution

The Mead Academy Trust is a company limited by guarantee and an exempt charity, which was incorporated on 10 April 2012 and opened as an Academy on 1 May 2012. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Members act as the Trustees for the charitable activities of The Mead Academy Trust and are also appointed as Directors of the Charitable Company for the purposes of company law.

Details of the Governors and Directors who served throughout the period are included in the Reference and Administrative details on page 1.

#### Members Liability

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

#### Governors Indemnities

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Governors 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, provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as Directors (if also appointed as a Director) of the Academy Trust. The limit of this indemnity to 31 August 2013 was £5,000,000 and from 1 September 2012 onwards was £2,000,000.

#### Principal Activities, Objectives and Public Benefit

The Academy Trust has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing its aims and objectives.

The Mead Academy Trust's object is as follows,

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools (the academies) offering a broad and balanced curriculum, and
- b) to promote for the benefit of the inhabitants of Trowbridge and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The school has been judged by Ofsted as Outstanding at its most recent inspections in 2007, 2011 and 2013, which demonstrates that the Mead Academy Trust provides excellent value for money.

## **The Mead Academy Trust**

### **Governors Report (continued)**

#### Method of Recruitment and Appointment or Election of Directors

The Articles of Association of the Academy Trust provides for the following categories of Directors,

- a Executive Head
- b Head Teacher from each Academy in the Trust
- c Chair of the Governors for each Academy
- d A staff representative from each Academy
- e A parent representative from each Academy
- f Chair of the Resources Committee

The Academy Trust may also appoint co-opted Directors

Directors may be appointed by virtue of the position they hold such as a Head Teacher or may be appointed if elected as an Academy Governor or Parent or Teacher Representative

Directors may also be appointed by the Members

The Wiltshire Diocese has the option to appoint one Director as does Bath Spa University with which the Academy has a close association related to Initial Teacher Education

#### Policies and Procedures Adopted for the Induction and Training of Directors

New Directors should

- Meet with the Executive Head and/or The Chair of Directors
- Read the contents of the "New Governors Induction Handbook"
- Attend a "New Governors" induction course provided by Wiltshire Council

### **Governance of the Trust**

#### Governance Principle

The governance principles for The Mead Academy Trust are contained in the Articles of Association which is the governing instrument of the Academy Trust. Under a multi academy model the Academy Trust is known as The Company and the schools are known as The Academies. Top level governance of The Mead Academy Trust is comprised of the Trust (*The Company*) which has Members for the purposes of the Companies Act and in simple terms 'own' the Academy Trust. Secondly, the Board of Directors are responsible for managing the affairs of The Academy Trust and are responsible for the day to day operations. In practice their powers of management are largely delegated to the Executive Head/Head Teacher of each academy school.

## **The Mead Academy Trust**

### **Governors Report (continued)**

#### Governance Structure

The governance structure for The Mead Academy Trust is comprised of the following groups

- The Academy Trust (The Members)
- The Board of Directors
- A Governing Body for each Academy
- The Resources Committee
- The Parents Advisory Group for each Academy
- The Staff Advisory Group for each Academy

#### Organisational Structure

The Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy Trust by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. The Executive Head is the Chief Executive Officer (CEO) and "exofficio" Director.

The Senior Managers are the Executive Head and Senior Leaders of the Academy including the School Business Managers. These managers control the Academy at an executive level implementing the policies laid down by the Directors and reporting back to them. The Executive Head is the Accounting Officer and is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Management Team always contain a Director. Some spending authorisation is devolved to members of the Management Team which a Senior Manager must countersign.

The Management Team includes the Senior Management, Curriculum Area Managers and Senior Teachers. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students. The School Business Managers are responsible for the day to day management of support staff.

The management structure will evolve over the next 12 months due to the opening of a new Academy School as part of the Trust.

#### Risk Management

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

## The Mead Academy Trust

### Governors Report (continued)

#### Teaching and Learning – Achievements and Performance

The Academy Trust made the following key achievements in this reporting period

- The school has been designated a National Teaching School
- It has achieved an outstanding judgement in a section 5 Ofsted inspection in 2011
- It has achieved an outstanding judgement in two English Ofsted Survey inspections in February and April 2013
- Arts Mark Gold was reaccruited in 2013
- International Schools Full Award reaccruited in 2013
- Attainment at Key Stage 1 and Key Stage 2 are very strong with many areas significantly above national values
- The schools Early Years provision has been filmed to create training videos for HMI
- The trust has been awarded the competitive tender to open Castle Mead Primary school in 2014
- The Mead is training a cohort of 32 PGCE students in partnership with Bath Spa University

#### Teaching School Activities

The Mead Academy Trust is one of the nationally recognised Teaching Schools and in this capacity it provides help and support to other schools and contributes to the wider debate around Education Policy and Practice locally and in the UK

#### Finance

A Financial Controls and Assurance Report was undertaken by Wiltshire Council, as part of the auditing processes. This was carried out to evaluate whether the financial transactions at The Academy are properly processed and controls are operating as laid down by the Governing Body in the Mead Academy Trust's Financial Regulations Manual. Areas covered included

- 1 Review of the recommendations from previous Financial Controls Assurance Report (FCAR) visit – relating to Purchasing Processes
- 2 Review of the Income and Banking processes

No high risk issues were identified during the visit, and the "Conclusion and Opinions" in the reports were

***"Based on the evidence obtained at this visit, in my opinion, the requirements laid down in the Academies Financial Handbook and the Academy's Financial Regulations Manual have been met.***

***There are internal controls in place for the financial systems, but there are areas for improvement and these are detailed under the action points/considerations headings of the report "***

The Education Funding Agency External Assurance Team also undertook a validation inspection over two days, of the Financial Management Governance Self-Assessment process controls, and concluded

***"We have reviewed the evidence provided by the Academy Trust. On the basis of our review we concur with the self-assessment of the Academy that, at the time of completing the FMGS return, it was progressing towards compliance with the mandatory requirements set by the Academies Financial Handbook"***

#### Financial Review

##### Going Concern

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

## The Mead Academy Trust

### Governors Report (continued)

#### Finance Overview

Most of the Academy's income is obtained from two sources. The majority from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes, and another but smaller amount to support the Teaching School activity. The grants received from the Government during the year and the associated expenditure are shown in the statement of financial activities.

The Academy has taken on the deficit in the **Local Government Pension Scheme** in respect of its non-teaching staff transferred on conversion as detailed in the accounts. The Academy's share of that deficit amounted to £189,000 as at the end of August 2013, representing the amount that the Academy would have to contribute if the fund were wound up and its liabilities had to be met at that point. This is reflected in provisions, and the deficit arising in the year is shown in the Statement of Financial Activities, however at this time there is no intention to wind up the scheme and therefore the Academy does not expect to have to fund this liability. The Academy takes advice on funding levels and would increase contributions if advised to do so.

At 31 August 2013 the net book value of fixed assets was £5,081,000 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Expenditure in the reporting period has supported the key objectives and the results are shown in the academic achievements in earlier sections. The school was also judged by Ofsted as Outstanding during the last audit. This demonstrates that The Mead Academy Trust provides excellent value for money.

#### Principle Risks and Uncertainties

A thorough risk audit has been carried out by the Board of Directors. All such risks are deemed to have appropriate controls and to be within acceptable limits.

In addition a full cash flow analysis has been carried out and shows that funds are available throughout the year to manage the school's finances and meet priorities.

Future funding is assured with conservative projections of pupil numbers and sources of funding from the EFA.

#### Reserves Policy

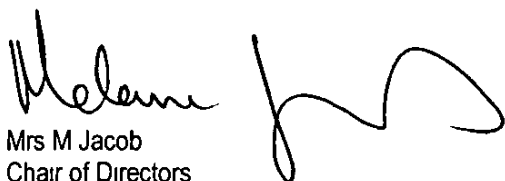
The Directors review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

#### Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the Board of Directors on 18 November 2013 and signed on its behalf by



Mrs M Jacob  
Chair of Directors



## **The Mead Academy Trust**

### **Governance Statement**

#### **Scope of Responsibility**

As Directors, we acknowledge we have overall responsibility for ensuring that The Mead 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 Directors has delegated the day-to-day responsibility to the Executive Head, 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 The Mead Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors through the Resources Committee any material weaknesses or breakdowns in internal control.

#### **Governance**

The Board of Directors formally met 3 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

<b>Director</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Mrs M Jacob	3	3
Mrs L Bolton	3	3
Mrs T Wright	3	3
Mr J Clark	3	3
Mrs N Henderson	3	3
Mr R Quick	3	3

#### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at The Mead Academy Trust for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

#### **Statement on Internal Controls**

The Directors have considered the level of internal controls required for the Academy and have set policies on internal controls which cover the following:

- the type of risks the Academy faces,
- the level of risks which they regard as acceptable,
- the likelihood of the risks materialising,
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise,
- the costs of operating particular controls relative to the benefits obtained,
- clarified the responsibility of the Management Team to implement the governors' policies and to identify and evaluate risks for the Directors' consideration,
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives,
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy,

## **The Mead Academy Trust**

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

- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- included procedures for reporting failings immediately to appropriate levels of management and the Directors together with details of corrective action being undertaken

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Directors have appointed Chair of Resources, a Director, as budget monitoring officer. As permitted by the DfES Financial Handbook for Academies, the Responsible Officer (RO) audit 'tasks' have been outsourced to the Local Authority Finance Team. On a quarterly basis the external auditors report to the governing body on the operation of the systems of control and on the discharge of the RO's financial responsibilities.

### **Capacity to Handle Risks**

The Board of Directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Resources Committee.

### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Resources Committee,
- regular reviews by the Resources 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
- The purchase of an external service from Wiltshire Council Accounting, Budget and Technicians Team, which provides a quality assurance and scrutiny process over viewing day-to-day financial functions, budget preparation and data input into SIMS systems

### **Review of Effectiveness**

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

- the work of the external auditor – Monahans Accountants,
- the EFA financial management and governance self assessment process
- The reports produced by the Financial Control and Assurance Officer visits – provided by Wiltshire Council
- the work of the executive managers within The Academy
- The advice and guidance received from Monahans Accountants

**The Mead Academy Trust**

**Governance Statement (continued)**

The Accounting Officer and the Resources Committee are aware of the implications of the reviews of the systems of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Resources Committee 18 November 2013 and signed on its behalf by



Mr R Quick  
Chair of Resources



Mrs L Bolton – Executive Head Teacher  
Accounting Officer

## **The Mead Academy Trust**

### **Statement on Regularity, Propriety and Compliance**

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Mrs L Bolton - Executive Head Teacher  
Accounting Officer

## The Mead Academy Trust

### Statement of Directors Responsibilities

The Directors (who act as trustees for charitable activities, and some of whom are also Directors of The Mead Academy Trust for the purposes of company law,) are responsible for preparing the Directors Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Academy and of the incoming resources and application of resources, including the income and expenditure, of The Academy for the year. In preparing these financial statements, the Directors are required to

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of The Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

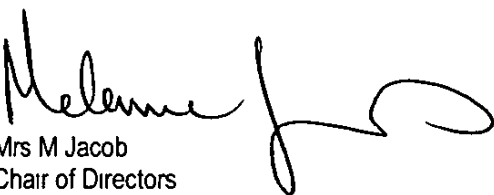
The Directors are responsible for ensuring that in its conduct and operation The Academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended

In so far as the Directors are aware

- there is no relevant audit information of which the academy's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on The Academy'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 Governing Body on *18 November 2013* and signed on its behalf by



Mrs M Jacob  
Chair of Directors

## **The Mead Academy Trust**

### **Independent Auditor's Report to the Members of The Mead Academy Trust**

We have audited the financial statements of The Mead Academy Trust for the 16 month period ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 academy trust'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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

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

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

In our opinion the financial statements

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

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

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

## The Mead Academy Trust

### Independent Auditor's Report to the Members of The Mead Academy Trust (continued)

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

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

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



Linda Boss (Senior Statutory Auditor)  
Monahans Chartered Accountants  
Statutory Auditors  
Clarks Mill  
Stallard Street  
Trowbridge  
Wiltshire  
BA14 8HH

Date 20 December 2013

## **The Mead Academy Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to The Mead Academy Trust and the Education Funding Agency**

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

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

#### **Respective responsibilities of The Mead Academy Trust accounting officer and the reporting accountant**

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

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

#### **Approach**

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

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

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

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



## **The Mead Academy Trust**

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

In planning and conducting our work we had due regard to professional guidance, including the Academies Accounts Direction 2013 and the ICAEW Assurance Sourcebook. The work undertaken to draw to our conclusion, includes, but is not limited to

- Enquiry of senior management and the Academy's Governors
- Inspection and review of the accounting records, meeting minutes, internal control procedures, management representations and declarations of interest
- Observation and re-performance of the financial controls
- Review of the results of the Academy's process of independent checking of financial controls, systems, transactions and risks

#### **Conclusion**

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



Monahans Chartered Accountants  
Clarks Mill  
Stallard Street,  
Trowbridge  
Wiltshire  
BA14 8HH

Date 20 December 2013

# The Mead Academy Trust

## Statement of Financial Activities for the 16 month period ended 31 August 2013 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2013 £000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	4	13	-	17
Transfer from local authority on conversion	26	71	(133)	5,207	5,145
Activities for generating funds	3	155	-	-	155
Investment income	4	1	-	-	1
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	5	180	2,764	13	2,957
<b>Total incoming resources</b>		<b>411</b>	<b>2,644</b>	<b>5,220</b>	<b>8,275</b>
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
Costs of generating voluntary income		5	13	-	18
Fundraising trading		116	-	-	116
<i>Charitable activities</i>					
Academy's educational operations	7	166	2,562	163	2,891
Governance costs	8	-	130	-	130
<i>Other resources expended</i>					
<b>Total resources expended</b>	6	<b>287</b>	<b>2,705</b>	<b>163</b>	<b>3,155</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>124</b>	<b>(61)</b>	<b>5,057</b>	<b>5,120</b>
Gross transfers between funds	16	-	(24)	24	-
<b>Net income/(expenditure) for the period</b>		<b>124</b>	<b>(85)</b>	<b>5,081</b>	<b>5,120</b>
<b>Other recognised gains and losses</b>					
Actuarial (losses)/gains on defined benefit pension schemes	16, 24	-	(62)	-	(62)
<b>Net movement in funds</b>		<b>124</b>	<b>(147)</b>	<b>5,081</b>	<b>5,058</b>
<b>Reconciliation of funds</b>					
<b>Funds carried forward at 31 August 2013</b>		<b>124</b>	<b>(147)</b>	<b>5,081</b>	<b>5,058</b>

All of the Academy's activities derive from acquisitions during the current financial period

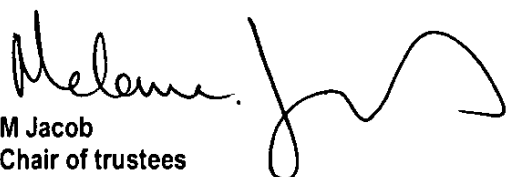
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

# The Mead Academy Trust

## Balance sheet as at 31 August 2013

	Notes	2013 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	12		5,081
<b>Current assets</b>			
Stock	13	-	
Debtors	14	38	
Cash at bank and in hand		312	
		<u>350</u>	
<b>Creditors</b> Amounts falling due within one year	15	<u>(184)</u>	
<b>Net current assets</b>			<u>166</u>
Total assets less current liabilities			5,247
Pension scheme liability	24		(189)
<b>Net assets including pension liability</b>			<u>5,058</u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
Fixed asset funds	16		5,081
General funds	16		42
Pension reserve	16		(189)
<b>Total restricted funds</b>			<u>4,934</u>
<b>Unrestricted funds</b>	16		124
<b>Total funds</b>			<u>5,058</u>

The financial statements on pages 16 to 36 were approved by the trustees, and authorised for issue on ~~20 December~~ 2013 and are signed on their behalf by

  
**M Jacob**  
**Chair of trustees**

Company Limited by Guarantee  
Registration Number 08024396

## **The Mead Academy Trust**

### **Cash Flow Statement for the 16 month period ended 31 August 2013**

	Notes	2013 £000
Net cash inflow from operating activities	19	34
Returns on investments and servicing of finance	20	1
Capital expenditure	21	(24)
Cash transferred on conversion to an academy trust	26	301
<b>Increase in cash in the period</b>	<b>22</b>	<b><u>312</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
<b>Net funds at 31 August 2013</b>		<b><u>312</u></b>

All of the cash flows are derived from acquisitions in the current financial period

**Notes to the Financial Statements for the 16 month Period Ended 31 August 2013**

**1 Accounting Policies**

**Basis of Preparation**

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

**Going Concern**

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

**Incoming Resources**

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

**Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)**

**1 Accounting Policies (continued)**

- **Donated Services and Gifts in Kind**

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

**Resources Expended**

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

**Conversion to an Academy**

The conversion from a state maintained school to an academy trust involved 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 on conversion from The Mead Community Primary School to an academy trust 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 The Mead Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Fixed assets transferred were Land of £452,000, Buildings of £4,664,000 and other fixed assets of £91,000. The land and buildings were valued at depreciated replacement cost and other fixed assets at market value. Further details of the transaction are set out in note 26.

The land and buildings fixed assets transferred represents The Mead Community Primary School, Hackett Place, Hilperton, Trowbridge only. The Wingfield Primary School, Wingfield, Trowbridge continues to be owned by The Salisbury Diocesan Board of Education.

Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

1 Accounting Policies (continued)

**Tangible Fixed Assets**

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

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

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

Long leasehold buildings	2% straight line
Fixtures, fittings and equipment	10% straight line
ICT equipment	33 3% straight line

Land is not depreciated

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

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

On conversion, the school freehold land and buildings at Hilperton, Trowbridge previously owned by Wiltshire Council were transferred to the academy. The school freehold land and buildings at Wingfield, Trowbridge continues to be owned by The Salisbury Diocesan Board of Education. A valuation of the land and buildings as at 31 March 2013 at Hilperton, Trowbridge was undertaken by Mouchel, on behalf of the Education Funding Agency, using the depreciated replacement cost basis so as to provide a fair value on the assumption of existing use. The land and buildings have been recognised as a fixed asset in the balance sheet together with a corresponding credit to voluntary income in the Statement of Financial Activities.

On conversion there were a number of other assets transferred to the academy. The value of these donated assets has been recognised as fixed assets in the balance sheet together with a corresponding credit to voluntary income in the Statement of Financial Activities.

**Leased Assets**

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

**Stock**

Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

**Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)**

**1 Accounting Policies (continued)**

**Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**Fund Accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.



# **The Mead Academy Trust**

## **Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)**

### **2 Voluntary Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>
Other donations	4	13	17
	<u>4</u>	<u>13</u>	<u>17</u>

### **3 Activities for Generating Funds**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>
Hire of facilities	14	-	14
Other schools	116	-	116
Other income	25	-	25
	<u>155</u>	<u>-</u>	<u>155</u>

### **4 Investment Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>
Short term deposits	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>

# The Mead Academy Trust

## Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

### 5 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
<b>DfE/EFA grants</b>			
General Annual Grant (GAG)	-	2,375	2375
Start Up Grants	-	11	11
Capital Grants	-	13	13
Other DfE/EFA grants	-	130	130
		<u>2,529</u>	<u>2,529</u>
<b>Other Government grants</b>			
Local authority grants	-	248	248
		<u>248</u>	<u>248</u>
<b>Other incoming resources</b>			
Catering Income	43	-	43
Music income	9	-	9
Parental contributions	128	-	128
	<u>180</u>	<u>-</u>	<u>180</u>
	<u>180</u>	<u>2,777</u>	<u>2,957</u>

### 6 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2013 £000
		Premises £000	Other Costs £000	
Costs of generating voluntary income	-	-	18	18
Costs of activities for generating funds	116	-	-	116
Academy's educational operations				
Direct costs	1,901	39	224	2,164
Allocated support costs	358	245	124	727
	<u>2,375</u>	<u>284</u>	<u>366</u>	<u>3,025</u>
Governance costs including allocated support costs	-	-	130	130
	<u>2,375</u>	<u>284</u>	<u>496</u>	<u>3,155</u>

The method used for the apportionment of support costs is disclosed in the accounting policies

Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

6 Resources Expended (continued)

	2013 £000
Incoming/outgoing resources for the period include:	
Operating leases	5
Fees payable to auditor	
Audit	5
Other services	1
Depreciation – owned assets	163

7 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
<b>Direct costs</b>			
Teaching and educational support staff costs	-	1,901	1,901
Depreciation	-	39	39
Educational supplies	-	64	64
Staff development	-	14	14
Educational consultancy	-	10	10
Educational field study costs	80	-	80
Other direct costs	48	8	56
	<u>128</u>	<u>2,036</u>	<u>2,164</u>
<b>Allocation supported costs</b>			
Support staff costs	19	339	358
Depreciation	-	124	124
Technology costs	-	42	42
Operating lease equipment	-	5	5
Maintenance of premises and equipment	-	41	41
Cleaning	-	4	4
Rent & rates	-	15	15
Energy costs	-	27	27
Insurance	-	27	27
Catering	19	-	19
Security and transport	-	6	6
Pension scheme finance costs	-	7	7
Other support costs	-	52	52
	<u>38</u>	<u>689</u>	<u>727</u>
	<u>166</u>	<u>2,725</u>	<u>2,891</u>

Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

8 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
Legal and professional fees	-	124	124
Auditor's remuneration			
• Audit of financial statements	-	5	5
• Other audit costs	-	1	1
Support staff costs	-	-	-
Trustees' reimbursed expenses	-	-	-
	<u>-</u>	<u>130</u>	<u>130</u>

9 Staff Costs

	2013 £000
Staff costs during the period were	
Wages and salaries	1,967
Social security costs	118
Pension costs	290
	<u>2,375</u>
Supply teacher costs	-
Compensation payments	-
	<u>2,375</u>

The average number of persons (including senior management team) employed by the Academy during the period, and the full time equivalents, was as follows

	2013 Number	2013 Full-time equivalent
<b>Charitable Activities</b>		
Teachers	61	40
Administration and support	18	17
Management	6	6
	<u>85</u>	<u>63</u>

The number of employees whose emoluments fell within the following bands (annual equivalent) was

	2013 £000
£60,001 - £70,000	<u>1</u>
	<u>1</u>

## The Mead Academy Trust

### Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

#### 9 Staff Costs (continued)

The above employee participated in the Teacher's Pension Scheme. During the period ended 31 August 2013, pension contributions for this member of staff amounted to £13,000.

#### 10 Related Party Transactions - Trustees' Remuneration and Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration for the 16 month period to 31 August 2013 was as follows:

L Bolton (principal and trustee)	£85,000 - £90,000
L Palmer (staff trustee)	£60,000 - £65,000
H Phillips (staff trustee)	£30,000 - £35,000
T Boulton (staff trustee)	£55,000 - £60,000
E Holten (staff trustee)	£50,000 - £55,000

During the period ended 31 August 2013, travel and subsistence expenses totalling £Nil were reimbursed to trustees. Related party transactions involving the trustees are set out in note 25.

#### 11 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 £2,000,000 on any one claim and the cost for the period ended 31 August 2013 was approximately £1,000. The cost of this insurance is included in the total insurance cost.

#### 12 Tangible Fixed Assets

	Long Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Software £000	Total £000
<b>Cost</b>					
Transfer on conversion	5,116	42	5	44	5,207
Additions	-	-	24	13	37
Disposals	-	-	-	-	-
At 31 August 2013	5,116	42	29	57	5,244
<b>Depreciation</b>					
Charged in period	124	6	8	25	163
Disposals	-	-	-	-	-
At 31 August 2013	124	6	8	25	163
<b>Net book values</b>					
At 31 August 2013	4,992	36	21	32	5,081

Included within long leasehold land and buildings is land of £452,000 which is not depreciated.

# The Mead Academy Trust

## Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

### 13 Stock

	2013 £000
Stationery	-
Catering	-
	<u>-</u>

### 14 Debtors

	2013 £000
Trade debtors	11
VAT recoverable	7
Other debtors	-
Prepayments and accrued income	20
	<u>38</u>

### 15 Creditors' amounts falling due within one year

	2013 £000
Trade creditors	-
Taxation and social security	28
Other creditors	-
Accruals and deferred income	156
	<u>184</u>

### Deferred income

	2013 £000
Deferred Income at 1 May 2012 on conversion	239
Resources deferred in the period	127
Amounts released in the period	(239)
Deferred Income at 31 August 2013	<u>127</u>

At the balance sheet date the academy trust was holding funds received in advance in relation to grant income for the 2013/14 academic year

Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

16 Funds

	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2013 £000
<b>Restricted general funds</b>				
General Annual Grant (GAG)	2,375	(2,309)	(24)	42
Start Up Grant	11	(11)	-	-
Other DfE/EFA grants	130	(130)	-	-
Other restricted grants/income	261	(261)	-	-
	<u>2,777</u>	<u>(2,711)</u>	<u>(24)</u>	<u>42</u>
Pension reserve	(133)	6	(62)	(189)
	<u>2,644</u>	<u>(2,705)</u>	<u>(86)</u>	<u>(147)</u>
<b>Restricted fixed asset funds</b>				
DfE/EFA capital grants	13	(6)	-	7
Capital expenditure from GAG	-	(5)	24	19
Transfer from LA on conversion	5,207	(152)	-	5,055
	<u>5,220</u>	<u>(163)</u>	<u>24</u>	<u>5,081</u>
<b>Total restricted funds</b>	<u>7,864</u>	<u>(2,868)</u>	<u>(62)</u>	<u>4,934</u>
<b>Unrestricted funds</b>	411	(287)	-	124
<b>Total funds</b>	<u>8,275</u>	<u>(3,155)</u>	<u>(62)</u>	<u>5,058</u>

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

General Annual Grant – the GAG is applied in strict accordance with the terms of the Model Funding Agreement. 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 2013

Other DfE/EFA grants – these include the pupil premium which is used to assist pupils from low income families

Other restricted grants/income – these include the special educational needs funding from the Local Authority, and other smaller restricted income streams

Pension reserve – this deficit represents the net shortfall in funds in the Local Government Pension Scheme in relation to employees past and present

DfE/EFA capital grants - this represents funding specifically provided to support capital expenditure on fixed assets

Fixed assets on conversion – this represents the value of land, buildings and other assets transferred from the Local Authority to the academy on conversion less depreciation

Capital expenditure from GAG – this represents the cost less depreciation of assets purchased from the GAG

The gain, losses and transfers represent the following

£24,000 transfer Capital expenditure from GAG

£62,000 loss on actuarial valuation of the Local Government pension Scheme

# The Mead Academy Trust

## Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

### 17 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	5,081	5,081
Current assets	124	226	-	350
Current liabilities	-	(184)	-	(184)
Pension scheme liability	-	(189)	-	(189)
<b>Total net assets</b>	<b>124</b>	<b>(147)</b>	<b>5,081</b>	<b>5,058</b>

### 18 Financial commitments

#### Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows

	2013 £000
<b>Land and buildings</b>	
Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring in over five years	-
<b>Other</b>	
Expiring within one year	-
Expiring within two and five years inclusive	5
Expiring in over five years	-
	<b>5</b>

### 19 Reconciliation of net income to net cash inflow from operating activities

	2013 £000
Net income	5,120
Depreciation (note 12)	163
Capital grants from DfE/EFA and other capital income	(13)
Interest receivable (note 4)	(1)
FRS 17 pension cost less contributions payable (note 24)	(13)
FRS 17 pension finance (income)/costs (note 24)	7
Donations on transfer from local authority	(5,145)
(Increase)/decrease in debtors	(20)
Increase/(decrease) in creditors	(64)
<b>Net cash inflow from operating activities</b>	<b>34</b>



Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

20 Returns on investments and servicing of finance

	2013 £000
Interest received	1
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>1</b>

21 Capital expenditure and financial investment

	2013 £000
Purchase of tangible fixed assets	(37)
Capital grants from DfE/EFA	13
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(24)</b>

22 Analysis of changes in net funds

	Cash flows £000	At 31 August 2013 £000
Cash in hand and at bank	312	312
	<u>312</u>	<u>312</u>

23 Members' Liability

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

24 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership

**Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)**

**24 Pension and similar obligations (continued)**

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

***The Teachers' Pension Budgeting and Valuation Account***

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

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

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

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

***Teachers' Pension Scheme Changes***

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

24 Pension and similar obligations (continued)

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £147,000, of which employer's contributions totalled £116,000 and employees' contributions totalled £31,000. The agreed contribution rates for future years are 22.80% for employers and 6.50% for employees.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Principal Actuarial Assumptions

At 31  
August  
2013

Rate of increase in salaries	5.1%
Rate of increase for pensions in payment / inflation	2.8%
Discount rate for scheme liabilities	4.6%
Inflation assumption (CPI)	2.0%

Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

24 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	At 31 August 2013
<i>Retiring today</i>	
Males	21 3 years
Females	23 6 years
<i>Retiring in 20 years</i>	
Males	23 3 years
Females	25 5 years

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £000	Expected return at 1 May 2012	Fair value at 1 May 2012 £000
Equities	6.6%	334	5.7%	186
Bonds	4.1%	70	3.7%	46
Property	4.7%	46	3.8%	30
Cash	3.6%	14	2.9%	8
<b>Total market value of assets</b>		<u>464</u>		<u>270</u>
Present value of scheme liabilities				
- Funded		653		403
<b>Surplus/(deficit) in the scheme</b>		<u>(189)</u>		<u>(133)</u>

The expected return on assets is based on the long-term future expected investment return for each asset class. The actual return on scheme assets was £50,000.

Amounts recognised in the statement of financial activities

	2013 £000
Current service cost (net of employee contributions)	103
Past service cost	-
<b>Total operating charge</b>	<u>103</u>
<b>Analysis of pension finance income / (costs)</b>	
Expected return on pension scheme assets	23
Interest on pension liabilities	(30)
<b>Pension finance income / (costs)</b>	<u>(7)</u>

Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

**24 Pension and similar obligations (continued)**  
**Local Government Pension Scheme (continued)**

The actual gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £62,000 loss.

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

	<b>2013 £000</b>
<b>At 1 May 2012</b>	403
Current service cost	103
Past service cost	-
Interest cost	30
Employee contributions	31
Actuarial (gain)/loss	86
Curtailments and settlements	-
Benefits paid	-
<b>At 31 August 2013</b>	<b>653</b>

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

	<b>2013 £000</b>
<b>At 1 May 2012</b>	270
Expected return on assets	23
Actuarial gain/(loss)	24
Employer contributions	116
Employee contributions	31
Assets distributed on settlements	-
Transfer in of new members	-
Benefits paid	-
<b>At 31 August 2013</b>	<b>464</b>

The estimated value of employer contributions for the year ended 31 August 2014 is £88,000.

The one-year history of experience adjustments is as follows.

	<b>2013 £000</b>
Present value of defined benefit obligations	(653)
Fair value of share of scheme assets	464
<b>Surplus/(Deficit) in the scheme</b>	<b>(189)</b>
<b>Experience adjustments on share of scheme assets</b>	<b>24</b>
Experience adjustments on scheme liabilities	-

## The Mead Academy Trust

### Notes to the Financial Statements for the 16 month Period Ended 31 August 2013 (continued)

#### 25 Related Party Transactions

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

The following related party transactions took place in the period:

During the period The Mead Academy Trust paid gardening charges of approximately £500 to Poppies & Parsnips, a business owned by M Jacob, a trustee.

During the period The Mead Academy Trust paid £3,246 to Collaborative Schools Limited, a company of which L Bolton is also a director. L Bolton is a trustee and the principal.

#### 26 Conversion to an Academy Trust

On 1 May 2012 The Mead Community Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Mead Academy Trust from the Wiltshire County Council Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as transfer from local authority on conversion.

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets				
Freehold / leasehold land and buildings	-	-	5,116	5,116
Other tangible fixed assets	-	-	91	91
Budget surplus / (deficit) on LA funds				
Budget surplus / (deficit) on other school funds	4	-	-	4
LGPS pension surplus / (deficit)	-	(133)	-	(133)
Borrowing obligations	-	-	-	-
Other identified assets and liabilities	67	-	-	67
<b>Net assets / (liabilities)</b>	<b>71</b>	<b>(133)</b>	<b>5,207</b>	<b>5,145</b>

The above net assets include £301,000 that were transferred as cash.