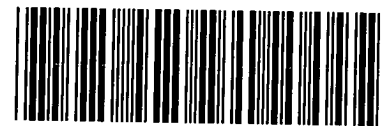


Registered number: 08842867

THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

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 **Bishop Fleming**
Chartered Accountants

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2014**

| | |
|--|---|
| Members | Sally Aspen (appointed 13 January 2014, resigned 15 March 2014) David Eno (appointed 13 January 2014) ² Darren Humphries, Chair (appointed 13 January 2014) ¹ |
| Trustees | Julian Elliott (appointed 13 January 2014) ¹ Andrew Hunt (appointed 13 January 2014) ^{1,2} Jack Jackson (appointed 13 January 2014) ² Laetitia Mayne, Vice-Chair (appointed 17 March 2014) John McKenzie (appointed 13 January 2014) Matthew Shirley (appointed 13 January 2014) ^{1,2} Catherine Stoate (appointed 13 January 2014, resigned 1 October 2014) ² Benjamin Towe (appointed 13 January 2014) ^{1,2} ¹ Staffing and Finance ² School Improvement |
| Company registered number | 08842867 |
| Principal and registered office | 24 Saltash Road Callington Cornwall PL17 7EF |
| Company secretary | Debbie Stoneman |
| Chief executive officer | Matthew Shirley |
| Independent auditors | Bishop Fleming LLP Chartered Accountants Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN |
| Bankers | Lloyds Bank 13 Broad Street Launceston Devon PL15 8AG |
| Solicitors | Cornwall Council - Legal Services Third Floor West Wing New County Hall Truro Devon TR1 3AY |

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 3 primary academies in Cornwall. Its academies have a combined pupil capacity of 596 and had a roll of 489 in the school census on 1 January 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy (was incorporated on 13 January 2014 and opened as an Academy on 1 February 2014) is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy.

The Trustees of The Duchy Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Duchy Academy Trust.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the 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 they cease to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the academy trust's expense 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, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees 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 Trustees in their capacity as Directors of the academy. The limit of this indemnity is £1,000,000.

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1 February 2014 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed multi-academy trust. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensure a staggered re-election or replacement process.

The Academy's Board of Trustees comprises the Headteacher, a minimum of two Parent Trustees, up to three Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 10 other Trustees.

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

- up to ten Trustees who are appointed by members.
- up to two Parent Trustees who are elected by Parents of registered pupils at the Academy.
- up to three staff Trustees appointed by Trustee board.
- the CEO who is treated for all purposes as being an ex officio Governor.

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

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures adopted for the Induction and Training of Trustees

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 2 committees as follows:

- **Staffing and Finance Committee** - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- **School Improvement Committee** - this meets at least four times a year to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint Headteachers in each academy and Clerk to the Trustees, to approve the annual Academy Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Chief Executive Officer and Senior Management Team (SMT). The SMT comprises a Chief Executive Officer, Headteacher, Head of School, Assistant Headteacher, Leading teachers and the Principal Business Manager. The SMT implement the policies laid down by the Trustees and report back to them on performance.

The Academy has a leadership structure which consists of the Trustees, The Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Academy Trust comprises three primary schools – Boyton, Callington and Lewannick Primary School. Each school has its own Governing Body responsible for day to day operations and management of the school's budget. The Trust Board comprises of Directors elected from the Governing Body of each school and others based on a skills audit.

The Chief Executive Officer is the Accounting Officer.

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

Connected Organisations, including Related Party Relationships

The academy has related party connection to the Principal of the academy, Launceston College.

There are no other related parties which either control or significantly influence the decisions and operations of The Duchy Academy Trust. There are no sponsors associated with the Academy. Callington Primary School Parents and Staff Association (registered number 1076374) and Friends of Lewannick School (registered number 1104378) are registered charities and are associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on children guiding their own learning.

The aims of the Academy during the period ended 31 August 2014 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra-curricular activities.
- to develop students as more effective learners.
- to enhance the tertiary provision and outcomes.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to maintain close links with industry and commerce.
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At The Duchy Academy Trust we aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academies is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are contained in our Academy Development Plan. Improvement focuses identified for this year include:

- improve standards for vulnerable cohorts;
- meet statutory requirements, ensure all stakeholders' awareness, maintain quality across all schools in the Trust;
- standardised data presentation across all schools in the trust;
- rigorous programme of improvement across all schools;
- strategic planning and recording of training;
- respond to parent views;
- SEN: ensure high quality Wave 1 provision across all schools;
- SEN: to ensure statutory requirements are met;
- Accountability maintained at a local level;
- Improved communication at director level;
- Ensure good or better practice across all schools in EYFS;
- Increase number of pupils attaining L6 in reading (from 1) across the schools;
- Target pupils in danger of not making 14 points progress across KS2;
- Increased accountability; improve shared practice, across the trust expectations of high level planning;
- Attainment and progress in Maths;

**THE DUCHY ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

- Improve impact of guided reading;
- Coherent, coordinated high expectations of classroom practice throughout all schools;
- Develop understanding of democracy;
- Pupils across the trust working together;
- All staff have clear understanding of child protection;
- Staff to attend first aid training;
- Increase impact of SMSC in all schools;
- Formalise strategic plan to promote Britain and British values across schools;
- Community events across the schools.

Key activities and targets were identified in the Academy Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding, including the conversion to Academy status. The activities included the following:

- review of numeracy, literacy and ICT capability.
- review of staffing levels in the light of budgetary pressure.
- further development of the intranet to support administration and communication.
- development and embedding of key financial and administrative procedures arising from conversion.
- continued development of systems for tracking and monitoring pupil attainment.
- range of activities to promote community adhesion and support of other charities activities.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

The Academy has managed to maintain small class sizes, with each year group having its own class, with the exception for Boyton and Lewannick which have mixed years. All classes have a teaching assistant, which is a valuable addition to the classroom.

A number of parent/carers volunteers have been helping across the schools this year. Their commitment to the children and Academy is inspirational. They have helped with fundraising, reading, writing, maths and trips out of school.

A number of children at each of the schools delivered an assembly to introduce their schools.

An artist worked with each of the schools to produce a piece of artwork relevant to their school which is prominently displayed at each site.

Football and rugby events have taken place involving teams from each school.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Senior Leadership Team.

During the year Boyton Primary School Academy completed the refurbishment of the kitchen to enable school meals to be prepared and cooked onsite at a cost of £32,000.

The Academy has established close links with Harrowbarrow School. The Trust along with Harrowbarrow is embarking on mutual staff development, with the primary aim of driving up standards.

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In the period under review, £106,613 was carried forward representing 10% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2014 were 489. It is anticipated that this number will continue to rise.

Another key performance indicator is staffing costs as a percentage of total income (excluding amounts transferred in on conversion and restricted fixed asset funds). For 2014, this was 73%.

Going Concern

After making appropriate enquiries, the Staff and Finance Committee has a reasonable expectation that the academy 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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2014 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The balance of the former school's budget share £263,085 was transferred across on conversion.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2014, total expenditure of £1,309,757 was covered by recurrent grant funding from the DfE, together with other incoming resources (excluding amounts transferred in on conversion) of £1,315,429. The excess of income over expenditure for the year (excluding restricted fixed asset funds and amounts transferred in on conversion) was £5,672.

At 31 August 2014 the net book value of fixed assets was £5,175,154 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were transferred in on conversion at a value of £5,409,000. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 25 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Chief Executive Officer, Headteachers, Head of School, Principal Business Manager, budget holders and other staff, as well as delegated authority for spending.

**THE DUCHY ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

Reserves Policy

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

The Trustees have set a target level of free reserves of £150,000 and as at 31 August 2014 held free reserves amounting to £116,096.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income, whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy Trust.

Investment Policy

Investments must be made only in accordance with written procedures approved by the Board of Directors.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 90% of the Academy's incoming resources (excluding amounts transferred in on conversion) were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014**

finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 25 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide good education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

We plan to maintain small class sizes with a teaching assistant in each class which will reflect in academic outcomes being improved.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

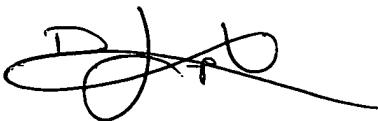
AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Staff and Finance Committee, as company directors, on 15 December 2014 and signed on the board's behalf by:



Darren Humphries
Chair of Trustees



Matthew Shirley
Chief Executive Officer

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The Duchy 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 Staff and Finance Committee has delegated the day-to-day responsibility to the Chief Executive, 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 Duchy Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Staff and Finance Committee 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 Trustees' responsibilities statement. The Staff and Finance Committee has formally met 3 times during the period. Attendance during the period at meetings of the Staff and Finance Committee was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------------------|-------------------|-------------------|
| Sally Aspen | 2 | 2 |
| David Eno | 3 | 3 |
| Darren Humphries, Chair | 3 | 3 |
| Julian Elliott | 3 | 3 |
| Andrew Hunt | 3 | 3 |
| Jack Jackson | 3 | 3 |
| Laetitia Mayne, Vice-Chair | 1 | 1 |
| John McKenzie | 1 | 3 |
| Matthew Shirley | 3 | 3 |
| Catherine Stoate | 0 | 3 |
| Benjamin Towe | 3 | 3 |

Governance reviews:

The Academy was incorporated on 13 January 2014. In accordance with the 2014 Academies Financial Handbook, the Board of Trustees will carry out a review of governance in 2014/15.

The **Staffing and Finance** is a sub-committee of the main Board of Trustees. Its purpose is to:

Purpose

To scrutinise the decision-making of the Accounting Officer, plus the Senior Leadership Team (SLT), acting as critical friends, to ensure that best practice and value for money are fully considered when spending the funds of the DAT.

Staffing Responsibilities

1. To work with the schools at a strategic level, giving guidance and make recommendations on matters relating to staff:
 - a. Appointments of staff on the leadership spine, teachers and senior administration staff. Appointment of other staff is delegated to Local Governing Bodies as far as these are viable within the limits of their school budget;
 - b. Staff wellbeing, including a review of workloads, work-life balance, working conditions, absence management and support mechanisms;
 - c. Equalities, access and fairness;
 - d. Appraisals and performance management, ensuring fairness and consistency for all staff, and in line with the latest DfE guidance;
 - e. Training and development;
 - f. Promotion;

**THE DUCHY ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

- g. Pay and conditions, ensuring these are commensurate with national policy and reflect local needs and circumstances;
 - h. To monitor and receive absence reports;
 - i. Disciplinary matters, grievances and complaints;
 - j. Termination of employment, including succession planning for known retirements, redundancy and resignations;
 - k. Appeals.
- 2. To undertake relevant training, for example safeguarding and safer recruitment vetting, so as to partake fully in The Duchy Academy Trust activities and interview panels.
- 3. To ensure The Duchy Academy Trust has up to date, relevant and compliant HR policies in place and to review these regularly.
- 4. To provide regular reports to the Board regarding personnel matters, drawing matters of merit and concern to their attention.
- 5. To receive reports from the Board's other committees to ensure continuity and consistency, and to make recommendations to them regarding the Duchy Academy Trust's personnel needs.
- 6. To forward plan with the head teachers of the schools all personnel needs, including staffing structures, ensuring minimum disruption to teaching and support and providing strong business continuity.
- 7. To ensure realistic budget requirements for all personnel matters.
- 8. To utilise data from performance management, exit interviews, equalities reviews and other surveys to ensure continuing improvements in standards at Duchy Academy Trust.
- 9. To form separate panels relating to appeals, hearings and reviews, ensuring membership is compliant with policy requirements.

Finance Responsibilities

- 1. To ensure sound monitoring and scrutiny of The Duchy Academy Trust's finances and resources.
- 2. To give guidance to officers and make recommendations so as to constantly improve the management of The Duchy Academy Trust's resources and ensure legal compliance.
- 3. To safeguard the assets and investments of The Duchy Academy Trust and its respective educational establishments.
- 4. To receive a termly budget report from the PFO/PBM.
- 5. To monitor monthly expenditure, and make reports to the Board, drawing matters of merit and concern to their attention.
- 6. To aid forward planning of financial resources, whilst considering The Duchy Academy Trust's indicative funding as notified annually by the DfE, and whilst monitoring student intake numbers, curriculum and staffing costs and capital expenditure requirements, and to formulate and keep a three year budget plan.
- 7. To approve all transfers between budget headings to a limit of £29,999 on the recommendation of the CEO and in accordance with the Finance Policy.
- 8. To authorise the allocation of all orders and contracts between £30,000 and £100,000.
- 9. To follow the Trust's Finance Policy in regards to tendering.
- 10. To review any subsidiary trading companies, joint ventures, letting and leasing arrangements.
- 11. To receive the Auditors report and make recommendations to the Board.
- 12. To appoint The Duchy Academy Trust Auditors each year.
- 13. To ensure all areas of insurance are adequately covered annually and assist with asset registers if required.
- 14. To follow EFA guidelines in applying for grants.
- 15. To ensure financial compliance. To investigate and report on any financial irregularities, including whistleblowing in very serious cases.
- 16. To secure the attendance or advice of external, professional advisers as and when required.
- 17. To work within an agreed framework for procurement, so as to ensure quality, fairness and consistency.
- 18. To consider and recommend acceptance / non-acceptance of the Duchy Academy Trust's budget at the start of each financial year and as appropriate. This will form part of the annual report to the Board and for filing in accordance with the Companies Act and the Charity Commission.
- 19. To ensure provision of free school meals for all eligible students.
- 20. To review the charging and remissions policy from time to time.
- 21. To form an audit committee to review the risks of internal financial control and to agree a programme of work that addresses these risks, and to inform the statement of internal control to provide assurance to the external auditors.
- 22. To appoint a Responsible Officer (i.e. an individual who is a non-employed governor, with an appropriate level of qualification and/or experience) who neither charges nor is paid for.

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Meetings

The Finance committee will meet at least termly.
The Chair and Vice Chair will be elected annually.

Quorum

The Committee will require a quorum of three members, who should include the Committee Chair or Vice Chair. It should be noted that any staffing matters which could result in an appeal, should be considered by a maximum of three, with the CEO in an advisory capacity.

Attendance at meetings in the period was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------------|-------------------|-------------------|
| Darren Humphries | 2 | 2 |
| Julian Elliott | 2 | 2 |
| Andrew Hunt | 2 | 2 |
| Matthew Shirley | 2 | 2 |
| Benjamin Towe | 2 | 2 |

The School Improvement is also a sub-committee of the main Board of Trustees. Its purpose is to:

Purpose

The committee shall oversee the academic performance of The Duchy Academy Trust.

Responsibilities

1. Report termly on the educational performance and progress of The Duchy Academy Trust to the Board.
2. Ensure recommendations from the committee are implemented in the Academies in the Trust.
3. Hold the Headteachers and staff to account for the performance of the Academies in the Trust through regular monitoring; to receive termly progress reports from Local Governing Bodies and monitor and address issues as appropriate.
4. Ensure there is a strategic vision for continuous school improvement based upon effective school self-evaluation.
5. Set targets for improvement and measure the performance of the school against the national and local context.
6. Ensure improvements in curriculum development provide a broad and balanced learning experience.
7. Identify best practice in the Academies, which can be shared across the Trust.
8. Utilise best practice from other academies or multi-academy Trusts to support high quality professional development within The Duchy Academy Trust.

Meetings

The committee will meet at least termly; an agenda and minutes will be provided for all meetings.
The Chair and Vice Chair will be elected annually.

Members of Local Governing Bodies, the Leaders of Teaching and Learning, and staff members of the academies can be invited to attend meetings.

Quorum

The Committee will require a quorum of three members, who should include the Committee Chair or Vice Chair.

No meetings were held until September 2014.

**THE DUCHY ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide 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 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 The Duchy Academy Trust for the period 13 January 2014 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Staff and Finance Committee has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Staff and Finance Committee is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 13 January 2014 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Staff and Finance Committee.

THE RISK AND CONTROL FRAMEWORK

The academy'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 Staff and Finance Committee;
- regular reviews by the finance and general purpose 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 Staff and Finance Committee has considered the need for a specific internal audit function and has decided to appoint Cornwall Council, Business Planning and Development Service, as internal auditor.

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the Responsible Officer reports to the Staff and Finance Committee on the operation of the systems of control and on the discharge of the Staff and Finance Committee's financial responsibilities.

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

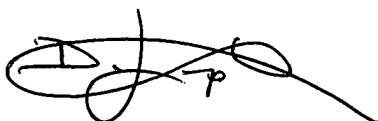
REVIEW OF EFFECTIVENESS

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


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

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

Approved by order of the members of the Staff and Finance Committee on 15 December 2014 and signed on its behalf, by:



**Darren Humphries
Chair of Trustees**



**Matthew Shirley
Accounting Officer**

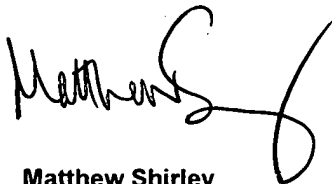
**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Duchy Academy Trust I have considered my responsibility to notify the academy Staff and Finance Committee and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 Staff and Finance Committee are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook.

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

A handwritten signature in black ink, appearing to read 'Matthew Shirley', with a large, stylized flourish extending from the end of the signature.

**Matthew Shirley
Accounting Officer**

Date: 15 December 2014

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014**

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

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

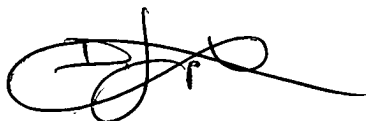
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Staff and Finance Committee and signed on its behalf by:



**Darren Humphries
Chair of Trustees**

Date: 15 December 2014

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DUCHY ACADEMY TRUST

We have audited the financial statements of The Duchy Academy Trust for the period ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the academy'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's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the 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 to 2014 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' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DUCHY ACADEMY TRUST

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.



Pamela Tuckett FCA DChA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN
17 December 2014

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE DUCHY ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 30 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Duchy Academy Trust during the period 13 January 2014 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE DUCHY ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Duchy Academy Trust's funding agreement with the Secretary of State for Education dated 29 January 2014, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 13 January 2014 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by 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's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.


We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE DUCHY
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 13 January 2014 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Pamela Tuckett FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN
17 December 2014

THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2014

| | Note | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Restricted fixed asset funds 2014 £ | Total funds 2014 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds: | | | | | |
| Transfer from local authority on conversion | 2 | 99,254 | (64,918) | 5,221,119 | 5,255,455 |
| Other voluntary income | 2 | 4,810 | 14,646 | - | 19,456 |
| Activities for generating funds | 3 | 6,531 | - | - | 6,531 |
| Investment income | 4 | 242 | - | - | 242 |
| Incoming resources from charitable activities | | 78,130 | 1,211,070 | 27,529 | 1,316,729 |
| TOTAL INCOMING RESOURCES | | 188,967 | 1,160,798 | 5,248,648 | 6,598,413 |
| RESOURCES EXPENDED | | | | | |
| Charitable activities | | 72,871 | 1,219,370 | 75,793 | 1,368,034 |
| Governance costs | 9 | - | 17,516 | - | 17,516 |
| TOTAL RESOURCES EXPENDED | 6 | 72,871 | 1,236,886 | 75,793 | 1,385,550 |
| NET INCOMING / (OUTGOING) | | | | | |
| RESOURCES BEFORE TRANSFERS | | 116,096 | (76,088) | 5,172,855 | 5,212,863 |
| Transfers between Funds | 19 | - | (2,299) | 2,299 | - |
| NET INCOME FOR THE PERIOD | | 116,096 | (78,387) | 5,175,154 | 5,212,863 |
| Actuarial gains and losses on defined benefit pension schemes | | - | (99,000) | - | (99,000) |
| NET MOVEMENT IN FUNDS FOR THE PERIOD | | 116,096 | (177,387) | 5,175,154 | 5,113,863 |
| Total funds at 13 January 2014 | | - | - | - | - |
| TOTAL FUNDS AT 31 AUGUST 2014 | | 116,096 | (177,387) | 5,175,154 | 5,113,863 |

All of the academy's activities derive from acquisitions in the current financial period.

The Statement of Financial Activities includes all gains and losses recognised in the period.

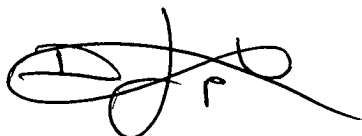
The notes on pages 23 to 42 form part of these financial statements.

THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08842867

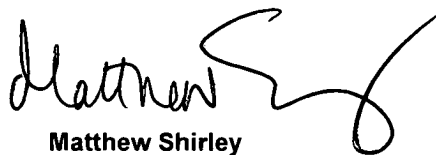
BALANCE SHEET
AS AT 31 AUGUST 2014

| | Note | £ | 2014 £ |
|---|------|------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 16 | | 5,175,154 |
| CURRENT ASSETS | | | |
| Stocks | | 3,721 | |
| Debtors | 17 | 115,819 | |
| Cash at bank | | 513,649 | |
| | | <u>633,189</u> | |
| CREDITORS: amounts falling due within one year | 18 | <u>(360,480)</u> | |
| NET CURRENT ASSETS | | | <u>272,709</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>5,447,863</u> |
| Defined benefit pension scheme liability | 25 | | <u>(334,000)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITY | | | <u><u>5,113,863</u></u> |
| FUNDS OF THE ACADEMY | | | |
| Restricted funds: | | | |
| General funds | 19 | 156,613 | |
| Fixed asset funds | 19 | 5,175,154 | |
| | | <u>5,331,767</u> | |
| Restricted funds excluding pension liability | | | |
| Pension reserve | | <u>(334,000)</u> | |
| Total restricted funds | | | <u>4,997,767</u> |
| Unrestricted funds | 19 | | <u>116,096</u> |
| TOTAL FUNDS | | | <u><u>5,113,863</u></u> |

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2014 and are signed on their behalf, by:



Darren Humphries
Chair of Trustees



Matthew Shirley
Accounting Officer

The notes on pages 23 to 42 form part of these financial statements.

THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014

| | Note | 2014 £ |
|--|-------------|-------------------|
| Net cash flow from operating activities | 21 | 229,446 |
| Returns on investments and servicing of finance | 22 | 242 |
| Capital expenditure and financial investment | 22 | 20,876 |
| Cash transferred on conversion to an academy trust | 24 | 263,085 |
| INCREASE IN CASH IN THE PERIOD | | 513,649 |

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

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2014

| | 2014 £ |
|--|-------------------|
| Increase in cash in the period | 513,649 |
| MOVEMENT IN NET FUNDS IN THE PERIOD | 513,649 |
| NET FUNDS AT 31 AUGUST | 513,649 |

The notes on pages 23 to 42 form part of these financial statements.

THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 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 funders where the asset acquired or created is held for a specific purpose.

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

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

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

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.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs 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.

1.5 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. The trustees conclude that it is appropriate to prepare accounts on the going concern basis for the period ended 31 August 2014.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised.

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 are 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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.

Tangible fixed assets are stated at cost less depreciation. 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:

| | | |
|------------------------------|---|-------------------|
| Long term leasehold property | - | 2% straight line |
| Fixtures and fittings | - | 20% straight line |

**THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 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.

1.9 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.

1.10 PENSIONS

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 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 25, 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.

THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.11 CONVERSION TO AN ACADEMY TRUST

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 Callington Primary School, Boyton Primary School and Lewannick 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 Duchy 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.

Buildings have been included as per the valuation by Zurich Management Services Limited, whilst other fixed assets have been included at amounts valued by the Trustees. Pension assets and liabilities have been valued by Hymans Robertson LLP.

Further details of the transaction are set out in note 24.

2. VOLUNTARY INCOME

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ |
|---|------------------------------------|----------------------------------|-----------------------------|
| Transfer from local authority on conversion | 99,254 | 5,156,201 | 5,255,455 |
| Donations | 4,810 | 14,646 | 19,456 |
| Voluntary income | 104,064 | 5,170,847 | 5,274,911 |

3. ACTIVITIES FOR GENERATING FUNDS

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|
| Lettings | 3,444 | - | 3,444 |
| Fees received | 728 | - | 728 |
| Other | 2,359 | - | 2,359 |
| | 6,531 | - | 6,531 |

THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

4. INVESTMENT INCOME

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|
| Bank interest | 242 | - | 242 |

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ |
|-----------|------------------------------------|----------------------------------|-----------------------------|
| Education | 40,222 | 1,238,599 | 1,278,821 |
| Nursery | 37,908 | - | 37,908 |
| | 78,130 | 1,238,599 | 1,316,729 |

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ |
|-------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| DfE/EFA grants | | | |
| General Annual Grant | - | 1,075,417 | 1,075,417 |
| Other DfE/EFA grants | - | 103,353 | 103,353 |
| | - | 1,178,770 | 1,178,770 |
| Other government grants | | | |
| Special Educational Needs | - | 31,800 | 31,800 |
| Other government grants non capital | - | 500 | 500 |
| | - | 32,300 | 32,300 |
| Other funding | | | |
| Internal catering income | 19,065 | - | 19,065 |
| Sales to students | 2,842 | - | 2,842 |
| Capital Grants | - | 27,529 | 27,529 |
| Other | 18,315 | - | 18,315 |
| | 40,222 | 27,529 | 67,751 |
| | 40,222 | 1,238,599 | 1,278,821 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

6. RESOURCES EXPENDED

| | Staff costs | Non Pay Expenditure | | Total |
|------------------------------|----------------|---------------------|----------------|------------------|
| | | Premises | Other | |
| | 2014 | 2014 | 2014 | 2014 |
| | £ | £ | £ | £ |
| Education | 785,040 | 69,692 | 84,953 | 939,685 |
| Nursery | 30,917 | 3,668 | 29,853 | 64,438 |
| Support costs - Education | 137,792 | 101,452 | 119,391 | 358,635 |
| Support costs - Nursery | - | 5,276 | - | 5,276 |
| CHARITABLE ACTIVITIES | 953,749 | 180,088 | 234,197 | 1,368,034 |
| GOVERNANCE | - | - | 17,516 | 17,516 |
| | 953,749 | 180,088 | 251,713 | 1,385,550 |

7. DIRECT COSTS

| | Education | Nursery | Total |
|-----------------------|----------------|---------------|------------------|
| | £ | £ | 2014 |
| | £ | £ | £ |
| Pension finance costs | 3,000 | - | 3,000 |
| Educational supplies | 38,774 | - | 38,774 |
| Examination fees | 80 | - | 80 |
| Staff development | 11,435 | - | 11,435 |
| Other costs | 35,597 | 30,252 | 65,849 |
| Supply teachers | 1,767 | - | 1,767 |
| Technology costs | 1,890 | - | 1,890 |
| Wages and salaries | 638,465 | 25,615 | 664,080 |
| National insurance | 38,522 | 1,468 | 39,990 |
| Pension cost | 108,053 | 3,834 | 111,887 |
| Depreciation | 62,102 | 3,269 | 65,371 |
| | 939,685 | 64,438 | 1,004,123 |

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NOTES TO THE FINANCIAL STATEMENTS
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8. SUPPORT COSTS

| | Education £ | Nursery £ | Total 2014 £ |
|---------------------------------------|----------------|--------------|--------------------|
| Pension finance costs | 1,000 | - | 1,000 |
| Staff development | 701 | - | 701 |
| Other costs | 2,204 | - | 2,204 |
| Recruitment and other staff costs | 7,160 | - | 7,160 |
| Maintenance of premises and equipment | 41,435 | 1,905 | 43,340 |
| Cleaning | 20,790 | 956 | 21,746 |
| Rent and rates | 13,582 | 715 | 14,297 |
| Heat and light | 15,694 | 826 | 16,520 |
| Insurance | 9,689 | 353 | 10,042 |
| Security and transport | 3,174 | - | 3,174 |
| Catering | 20,440 | - | 20,440 |
| Technology costs | 46,356 | - | 46,356 |
| Office overheads | 18,470 | - | 18,470 |
| Legal and professional | 10,193 | - | 10,193 |
| Bank interest and charges | 53 | - | 53 |
| Wages and salaries | 109,550 | - | 109,550 |
| National insurance | 7,511 | - | 7,511 |
| Pension cost | 20,731 | - | 20,731 |
| Depreciation | 9,902 | 521 | 10,423 |
| | <u>358,635</u> | <u>5,276</u> | <u>363,911</u> |

9. GOVERNANCE COSTS

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ |
|---------------------------|------------------------------------|----------------------------------|-----------------------------|
| Auditors' remuneration | - | 7,750 | 7,750 |
| Auditors' non audit costs | - | 3,556 | 3,556 |
| Legal and Professional | - | 2,377 | 2,377 |
| Other costs | - | 3,833 | 3,833 |
| | <u>-</u> | <u>17,516</u> | <u>17,516</u> |

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

| | 2014 £ |
|--|---------------|
| Depreciation of tangible fixed assets: | |
| - owned by the charity | 75,793 |
| Auditors' remuneration | 7,750 |
| Operating lease rentals: | |
| - other operating leases | 990 |
| | <u>84,533</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

11. STAFF

a. Staff costs

Staff costs were as follows:

| | 2014 £ |
|-------------------------------|-----------|
| Wages and salaries | 742,293 |
| Social security costs | 47,501 |
| Other pension costs (Note 25) | 132,618 |
| | <hr/> |
| | 922,412 |
| Supply teacher costs | 31,337 |
| | <hr/> |
| | 953,749 |
| | <hr/> |

b. Staff numbers

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

| | 2014 No. |
|-------------------|-------------|
| Teachers | 20 |
| Admin and support | 25 |
| Management | 3 |
| | <hr/> |
| | 48 |
| | <hr/> |

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 in the period.

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £4,251.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

12. CENTRAL SERVICES

The Trust has provided the following central services to its academies during the period:

- Business and finance
- School improvement support and management

The Trust charges for these services on the basis of pupil numbers.

The actual amounts charged during the period were as follows:

| | 2014 £ |
|---------------------------|-----------|
| Callington Primary School | 30,057 |
| Boyton Primary School | 2,091 |
| Lewannick Primary School | 10,281 |
| | <hr/> |
| Total | 42,429 |
| | <hr/> |

13. 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 in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands: M Shirley, between forty five and fifty thousand pounds; B Towe, between twenty five to thirty thousand pounds.

During the period, no Trustees received any reimbursement of expenses.

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2014 was £582. The cost of this insurance is included in the total insurance cost.

15. OTHER FINANCE INCOME

| | 2014 £ |
|--|-----------|
| Expected return on pension scheme assets | 12,000 |
| Interest on pension scheme liabilities | (16,000) |
| | <hr/> |
| | (4,000) |
| | <hr/> |

THE DUCHY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

16. TANGIBLE FIXED ASSETS

| | Long term leasehold property £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|---------------------------|---|------------------------|-------------------------------|----------------------------|------------|
| COST | | | | | |
| Additions | 31,924 | - | 6,653 | - | 38,577 |
| Transferred on conversion | 5,049,000 | 2,000 | 73,350 | 88,020 | 5,212,370 |
| At 31 August 2014 | 5,080,924 | 2,000 | 80,003 | 88,020 | 5,250,947 |
| DEPRECIATION | | | | | |
| Charge for the period | 49,643 | 292 | 8,743 | 17,115 | 75,793 |
| At 31 August 2014 | 49,643 | 292 | 8,743 | 17,115 | 75,793 |
| NET BOOK VALUE | | | | | |
| At 31 August 2014 | 5,031,281 | 1,708 | 71,260 | 70,905 | 5,175,154 |

The academy' transactions relating to land and buildings included:

- the acquisition of Callington Primary School, Boyton Primary School and Lewannick Primary School which was donated to the Academy at a value of £5,049,000.

17. DEBTORS

| | 2014 £ |
|--------------------------------|----------------|
| VAT recoverable | 33,806 |
| Other debtors | 7,870 |
| Prepayments and accrued income | 74,143 |
| | <u>115,819</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

18. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2014 |
|------------------------------------|----------------|
| | £ |
| Trade creditors | 108,774 |
| Other taxation and social security | 50,654 |
| Other creditors | 100,379 |
| Accruals and deferred income | 100,673 |
| | <hr/> |
| | 360,480 |
| | <hr/> |
| | £ |
| DEFERRED INCOME | |
| Resources deferred during the year | 75,425 |
| | <hr/> |

At the balance sheet date the Academy was holding funds received in respect of Universal Infant Free School Meal funding, High Needs funding and Devolved Formula Capital. All are allocations for the 2014/15 academic year.

THE DUCHY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

19. STATEMENT OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|--|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General funds | - | 188,967 | (72,871) | - | - | 116,096 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | - | 1,088,038 | (979,126) | (2,299) | - | 106,613 |
| Pupil Premium | - | 88,142 | (88,142) | - | - | - |
| Special Educational Needs | - | 31,800 | (31,800) | - | - | - |
| PE and Sports | - | 19,140 | (19,140) | - | - | - |
| Primary Grant | - | 50,000 | - | - | - | 50,000 |
| Start up Grant | - | 75,000 | (75,000) | - | - | - |
| Donations | - | 2,618 | (2,618) | - | - | - |
| Educational Trips | - | 12,028 | (12,028) | - | - | - |
| Other | - | 14,032 | (14,032) | - | - | - |
| Pension reserve | - | (220,000) | (15,000) | - | (99,000) | (334,000) |
| | - | 1,160,798 | (1,236,886) | (2,299) | (99,000) | (177,387) |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| Fixed assets transferred on conversion | - | 5,212,370 | (75,608) | - | - | 5,136,762 |
| DfC transferred on conversion | - | 8,749 | - | - | - | 8,749 |
| Fixed assets purchased from GAG and other restricted funds | - | - | - | 2,299 | - | 2,299 |
| Devolved formula capital | - | 17,529 | (185) | - | - | 17,344 |
| Other capital grants | - | 10,000 | - | - | - | 10,000 |
| | - | 5,248,648 | (75,793) | 2,299 | - | 5,175,154 |
| Total restricted funds | - | 6,409,446 | (1,312,679) | - | (99,000) | 4,997,767 |
| Total of funds | - | 6,598,413 | (1,385,550) | - | (99,000) | 5,113,863 |

THE DUCHY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

19. STATEMENT OF FUNDS (continued)

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

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs.

Special Educational Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Donations - This represents general donations to be used for the normal running of the Academy, including education and support costs.

Pupil Premium - Represents funding received from the EFA for children that qualify for free school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

Start up Grant - This represents one off funding received from the EFA to contribute to the cost of converting from a school to an academy.

Fixed Asset Funds

Fixed Assets Transferred on Conversion – This represent the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed Assets Purchased from GAG and Unrestricted funds - This represents funds transferred from the restricted GAG fund to purchase fixed assets.

LA Devolved Formula Capital – This represents the income due from the Local Authority on conversion to an Academy to fund capital projects.

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 2014.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2014 were allocated as follows:

| | |
|---|-----------|
| Callington Primary School | 82,229 |
| Boyton Primary School | 48,498 |
| Lewannick Primary School | 141,982 |
| | <hr/> |
| Total before fixed asset fund and pension reserve | 272,709 |
| Restricted fixed asset fund | 5,175,154 |
| Pension reserve | (334,000) |
| | <hr/> |
| Total | 5,113,863 |
| | <hr/> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

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 depreciation £ | Total £ |
|---------------------------|---|--------------------------------------|------------------------------|---|------------------|
| Callington Primary School | 465,571 | 144,421 | 54,480 | 131,456 | 795,928 |
| Boyton Primary School | 96,865 | 15,767 | 3,879 | 92,578 | 209,089 |
| Lewannick Primary School | 199,638 | 31,487 | 22,662 | 50,953 | 304,740 |
| | <u>762,074</u> | <u>191,675</u> | <u>81,021</u> | <u>274,987</u> | <u>1,309,757</u> |

SUMMARY OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|---------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| General funds | - | 188,967 | (72,871) | - | - | 116,096 |
| Restricted funds | - | 1,160,798 | (1,236,886) | (2,299) | (99,000) | (177,387) |
| Restricted fixed asset funds | - | 5,248,648 | (75,793) | 2,299 | - | 5,175,154 |
| | <u>-</u> | <u>6,598,413</u> | <u>(1,385,550)</u> | <u>-</u> | <u>(99,000)</u> | <u>5,113,863</u> |

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Restricted fixed asset funds 2014 £ | Total funds 2014 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 5,175,154 | 5,175,154 |
| Current assets | 116,096 | 485,169 | 31,924 | 633,189 |
| Creditors due within one year | - | (328,556) | (31,924) | (360,480) |
| Pension scheme liability | - | (334,000) | - | (334,000) |
| | <u>116,096</u> | <u>(177,387)</u> | <u>5,175,154</u> | <u>5,113,863</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

21. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2014 £ |
|---|----------------|
| Net incoming resources before revaluations | 5,212,863 |
| Returns on investments and servicing of finance | (242) |
| Net assets transferred on conversion | (5,255,455) |
| Depreciation of tangible fixed assets | 75,793 |
| Capital grants from DfE | (27,529) |
| Increase in stocks | (3,721) |
| Increase in debtors | (115,819) |
| Increase in creditors | 662,556 |
| Defined benefit pension scheme adjustments | (319,000) |
| NET CASH INFLOW FROM OPERATIONS | 229,446 |

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2014 £ |
|--|-------------------|
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | |
| Interest received | 242 |
| | 2014 £ |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | |
| Purchase of tangible fixed assets | (6,653) |
| Capital grants from DfE | 27,529 |
| NET CASH INFLOW FROM CAPITAL EXPENDITURE | 20,876 |

23. ANALYSIS OF CHANGES IN NET FUNDS

| | 13 January 2014 £ | Cash flow £ | Other non-cash changes £ | 31 August 2014 £ |
|---------------------------|-------------------------|----------------|-----------------------------------|------------------------|
| Cash at bank and in hand: | - | 513,649 | - | 513,649 |
| NET FUNDS | - | 513,649 | - | 513,649 |

24. CONVERSION TO AN ACADEMY TRUST

On 01/02/2014 Callington, Boyton and Lewannick Primary Schools converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Duchy Academy Trust from Cornwall Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

24. CONVERSION TO AN ACADEMY TRUST (continued)

corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

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

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------------------|----------------------------|--------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| Leasehold land and buildings | - | - | 5,049,000 | 5,049,000 |
| Other tangible fixed assets | - | - | 163,370 | 163,370 |
| Budget surplus/(deficit) on LA funds | 99,254 | 155,082 | 8,749 | 263,085 |
| LGPS pension surplus/(deficit) | - | (220,000) | - | (220,000) |
| Net assets/(liabilities) | <u>99,254</u> | <u>(64,918)</u> | <u>5,221,119</u> | <u>5,255,455</u> |

The above net assets include £263,085 that were transferred as cash.

25. 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 Cornwall Council. Both are defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or 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) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

25. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

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

Teachers' Pension Scheme Changes

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £63,000, of which employer's contributions totalled £48,000 and employees' contributions totalled £15,000. The agreed contribution rates for future years are 0% for employers and % 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.

As described in note 24 the LGPS obligation relates to the employees of the academy, 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 period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The amounts recognised in the Balance sheet are as follows:

| | 2014 £ |
|-------------------------------------|-------------|
| Present value of funded obligations | (801,000) |
| Fair value of scheme assets | 467,000 |
| | <hr/> |
| Net liability | (334,000) |
| | <hr/> <hr/> |

The amounts recognised in the Statement of financial activities are as follows:

| | 2014 £ |
|----------------------------------|-------------|
| Current service cost | (59,000) |
| Interest on obligation | (16,000) |
| Expected return on scheme assets | 12,000 |
| | <hr/> |
| Total | (63,000) |
| | <hr/> <hr/> |

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

| | 2014 £ |
|--------------------------------------|-------------|
| Current service cost | 59,000 |
| Interest cost | 16,000 |
| Contributions by scheme participants | 15,000 |
| Actuarial Losses | 121,000 |
| Liability transferred on conversion | 590,000 |
| | <hr/> |
| Closing defined benefit obligation | 801,000 |
| | <hr/> <hr/> |

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NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

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

| | 2014 £ |
|---------------------------------|----------------|
| Expected return on assets | 12,000 |
| Actuarial gains and (losses) | 22,000 |
| Contributions by employer | 48,000 |
| Contributions by employees | 15,000 |
| Asset transferred on conversion | 370,000 |
| | <u>467,000</u> |

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(99,000).

The academy expects to contribute £(89,000) to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

| | 2014 |
|----------|---------|
| Equities | 53.00 % |
| Bonds | 40.00 % |
| Property | 6.00 % |
| Cash | 1.00 % |

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

| | 2014 |
|--|--------|
| Discount rate for scheme liabilities | 3.70 % |
| Expected return on scheme assets at 31 August | 4.80 % |
| Rate of increase in salaries | 4.50 % |
| Rate of increase for pensions in payment / inflation | 2.70 % |

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

| | 2014 |
|----------------------|------------|
| Retiring today | |
| Males | 22.2 years |
| Females | 24.4 years |
| Retiring in 20 years | |
| Males | 24.4 years |
| Females | 26.8 years |

THE DUCHY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

25. PENSION COMMITMENTS (continued)

Amounts for the current period are as follows:

Defined benefit pension schemes

| | 2014 £ |
|--|-----------|
| Defined benefit obligation | (801,000) |
| Scheme assets | 467,000 |
| Deficit | (334,000) |
| Experience adjustments on scheme liabilities | (121,000) |
| Experience adjustments on scheme assets | 22,000 |

26. OPERATING LEASE COMMITMENTS

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

| | Land and buildings 2014 £ | Other 2014 £ |
|-----------------------|------------------------------------|--------------------|
| EXPIRY DATE: | | |
| Between 2 and 5 years | - | 1,979 |

27. 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, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. During the period, purchases of £422 were made from Launceston College. Jack Jackson, a trustee is the head teacher at Launceston College.