

# The Primary Academies Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 24 October 2011 to 31 August 2012

Registration number 07821367

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# **The Primary Academies Trust**

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## **The Primary Academies Trust**

### **Reference and Administrative Details**

#### **Directors**

Mrs J E Baker (appointed 24 October 2011)  
Mr J P Barnard (appointed 28 November 2011 and resigned 8 October 2012)  
Mr J L Bidwell (appointed 28 November 2011 and resigned 7 March 2012)  
Mr G C Chown (appointed 24 October 2011)  
Miss J M Cowie (appointed 24 October 2011)  
Mr N P Fowler (appointed 24 October 2011 and resigned 1 November 2011)  
Mrs J L Hopper (appointed 28 November 2011)  
Mr C A Jay (appointed 28 November 2011)  
Mr P L Jones (appointed 24 October 2011)  
Ms P J Lamb (appointed 1 November 2011)  
Mr N J Maguire (appointed 28 November 2011)  
Mrs H M Nicholls (appointed 24 October 2011)  
Mr W P Nolan (appointed 28 November 2011)  
Mr M E Pitman (appointed 28 November 2011)  
Mr R D Rice (appointed 28 November 2011)  
Mr N T Rudd (appointed 26 April 2012)  
Mr C J Vallance (appointed 1 November 2011)  
Rev P Wimsett (appointed 1 November 2011)  
Mr H F Whittaker (appointed 28 November 2011)

**Company Secretary** Ms I A Candy

#### **Senior Management Team**

P Jones, Headteacher (First Federation) (FF)  
J Baker, Headteacher (Orchard Vale)  
H Nicholls, Headteacher (South Brent)  
G Chown, Headteacher (Children First Federation) (CFF)  
N Burstow, Deputy Headteacher (South Brent)  
S Ord, Head of Teaching & Learning (FF -Blackpool C of E)  
S Warne, Head of Teaching & Learning (FF -Salcombe C of E)  
H Slater, Head of Teaching & Learning (FF -Aveton Gifford C of E)  
H Slater, Head of Teaching & Learning (FF -Salcombe C of E)  
R Caunters, Head of Teaching & Learning (FF -Newton Ferrers C of E)  
J Huntington, Head of Teaching & Learning (FF -Chudleigh Knighton C of E)  
L Arrowsmith, Head of Teaching & Learning (CFF -Hemyock Community)  
G Peters, Head of Teaching & Learning (CFF -Sampford Peverell C of E)  
C Hill, Head of Teaching & Learning (CFF -Sidbury C of E)  
L Oxenham, Head of Teaching & Learning (CFF -Wilcombe Community)  
C Chapman, Trust Business Manager

**The Primary Academies Trust**  
**Reference and Administrative Details**

<b>Registered Office</b>	Blackpool C of E Primary School Liverton Newton Abbot Devon TQ12 6JB
<b>Company Registration Number</b>	07821367
<b>Auditors</b>	Francis Clark LLP Chartered Accountants and Statutory Auditor Sigma House Oak View Close Edginswell Park Torquay TQ2 7FF
<b>Bankers</b>	Lloyds TSB 234 High Street Exeter EX4 3NL
<b>Solicitors</b>	Foot Anstey LLP Senate Court Southernhay Gardens Exeter EX1 1NT

## **The Primary Academies Trust**

### **Directors' Report for the period from 24 October 2011 to 31 August 2012**

The directors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2012

#### **Discussion on conversion to academy trust**

On 1 November 2011 Blackpool C of E Primary School, Chudleigh Knighton C of E Primary School, Hemyock Primary School, Newton Ferrers C of E Primary School, Orchard Vale Community School, Salcombe C of E Primary School, Sampford Peverell C of E Primary School, Sidbury C of E Primary School, South Brent Primary School and Wilcombe Primary School converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to The Primary Academies Trust from Devon County Council for £Nil consideration

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

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

##### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 24 October 2011. The company registration number is 07821367.

The governors act as the trustees for the charitable activities of The Primary Academies Trust and are also the directors of the charitable company for the purposes of company law. In addition, there is a local governing body for each academy and/or federation of academies within the Academy Trust. The Charitable Company is known as the Primary Academies Trust, and includes the following academies:

- Blackpool C of E Primary School, Chudleigh Knighton C of E Primary School, Newton Ferrers C of E Primary School, Salcombe C of E Primary School (and Aveton Gifford Primary School since September 2012), which are under the local governance of the First Federation
- Sidbury C of E Primary School, Sampford Peverell C of E Primary School, Wilcombe Primary School and Hemyock Community Primary School, which are under the local governance of the Children First Federation
- Orchard Vale Community Primary School
- South Brent Community Primary School

Details of the members and directors who served throughout the year except as noted are included in the Reference and Administrative Details on pages 1 and 2.

##### ***Members' liability***

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

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

The Trust has purchased Directors' liability insurance and Fidelity Guarantee cover. It also has purchased cover for the co-opted directors under the Trustee and Trust Fund Indemnity from Zurich.

## **The Primary Academies Trust**

### **Directors' Report for the period from 24 October 2011 to 31 August 2012**

#### ***Principal activities***

The objects of the Charitable Company are specifically restricted to the following

a) in relation to all of the academies within the Trust to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, and

b) in relation to all Church academies within the Trust these to be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Master Funding Agreement) and in having regard to the advice of the Diocesan Board of Education

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

The Articles of Associations of the Trust state that the number of director positions is sixteen (Article 45), plus up to four co-opted directors and any director appointed by the Secretary of State

In addition, the Articles of Association state that the composition of the board of directors is as follows

##### **Non-executive directors**

Twelve positions as follows (Article 46 a)

- Four foundation directors appointed by EDEN
- Four representatives elected from the parent governors from each of the Local Governing Bodies
- Four representatives elected from the chairs from each of the Local Governing Bodies

##### **Plus**

- Up to four co-opted directors appointed by the existing directors of the Trust (Article 47)
- Additional directors appointed by the Secretary of State (Articles 61, 61A, 62 and 67)

##### **Executive directors (Article 50A)**

- Four executive directors appointed by the members
- The first four executive directors to be the Headteachers for the First Federation, Children First Federation, South Brent and Orchard Vale schools

The directors appointed during the 2011-12 years were appointed as follows

- Four foundation directors were appointed by EDEN Rev P Wimsett, as local incumbent of one of the parishes served by the academies, plus additional foundation directors P Lamb and Colin Vallance (as per Article 50B)
- As there were only four Local Governing Bodies, the Chair of each Local Governing Body was appointed as director (as per Article 51)
- Each Local Governing Body nominated one local parent governor to appoint as parent directors (as per Articles 53-56) M Pitman for the First Federation, W Nolan for South Brent, J Bidwell for Orchard Vale, then N Rudd following J Bidwell's resignation, and H Whittaker for the Children First Federation
- Two directors were co-opted on the board of directors J Barnard and C Jay (28th Nov 2011 board of directors meeting)
- Four executive directors the Headteachers of the First Federation, Children First Federation, South Brent and Orchard Vale schools (as per article 50A)

## **The Primary Academies Trust**

### **Directors' Report for the period from 24 October 2011 to 31 August 2012**

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

Procedures for the induction and training of directors take into account the fact that all of the directors appointed already had knowledge and experience of the primary education system, through being a governor of a maintained school for several years, being a Headteacher, having worked for the Local Authorities or working with primary schools. In addition, most of the directors were involved in the process of converting the Trust schools to academy status, and were aware of the governance structure put in place for the Trust.

Directors and local governors have access to general training and support provided by Babcock Learning & Development Partnership Governor Support, the Diocesan board of Education, as well as Foot Anstey and the Devon Association of Governors. Details of courses and events are circulated to all directors by the Company Secretary and directors are encouraged to attend. Relevant newsletters, publications and guidance are circulated by the Company Secretary to keep the directors informed of statutory requirements and changes in legislation.

The role of directors was discussed during the first board of directors meeting, with a representative from the Trust lawyer present to answer questions, and supporting information circulated.

Two training meetings/sessions were organised at the request of the board of directors: one to discuss and agree the role of the board of directors, led by an external facilitator, and one to review and assess school performance data and school improvement, led by the Trust school improvement consultant.

Training needs for performance management of Headteachers were identified and will be addressed during the Autumn term 2012.

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

The board of directors delegates to the Executive Directors and their Senior Leadership team the day to day running of their schools. Their activities and decisions are monitored by the board of directors and the local governing bodies.

The board of directors of the Primary Academies Trust has delegated the governance of their local schools to the local governing bodies within the trust, with the exception of the following powers:

- The approval of the first formal budget plan for each financial year
- The approval and monitoring of the central Trust budget
- The appointment of Executive Headteachers / Principals / Headteachers
- The approval of Trust's policies
- Setting the level of delegation to Local Governing Bodies and/or Directors' Committees
- Keeping a register of Directors' business interests

This delegation was set in terms of reference agreed at a meeting of the board of directors on 26th April 2012. The terms of reference are available on request from the Company Secretary.

The board of directors also agreed terms of reference for the First and Second Committees (also known as the Pupil & Staff Discipline and the Appeal & Complaints committees) of the board.

Each Local Governing Body has their own committees, with agreed terms of reference, as well as agreed delegation to the leadership & management of the school. These are available on request from the clerks to the local governing bodies.

Each school/federation within the Trust has a Finance policy detailing the arrangements for the delegation of financial powers to Trust staff.

## **The Primary Academies Trust**

### **Directors' Report for the period from 24 October 2011 to 31 August 2012**

#### ***Risk management***

The directors have assessed the major risks to which the Trust schools are exposed, in particular those relating to the specific teaching, provision of facilities, and other operational areas of the Trust, and its finance. The directors have implemented a number of systems to assess the risks that the Trust schools face, especially in the operational areas (e.g. in relation to teaching, health & safety, bullying and school trips) and in relation to the control of finances. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimize risk. Where significant financial risk still remains, directors have ensured they have adequate insurance cover. The Trust has a system of internal financial controls which it continuously strives to improve.

#### ***Connected organisations, including related party relationships***

Lady Seaward's C of E Primary School is a member of First Federation, and is a separately constituted Academy known as The Primary Academies (Voluntary Aided) Trust. All of Lady Seaward's C of E Primary School accounting and financial transactions are administered by The Primary Academies Trust.

The schools within the Academy Trust work in partnership with Exeter and Marjon universities to support teacher training.

P Jones, Executive Headteacher of the First Federation, is a National Leader of Education and liaises with the National College.

#### **Objectives and activities**

##### ***Objects and aims***

The objects of the company are specifically restricted to the following:

a) in relation to all of the academies within the Trust to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, and

b) in relation to all Church academies within the Trust these to be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Master Funding Agreement) and in having regard to the advice of the Diocesan Board of Education.

##### ***Objectives, strategies and activities***

The Trust was formed with a vision to share primary education expertise and resources across the eleven schools within the Trust to provide the best education, opportunities, and experiences for each and every pupil within the Trust. The board of directors defined their purpose as to facilitate this by positioning the board of directors at the right level and directing resources to the front line.

The key objectives and strategies for achieving these objectives are clearly defined in the school/federation improvement plan for each school/federation of school within the Academy Trust. The school/federation improvement plans are monitored by the local governing bodies. In addition, the board of directors review and discuss the school performance data (e.g. RaiseOnline) for all the schools within the Trust, as well as the outcome of Ofsted and SIAS inspections.



## **The Primary Academies Trust**

### **Directors' Report for the period from 24 October 2011 to 31 August 2012**

#### ***Public benefit***

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

All the schools within the Academy Trust provide an inclusive curriculum for the pupils within their local community and offer the facility for local organisations to let their premises. All the schools work with their local secondary schools to ensure a smooth transition into secondary education for pupils.

#### **Achievements and performance**

Six of the Trust schools were inspected by Ofsted during the accounting period. All six maintained or improved their rating, and were rated as at least good.

Four of the Trust church schools were inspected under SIAS during the accounting period and all were rated as outstanding.

In addition, the First Federation has been supporting a school in difficulty, Aveton Gifford C E Primary School since April 2011. This school has now converted to academy status and joined the Primary Academies Trust under the local governance of the First Federation. It was inspected by Ofsted in May 2012 and rated as good, and was inspected under SIAS in July 2012 and rated as outstanding.

The Primary Academies Trust was successful in bidding to sponsor Walter Daw Primary School, a school in Exeter that was placed in Special Measures in March 2011 and has been supported by the Executive Headteacher of the Children First Federation since June 2011, with a Management Partnership with the LA being agreed in November 2011.

The grades achieved by the schools within the Academy Trust that were inspected during the accounting period are summarised in the table on the following page.

## The Primary Academies Trust

### Directors' Report for the period from 24 October 2011 to 31 August 2012

	Latest Ofsted inspection		Previous Ofsted inspection	
	Date	Rating	Date	Rating
Blackpool CE Primary School	March 2012	Outstanding	March 2009	Good
Chudleigh Knighton CE Primary School	March 2012	Good	June 2007	Good
Newton Ferrers C E Primary School	November 2011	Outstanding	March 2007	Good
Sampford Peverell CE Primary School	May 2012	Good	March 2009	Satisfactory
Sidbury CE Primary School	July 2012	Good	December 2008	Satisfactory
Orchard Vale Primary School	November 2011	Good	March 2007	Good
	Latest SIAS inspection		Previous SIAS inspection	
	Date	Rating	Date	Rating
Blackpool CE Primary School	May 2012	Outstanding	April 2009	Good
Chudleigh Knighton CE Primary School	May 2012	Outstanding	May 2006	Inadequate
Newton Ferrers C E Primary School	December 2011	Outstanding	March 2007	Good
Sampford Peverell CE Primary School	June 2012	Outstanding	March 2009	Satisfactory

#### ***Going concern***

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

#### ***Key financial performance indicators***

The main financial performance indicator is the level of reserves held at the balance sheet date. As at the 31st August 2012 there was a restriction on the amount of General Annual Grant that could be carried forward, this was carefully managed to ensure that the current year funding was spent on the pupils attending the academies within the Trust in that year and to also ensure that the amount carried forward was not in excess of that allowed, as this could be clawed back by the Department for Education.

## **The Primary Academies Trust**

### **Directors' Report for the period from 24 October 2011 to 31 August 2012**

The DfE funding is based on pupil numbers, so this is also a key financial performance indicator. All the academies in the Trust report on a termly basis their current and forecast pupil numbers and all schools are aware of the need to promote their schools to ensure that pupils numbers remain at the maximum permitted. Pupil progress is rigorously monitored to ensure that standards are maintained or improved so that all the schools within the Trust work towards becoming outstanding, therefore they will become an attractive option for parents looking for schools.

#### **Financial review**

Most of the Academies income is obtained from the DfES in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfES during the year ended 31st August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Primary Academies Trust also receives grants from Devon County Council for Individually Assigned Resources, to support students who are eligible for either 'School Action Plus' funding or have a Statement of Educational Need with associated funding allocation. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income.

During the year ended 31 August 2012, total expenditure was £6,607,000. Included in this expenditure was depreciation of £269,000. The surplus for the year ended 31 August 2012 was £15,780,000.

Our pension liability valued in line with FRS 17, causes concern to The Primary Academies Trust, as it does with all other academies in the UK. Note 25 to the accounts explains these commitments more clearly and shows that as at 31 August 2012 we had a liability of £1,531,000.

At 31 August 2012 the net book value of fixed assets was £16,218,000 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively in providing education and the associated support services to the pupils within The Primary Academies Trust.

#### **Reserves policy**

The Directors of the Primary Academies Trust monitor the reserve levels of the Trust on a regular basis. These reviews encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The policy of the Directors in relation to reserves is to build reserves which can be used for future education purposes, subject to the requirements laid down by the DfE in the Academies Financial Handbook, namely that the Academies are permitted to carry forward a maximum of 12% of the current year's General Annual Grant (GAG).

The amount that can be carried forward is restricted to

- An amount equivalent to 2% of the GAG that may be used for any purpose
- An amount equivalent to 10% of the GAG that may be used only for the upkeep and improvement of premises, including capital expenditure

The level of reserves available to be used for future educational purposes is £1,086,000.

## **The Primary Academies Trust**

### **Directors' Report for the period from 24 October 2011 to 31 August 2012**

#### ***Plans for future periods***

During the first year of the Primary Academies Trust six of its schools have been inspected by Ofsted, Two were judged outstanding with five judged good with outstanding features. Our vision is for all our schools to be judged outstanding by Ofsted and SIAS and excellent by parents, pupils and the local community. All of our work in developing the collaborative partnership between schools within our Trust is dedicated to achieving our vision. We continue to support schools outside our Trust and are in the process of sponsoring a large Primary School in Exeter.

Our plans for the Trust are to be designated a Teaching School and through that designation provide, coordinate and develop school to school improvement both within and outside the Trust. The Trust will continue to grow and we have already been approached by other schools that are either in the process of joining or wish to join. We will also work with the DfE on becoming the designated sponsor for other schools.

We will continue to focus on our key aims and objectives to ensure all children within the Trust receive the very best education. We will continually review our Educational, Business and Governance systems and structures to ensure that all funds and resources are directed towards achieving our stated vision.

#### **Auditor**

In so far as the Members and Directors are aware

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

Approved by order of the members of the on 10/12/2012 and signed on its behalf by

  
Mr N J Maguire  
Director

## The Primary Academies Trust

### Governance Statement

#### Scope of responsibility

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

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

#### Governance

The information on governance included here supplements that described in the and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 4 times during the period, plus two additional training sessions. Attendance during the period at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Mrs J E Baker	4	4
Mr J P Barnard	4	4
Mr J L Bidwell	1	2
Mr G C Chown	4	4
Miss J M Cowie	4	4
Mrs J L Hopper	4	4
Mr C A Jay	3	4
Mr P L Jones	4	4
Ms P J Lamb	3	4
Mr N J Maguire	3	4
Mrs H M Nicholls	3	4
Mr W P Nolan	4	4
Mr M E Pitman	3	4
Mr R D Rice	4	4
Mr N T Rudd	2	2
Mr C J Vallance	2	4
Mr H F Whittaker	3	4
Rev P Wimsett	3	4

## The Primary Academies Trust

### Governance Statement

Mr I Luke was not formally appointed as a director but attended 2 meetings

Mr N Fowler was incorrectly registered as director as well as member during the conversion process and incorporation of the company and was removed from the board of directors with effect from 1 November 2011

The parent director initially appointed to represent Orchard Vale Primary School, J Bidwell, resigned and was replaced at the earliest opportunity by N Rudd

The board of directors does not have a Finance and General Purposes Committee. The local governing bodies monitor the finance of their school/federation and the board of directors monitor the central Trust budget.

The local governing bodies have met as follows

	Children First Federation	First Federation	Orchard Vale	South Brent
Dates of local governing body meetings	29th Nov 2011, 7th Feb, 27th March, 15th May and 10th July 2012	11th Jan, 21st March and 11th July 2012	24th Nov 2011, 15th March and 4th July 2012	1st Dec 2011, 22nd March and 5th July 2012
Dates of meetings of LGB committee with finance responsibilities	Not applicable	26th Jan and 10th May 2012	9th Feb and 10th May 2012	17th Nov 2011, 1st March, 13th March, and 19th June 2012

#### 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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Primary Academies Trust for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

#### Capacity to handle risk

The Board of Directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

## **The Primary Academies Trust**

### **Governance Statement**

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors,
- general reviews by the board of directors and local governing bodies 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 Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Devon Audit Partnership as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The RO has a termly programme of visits to all the schools/federation of schools within the Trust, which covers items in line with the EFA's requirements, and reports to the board of directors on the operation of the systems of control and on the discharge of the board of directors governing body's financial responsibilities. Due to the date of appointment of the Responsible Officer, the date of conversion and the absence of the individual having performed the audits, only one formal report has been completed by the Responsible Officer. This report was shared with directors in September 2012. However informal reports were shared ahead of that date. A FMGE was also completed in March 2012.

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

## The Primary Academies Trust

### Governance Statement

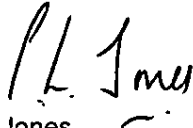
#### Review of effectiveness

The Executive Directors, and overall the Accounting Officer, Mr P L Jones has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by

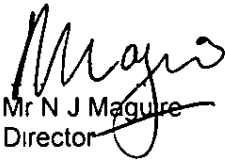
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 Board of Directors on 10/12/2012 and signed on its behalf by



Mr P L Jones  
Director



Mr N J Maguire  
Director



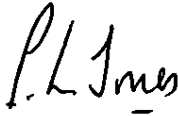
## **The Primary Academies Trust**

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

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

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

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



Mr P L Jones  
Accounting officer

## **The Primary Academies Trust**

### **Statement of Directors' Responsibilities**

The trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the 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 directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to

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

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

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

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

Approved by order of the members of the Board on 10/12/2012 and signed on its behalf by

  
Mr N J Maguire  
Director

## **The Primary Academies Trust**

### **Independent Auditors' Report to the members of The Primary Academies Trust**

We have audited the financial statements of The Primary Academies Trust for the period from 24 October 2011 to 31 August 2012, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's directors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 16), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

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

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 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 the Annual Accounts Direction issued by the Education Funding Agency, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

## **The Primary Academies Trust**

### **Independent Auditors' Report to the members of The Primary Academies 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Christopher Hicks (Senior Statutory Auditor)  
For and on behalf of Francis Clark LLP, Statutory Auditor

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
TQ2 7FF

*Francis Clark LLP*

Date *13 December 2012*

## **The Primary Academies Trust**

### **Independent Auditors' Report on Regularity to the Board of Directors of The Primary Academies Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 4 October 2011 and further to the requirements of the Education Funding Authority (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 24 October 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the governing body and the EFA. Our review work has been undertaken so that we may state to the governing body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

#### **Respective responsibilities of the governing body and Auditors**

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period from 24 October 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

#### **Basis of opinion**

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

#### **Opinion**

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 from 24 October 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Christopher Hicks (Senior Statutory Auditor)  
For and on behalf of Francis Clark LLP, Statutory Auditor

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
TQ2 7FF

*Francis Clark LLP*

Date *13 December 2012*

**The Primary Academies Trust**  
**Statement of Financial Activities for the Period from 24 October 2011 to 31**  
**August 2012**  
**(Including Income and Expenditure Account and Statement of Total**  
**Recognised Gains and Losses)**

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2012 £ 000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income					
Transfer on conversion	3	665	-	16,409	17,074
Other voluntary income	3	24	82	4	110
Activities for generating funds	4	313	418	-	731
Investment income	5	1	-	-	1
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	6	-	5,852	127	5,979
Total incoming resources		<u>1,003</u>	<u>6,352</u>	<u>16,540</u>	<u>23,895</u>
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
Costs of generating voluntary income		-	76	-	76
Cost of generating funds		224	117	-	341
<i>Charitable activities</i>					
Academy's educational operations	8	63	5,746	334	6,143
Governance costs	9	-	47	-	47
Total resources expended	7	<u>287</u>	<u>5,986</u>	<u>334</u>	<u>6,607</u>
Net incoming resources before transfers		716	366	16,206	17,288
Gross transfers between funds	17	<u>-</u>	<u>(12)</u>	<u>12</u>	<u>-</u>
Net income for the period		716	354	16,218	17,288
<b>Other recognised gains and losses</b>					
Opening defined benefit pension scheme liability		-	(1,127)	-	(1,127)
Actuarial gains on defined benefit pension schemes	25	<u>-</u>	<u>(381)</u>	<u>-</u>	<u>(381)</u>

**The Primary Academies Trust**  
**Statement of Financial Activities for the Period from 24 October 2011 to 31**  
**August 2012**  
**(Including Income and Expenditure Account and Statement of Total**  
**Recognised Gains and Losses)**

	<b>Note</b>	<b>Unrestricted Funds £ 000</b>	<b>Restricted General Funds £ 000</b>	<b>Restricted Fixed Asset Funds £ 000</b>	<b>Total 2012 £ 000</b>
Net movement in funds/(deficit)		716	(1,154)	16,218	15,780
<b>Reconciliation of funds</b>					
Funds/(deficit) carried forward at 31 August 2012		716	(1,154)	16,218	15,780

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

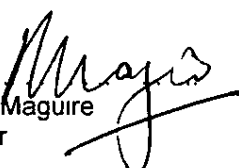
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

**The Primary Academies Trust**  
**(Registration number: 07821367)**  
**Balance Sheet as at 31 August 2012**

	Note	31 August 2012 £ 000
<b>Fixed assets</b>		
Tangible assets	13	16,218
<b>Current assets</b>		
Stocks	14	9
Debtors	15	159
Cash at bank and in hand		<u>1,335</u>
		1,503
Creditors: Amounts falling due within one year	16	<u>(410)</u>
Net current assets		<u>1,093</u>
Total assets less current liabilities		<u>17,311</u>
Net assets excluding pension liability		17,311
Pension scheme liability	25	<u>(1,531)</u>
Net assets including pension liability		<u><u>15,780</u></u>
<b>Funds of the Academy:</b>		
<b>Restricted funds</b>		
Restricted general fund	17	377
Restricted fixed asset fund	17	16,218
Restricted pension fund	17	<u>(1,531)</u>
		15,064
<b>Unrestricted funds</b>		
Unrestricted general fund	17	<u>716</u>
Total funds		<u><u>15,780</u></u>

The financial statements on pages 20 to 44 were approved by the directors, and authorised for issue on 10/12/2012 and signed on their behalf by

Mr N J Maguire  
Director





## The Primary Academies Trust

### Cash Flow Statement for the Period from 24 October 2011 to 31 August 2012

	Note	31 August 2012 £ 000
Net cash inflow from operating activities	20	2,077
Cash transferred on conversion to an academy trust		(665)
Returns on investments and servicing of finance	21	1
Capital expenditure and financial investment	22	<u>(78)</u>
Increase in cash in the period	23	<u><u>1,335</u></u>

#### Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	1,335
Net funds at 24 October 2011	<u>-</u>
Net funds at 31 August 2012	<u><u>1,335</u></u>

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

## **The Primary Academies Trust**

### **Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

#### **1 Accounting policies**

##### **Basis of preparation**

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

##### **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 to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors 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 Primary Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

##### **Going concern**

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

##### **Incoming resources**

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

##### **Grants receivable**

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

##### **Sponsorship income**

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

## **The Primary Academies Trust**

### **Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

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

##### ***Donations***

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

##### ***Other income***

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

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

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

##### ***Resources expended***

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

All resources expended are inclusive of irrecoverable VAT

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

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

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

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

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

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

## **The Primary Academies Trust**

### **Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

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

##### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

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

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

<b>Asset class</b>	<b>Depreciation method and rate</b>
Buildings	2%
Furniture and equipment	25%
Computer equipment	33%

##### **Leased assets**

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

##### **Stock**

Unsold uniforms, stationery and catering stocks are valued at the lower of cost or net realisable value.

##### **Taxation**

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

## **The Primary Academies Trust**

### **Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

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

##### **Pension benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

##### **Fund accounting**

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

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

# The Primary Academies Trust

## Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012

### 2 General Annual Grant (GAG)

2012	First Federation £ 000	Children First Federation £ 000	South Brent Primary School £ 000	Orchard Vale Community School £ 000
<b>Results and carry forward for period</b>				
GAG allocation for current period	<u>1,838</u>	<u>1,598</u>	<u>672</u>	<u>958</u>
Total GAG available to spend	1,838	1,598	672	958
Recurrent expenditure from GAG	(1,626)	(1,540)	(633)	(885)
Fixed assets purchased from GAG	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>-</u>
GAG carried forward to next year	<u>200</u>	<u>58</u>	<u>39</u>	<u>73</u>
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	<u>(221)</u>	<u>(192)</u>	<u>(81)</u>	<u>(115)</u>
<b>GAG to surrender to DfE</b>				
(12% rule breached if result is positive)	<u>(21)</u>	<u>(134)</u>	<u>(42)</u>	<u>(42)</u>
	No breach	No breach	No breach	No breach
<b>Use of GAG brought forward from previous for recurrent purposes</b>				
Recurrent expenditure from GAG	1,626	1,540	633	885
GAG allocation for current period	<u>(1,838)</u>	<u>(1,598)</u>	<u>(672)</u>	<u>(958)</u>
GAG brought forward from previous in excess of 2%, used on recurrent expenditure in current period	<u>(212)</u>	<u>(58)</u>	<u>(39)</u>	<u>(73)</u>
(2% rule breached if result is positive)	No breach	No breach	No breach	No breach

**The Primary Academies Trust**  
**Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

**3 Voluntary income**

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2012 £ 000
Transfer on conversion	665	-	16,409	17,074
<b>Other voluntary income</b>				
Educational trips and visits	-	82	-	82
Other donations	24	-	4	28
	<u>24</u>	<u>82</u>	<u>4</u>	<u>110</u>
Total voluntary income	<u>689</u>	<u>82</u>	<u>16,413</u>	<u>17,184</u>

**4 Activities for generating funds**

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2012 £ 000
Hire of facilities	75	-	75
Catering income	189	-	189
School shop sales	18	-	18
Recharges and reimbursements	-	409	409
Other sales	31	9	40
	<u>313</u>	<u>418</u>	<u>731</u>

**5 Investment income**

	Unrestricted funds £ 000	Total 2012 £ 000
Short term deposits	<u>1</u>	<u>1</u>

**The Primary Academies Trust**  
**Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

**6 Funding for Academy's educational operations**

	<b>Restricted funds £ 000</b>	<b>Restricted fixed asset funds £ 000</b>	<b>Total 2012 £ 000</b>
<b>DfE/EFA capital grants</b>			
Devolved Formula Capital	-	127	127
<b>DfE/EFA revenue grants</b>			
General Annual Grant (GAG)	5,066	-	5,066
Start Up Grant	250	-	250
SEN	338	-	338
	<u>5,654</u>	<u>-</u>	<u>5,654</u>
<b>Other government grants</b>			
Other Government Grants	198	-	198
<b>Total grants</b>	<u><u>5,852</u></u>	<u><u>127</u></u>	<u><u>5,979</u></u>

**7 Resources expended**

	<b>Staff costs £ 000</b>	<b>Premises £ 000</b>	<b>Other costs £ 000</b>	<b>Total 2012 £ 000</b>
Costs of generating voluntary income	-	-	76	76
Costs of activities for generating funds	42	1	298	341
<b>Academy's educational operations</b>				
Direct costs	4,128	-	417	4,545
Allocated support costs	453	702	443	1,598
	<u>4,581</u>	<u>702</u>	<u>860</u>	<u>6,143</u>
Governance costs including allocated support costs	39	-	8	47
	<u><u>4,662</u></u>	<u><u>703</u></u>	<u><u>1,242</u></u>	<u><u>6,607</u></u>



# The Primary Academies Trust

## Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012

### 7 Resources expended (continued)

Net incoming/outgoing resources for the period include:

	31 August 2012 £ 000
Operating leases	15
Fees payable to auditor - audit	7
- other audit services	8
	<u>8</u>

### 8 Charitable activities - Academy's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2012 £ 000
<b>Direct costs</b>				
Teaching and educational support staff costs	51	4,077	-	4,128
Educational supplies	5	341	34	380
Staff development	-	28	-	28
Other direct costs	-	9	-	9
	<u>56</u>	<u>4,455</u>	<u>34</u>	<u>4,545</u>
<b>Allocated support costs</b>				
Support staff costs	-	470	-	470
FRS 17 service cost adjustment	-	(17)	-	(17)
Depreciation	-	-	269	269
Maintenance of premises and equipment	-	64	31	95
Cleaning	-	125	-	125
Rent, rates and utilities	1	148	-	149
Insurance	-	64	-	64
Recruitment and support	-	6	-	6
Security and transport	-	43	-	43
Bank interest and charges	-	2	-	2
Expected return on scheme assets	-	(31)	-	(31)
Interest on defined benefit pension scheme	-	71	-	71
Professional fees	5	283	-	288
Other support costs	1	63	-	64
	<u>7</u>	<u>1,291</u>	<u>300</u>	<u>1,598</u>
	<u>63</u>	<u>5,746</u>	<u>334</u>	<u>6,143</u>

# **The Primary Academies Trust**

## **Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

### **9 Governance costs**

	<b>Restricted funds £ 000</b>	<b>Total 2012 £ 000</b>
<b>Auditors' remuneration</b>		
Audit of financial statements	7	7
Support costs	39	39
Governors' reimbursed expenses	1	1
	<u>47</u>	<u>47</u>

### **10 Staff costs**

	<b>2012 £ 000</b>
<b>Staff costs during the period were</b>	
Wages and salaries	3,776
Social security costs	258
Pension costs	516
Supply teacher costs	112
	<u>4,662</u>

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

	<b>31 August 2012 No</b>
<b>Charitable Activities</b>	
Teachers	85
Administration and support	102
Management	5
	<u>192</u>

**The Primary Academies Trust**  
**Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

**10 Staff costs (continued)**

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

	<b>31 August 2012 No</b>
£60,001 - £70,000	1
£70,001 - £80,000	<u>1</u>

2 of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £20,000.

**11 Governors' remuneration and expenses**

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration was as follows:

	<b>2012 £ 000</b>
Executive Head (Mr P L Jones)	70 - 75
Executive Head (Mr G C Chown)	65 - 70
Head Teacher (Mrs J E Baker)	50 - 55
Head Teacher (Mrs H M Nicholls)	55 - 60

Related party transactions involving the trustees are set out in note 26.

**12 Governors' and officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £20,000,000 on any one claim and the cost for the period ended 31 August 2012 was £3,000.

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

# **The Primary Academies Trust**

## **Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

### **13 Tangible fixed assets**

	<b>Leasehold land and buildings £ 000</b>	<b>Furniture and equipment £ 000</b>	<b>Computer equipment £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>				
Additions	22	15	41	78
Inherited assets	<u>16,226</u>	<u>142</u>	<u>41</u>	<u>16,409</u>
At 31 August 2012	<u>16,248</u>	<u>157</u>	<u>82</u>	<u>16,487</u>
<b>Depreciation</b>				
Charge for the year	<u>214</u>	<u>32</u>	<u>23</u>	<u>269</u>
At 31 August 2012	<u>214</u>	<u>32</u>	<u>23</u>	<u>269</u>
<b>Net book value</b>				
At 31 August 2012	<u>16,034</u>	<u>125</u>	<u>59</u>	<u>16,218</u>

### **14 Stock**

	<b>31 August 2012 £ 000</b>
Books and stationery	2
Catering	1
Shop stock	<u>6</u>
	<u>9</u>

### **15 Debtors**

	<b>31 August 2012 £ 000</b>
Trade debtors	21
Prepayments	47
Other debtors	21
Amounts due from The Primary Academies (Voluntary Aided) Trust	11
VAT recoverable	<u>59</u>
	<u>159</u>

**The Primary Academies Trust**  
**Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

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

	<b>31 August 2012 £ 000</b>
Trade creditors	97
Other taxation and social security	100
Pension scheme creditor	84
Accruals	34
Deferred income	95
	<u>410</u>

	<b>31 August 2012 £ 000</b>
Resources deferred in the period	<u>95</u>

Deferred income is income received in advance for the next accounting period. The significant amounts included at 31 August 2012 include:

- £25,000 relating to the start-up grant for Aveton Gifford (to join the Academy Trust on 1 September 2012)

- £37,000 relating to nursery funding received in advance by Children First Federation

# The Primary Academies Trust

## Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012

### 17 Funds

	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2012 £ 000
<b>Restricted general funds</b>				
General Annual Grant	5,066	(4,684)	(12)	370
SEN	338	(338)	-	-
Speech and Language	91	(91)	-	-
Nursery	116	(116)	-	-
Start Up Grant	250	(250)	-	-
Recharges and Reimbursements	409	(409)	-	-
Trips and Visits	82	(75)	-	7
	<u>6,352</u>	<u>(5,963)</u>	<u>(12)</u>	<u>377</u>
<b>Restricted fixed asset funds</b>				
DfE/EFA Capital Grants	127	(78)	-	49
Other LA Capital	16,409	(255)	-	16,154
PTA Capital	4	(1)	-	3
Capital expenditure from GAG	-	-	12	12
	<u>16,540</u>	<u>(334)</u>	<u>12</u>	<u>16,218</u>
<b>Restricted pension funds</b>				
Defined Benefit Pension Liability	-	(1,150)	(381)	(1,531)
Total restricted funds	<u>22,892</u>	<u>(7,447)</u>	<u>(381)</u>	<u>15,064</u>
Unrestricted funds	<u>1,003</u>	<u>(287)</u>	<u>-</u>	<u>716</u>
Total funds	<u>23,895</u>	<u>(7,734)</u>	<u>(381)</u>	<u>15,780</u>

### 18 Analysis of net assets between funds

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	16,218	16,218
Current assets	716	787	-	1,503
Current liabilities	-	(410)	-	(410)
Pension scheme liability	-	(1,531)	-	(1,531)
Total net assets	<u>716</u>	<u>(1,154)</u>	<u>16,218</u>	<u>15,780</u>

**The Primary Academies Trust**  
**Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

**19 Financial commitments**

***Operating leases***

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows

**Operating leases which expire:**

	<b>31 August 2012 £ 000</b>
<b>Other</b>	
Within one year	6
Within two to five years	14
	<u>20</u>

**20 Reconciliation of net income to net cash inflow/(outflow) from operating activities**

	<b>31 August 2012 £ 000</b>
Net income	17,288
Depreciation	269
Donated capital	(16,409)
Cash transferred on conversion to an academy trust	665
Interest receivable	(1)
FRS 17 expected return on scheme assets	(31)
FRS 17 interest on defined benefit pension scheme	71
FRS17 service cost adjustment	(17)
Increase in stocks	(9)
Increase in debtors	(159)
Increase in creditors	410
Net cash inflow from operating activities	<u>2,077</u>

**21 Returns on investments and servicing of finance**

	<b>31 August 2012 £ 000</b>
Interest received	1
Net cash inflow from returns on investments and servicing of finance	<u>1</u>

**The Primary Academies Trust**  
**Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

**22 Capital expenditure and financial investment**

	<b>31 August 2012 £ 000</b>
Purchase of tangible fixed assets	<u>(78)</u>

**23 Analysis of changes in net funds**

	<b>Cash flows £ 000</b>	<b>At 31 August 2012 £ 000</b>
Cash at bank and in hand	<u>1,335</u>	<u>1,335</u>

**24 Members' liability**

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

**25 Pension and similar obligations**

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period Contributions amounting to £84,000 were payable to the schemes at 31 August and are included within creditors

**Teachers' Pension Scheme**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce real rate of return



## **The Primary Academies Trust**

### **Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

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

The Government Agency ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

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

The latest valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard 17 (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 and the implications for the academy in terms of the anticipated contribution rates.

#### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £195,000, of which employer's contributions totalled £152,000 and employees' contributions totalled £43,000. The agreed contribution rates for future years are 19.7% for employers and 5.5 - 7.5% for employees.

# **The Primary Academies Trust**

## **Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

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

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

#### **Principal actuarial assumptions**

	<b>At 31 August 2012 %</b>
Rate of increase in salaries	4.10
Rate of increase for pensions in payment/inflation	1.90
Discount rate for scheme liabilities	3.90
Inflation assumptions (CPI)	1.90
RPI increases	<u>2.70</u>

#### **Sensitivity analysis**

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

	<b>+ 0.1% £ 000</b>	<b>0.0% £ 000</b>	<b>- 0.1% £ 000</b>
<b>Adjustment to discount rate</b>			
Present value of total obligation	2,322	2,396	2,472
Projected service cost	<u>196</u>	<u>204</u>	<u>212</u>
	<b>+ 1 Year £ 000</b>	<b>None £ 000</b>	<b>- 1 Year £ 000</b>
<b>Adjustment to mortality age rating assumption</b>			
Present value of total obligation	2,309	2,396	2,484
Projected service cost	<u>195</u>	<u>204</u>	<u>213</u>

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

	<b>At 31 August 2012</b>
<b>Retiring today</b>	
Males retiring today	20.50
Females retiring today	24.50
<b>Retiring in 20 years</b>	
Males retiring in 20 years	22.50
Females retiring in 20 years	<u>26.40</u>

**The Primary Academies Trust**  
**Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

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

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

	<b>At 31 August 2012 £ 000</b>
Equities	519
Gilts	121
Property	52
Cash	43
Other	<u>130</u>
Total market value of assets	865
Present value of scheme liabilities - funded	<u>(2,396)</u>
Deficit in the scheme	<u><u>(1,531)</u></u>

The expected rates of return were

	<b>At 31 August 2012 %</b>
Equities	6.30
Gilts	2.80
Other bonds	3.90
Property	5.30
Cash	50
Other	<u>4.70</u>

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

The actual return on scheme assets was £47,000

**The Primary Academies Trust**  
**Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

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

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

	<b>31 August 2012 £ 000</b>
Current service cost	135
Total operating charge	<u>135</u>

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

	<b>31 August 2012 £ 000</b>
Expected return on pension scheme assets	(31)
Interest on pension liabilities	<u>71</u>
Pension finance income	<u>40</u>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is (£381,000)

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

	<b>31 August 2012 £ 000</b>
At 24 October	1,750
Current service cost	135
Interest cost	71
Employee contributions	43
Actuarial losses	<u>397</u>
At 31 August	<u>2,396</u>

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

	<b>31 August 2012 £ 000</b>
At 24 October	623
Expected return on assets	31
Actuarial gains	16
Employer contributions	152
Employee contributions	<u>43</u>
At 31 August	<u>865</u>

The estimated value of employer contributions for next period is £165,000

**The Primary Academies Trust**  
**Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012**

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

**History of experience adjustments**

Amounts for the current period are as follows

	31 August 2012 £ 000
	31 August 2012 £ 000
Experience adjustments arising on scheme assets	16
Experience adjustments arising on scheme liabilities	<u>-</u>

Comparative figures have not been restated as permitted by FRS 17

**26 Related party transactions**

Owing to the nature of the Academy's operations and the composition of the board of governors 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 governors 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.

Lady Seaward's C of E Primary School is a member of First Federation, and is a separately constituted Academy known as The Primary Academies (Voluntary Aided) Trust. All of Lady Seaward's C of E Primary School accounting and financial transactions are administered by The Primary Academies Trust.

There were no other related party transactions in the period.

## The Primary Academies Trust

### Notes to the Financial Statements for the Period from 24 October 2011 to 31 August 2012

#### 27 Conversion to an academy trust

On 1 November 2011 Blackpool C of E Primary School, Chudleigh Knighton C of E Primary School, Hemyock Primary School, Newton Ferrers C of E Primary School, Orchard Vale Community School, Salcombe C of E Primary School, Sampford Peverell C of E Primary School, Sidbury C of E Primary School, South Brent Primary School and Wilcombe Primary School converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to The Primary Academies Trust from Devon County Council Local Authority for £Nil consideration

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

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

	Unrestricted fund £ 000	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets				
Freehold/leasehold land and buildings	-	-	16,226	16,226
Other tangible fixed assets	-	-	183	183
Budget surplus on LA funds	665	-	-	665
LGPS pension deficit	-	(1,127)	-	(1,127)
Net assets/(liabilities)	<u>665</u>	<u>(1,127)</u>	<u>16,409</u>	<u>15,947</u>