

# Bay Education Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 7 November 2014 to 31 August 2015

Registration number: 9299975

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# **Bay Education Trust**

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# Bay Education Trust

## Reference and Administrative Details

|  |   |
|--|---|
| <b>Members</b>                         | Miss S Livesey (appointed 17 November 2014)<br>Mr M Lock (appointed 17 November 2014)<br>Mr P Maunder (appointed 17 November 2014)  |
| <b>Trustees (Directors)</b>            | Mr R G Davey (appointed 5 January 2015)<br>Miss M J English (appointed 7 November 2014)<br>Mr S E Kings (appointed 17 November 2014)<br>Ms G Battye (appointed 28 April 2015)<br>Ms L Finn (appointed 5 December 2014)<br>Miss S J Livesey (appointed 17 November 2014)<br>Ms C Talbot (appointed 1 October 2015)<br>Mr P Faulkner (appointed 5 January 2015 and Resignation 13 April 2015) |
| <b>Company Secretary</b>               | Ms G M Gribbins   |
| <b>Senior Management Team</b>          | Miss M J English, Principal (Paignton Community & Sports Academy)<br>Ms S Franklin, Head Teacher (Kings Ash Primary School)<br>Ms J Humphrey, Head Teacher (Curledge Street Academy)<br>Mr M Smith, Deputy Principal (Paignton Community & Sports Academy)<br>Mr J Trevarthen, Deputy Principal (Paignton Community & Sports Academy)   |
| <b>Principal and Registered Office</b> | Paignton Community & Sports Academy<br>Waterleat Road<br>Paignton<br>Devon<br>TQ3 3WA   |
| <b>Company Registration Number</b>     | 9299975   |
| <b>Auditors</b>                        | Francis Clark LLP<br>Chartered Accountants & Statutory Auditor<br>Sigma House<br>Oak View Close<br>Edginswell Park<br>Torquay<br>Devon<br>TQ2 7FF   |
| <b>Bankers</b>                         | Lloyds Bank plc<br>2 Palace Avenue<br>Paignton<br>Devon<br>TQ3 3ER  |
| <b>Solicitors</b>                      | Kitsons LLP<br>Minerva House<br>Orchard Way<br>Edginswell Park<br>Torquay<br>Devon<br>TQ2 7FA   |

# **Bay Education Trust**

## **Directors' Report for the period from 7 November 2014 to 31 August 2015**

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the period 7 November 2014 to 31 August 2015. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates two primary and one secondary academy in Paignton, Devon. Its academies have a combined pupil capacity of 2,935 and had a roll of 2,118 in the school census on 1st October 2014.

On the 1 December 2014 all the operations assets and liabilities were transferred to Bay Education Trust from Prospects Academies Trust 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 Trust is a company limited by guarantee (No. 9299975) and an exempt charity. The charitable company was incorporated on 7th November 2014. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Directors act as trustees for the charitable activities of the Trust and are also the directors of the charitable company for the purpose of company law. The charitable company is known as Bay Education Trust.

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

#### ***Trust Member's Liability***

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

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

Directors benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the Directors 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 Trust. Any such insurance shall not extend to any claim arising from an act or omission which the Directors knew to be a breach of trust or breach of duty or which was committed by the reckless disregard to whether it was a breach of trust or breach of duty or not and also that any such insurance shall not extend to the costs of unsuccessful defence to a criminal prosecution brought against the Directors in their capacity as Directors of the Trust. The limit of this indemnity is £5,000,000.

# **Bay Education Trust**

## **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

### ***Directors***

The Directors are trustees of the charitable company. The term of office for a Director is four years but this will not apply to the Chief Executive Officer. There is no limit to the number of times a Director can be re-appointed or re-elected.

The Directors serving through the year are set out below:

Miss Margaret Jane English  
Miss Sara Livesey  
Mr Stephen Kings  
Ms Gill Battye  
Ms Lisa Finn  
Mr Rhodri Davey  
Mr Peter Faulkner (Resigned 13th April 2015)

During the year under review the Directors held 4 meetings.

### ***Principal Activities***

We believe that the principal activity of the Trust is to ensure that every student has the best possible educational experience. They should have the opportunity to reach their full potential not only academically but also physically and socially whilst in a safe environment. This can only be achieved with a happy, committed teaching workforce and we are committed to the welfare and continuing professional development of our staff as evidenced through our employment policies.

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

The recruitment of Directors is set out in the Articles of Association. The Members may appoint up to twelve Directors to include at least one but up to three staff Directors including the Chief Executive Officer.

The Members appoint Directors through such process as they determine, to ensure a broad range of complimentary skills to further the aims of the Trust.

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

The training and induction provided for new Directors depends upon their existing experience. If necessary, induction will provide training on charity, educational, legal and financial matters. All Directors are required to complete the following:

- DBS check
- self-declaration forms
- related parties and additional director's details forms.

Training is arranged to ensure Directors are familiar with topics such as analysing academy data, health and safety and risk management. All new Directors are encouraged to visit the Trust academies and to take the opportunity to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, educational data, budgets, plans and other documents that they will need to undertake their role as Directors.

# Bay Education Trust

## Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

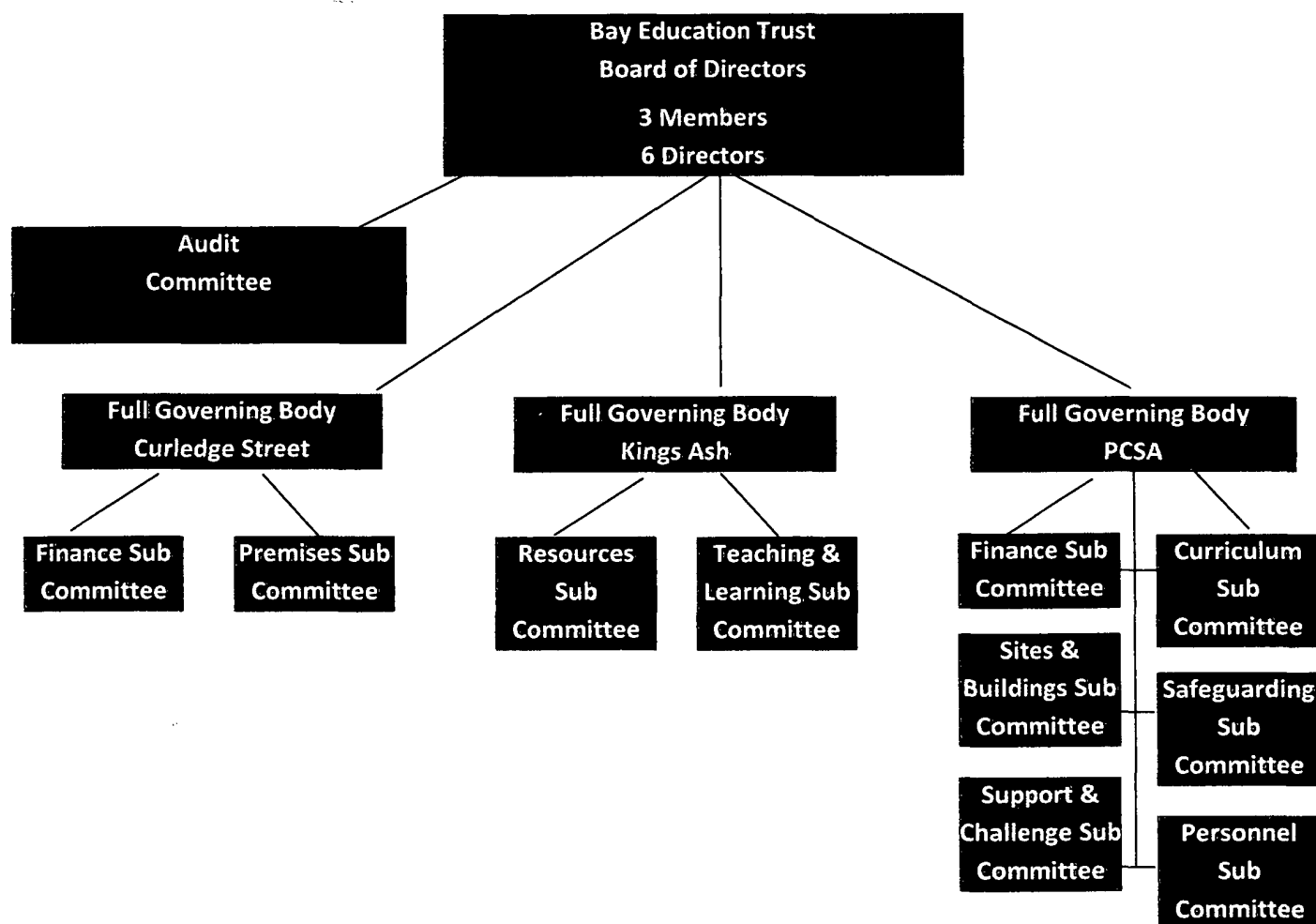
### Organisational structure

Up until 31st August 2015, Bay Education Trust Board had 3 members and 6 directors. As a Board they are responsible for:

- Providing strategic direction to the Trust
- Providing support for school improvement across the Trust
- Monitoring the budget delivery and ensuring financial accountability across the Trust is secure
- Holding the Headteachers to account for delivery of objectives and pupil outcomes
- Holding the Chief Executive Officer to account for performance across the Trust
- Compliance and implementation of Health and Safety Policy
- Safeguarding across the Trust
- Appointing and performance managing the Local Governing Bodies

The Trust Board effects some of these functions through sub-committees of the Board and will periodically review the number and nature of these sub committees.

### Governance Structure 1<sup>st</sup> December 2014 – 31<sup>st</sup> August 2015



## Bay Education Trust

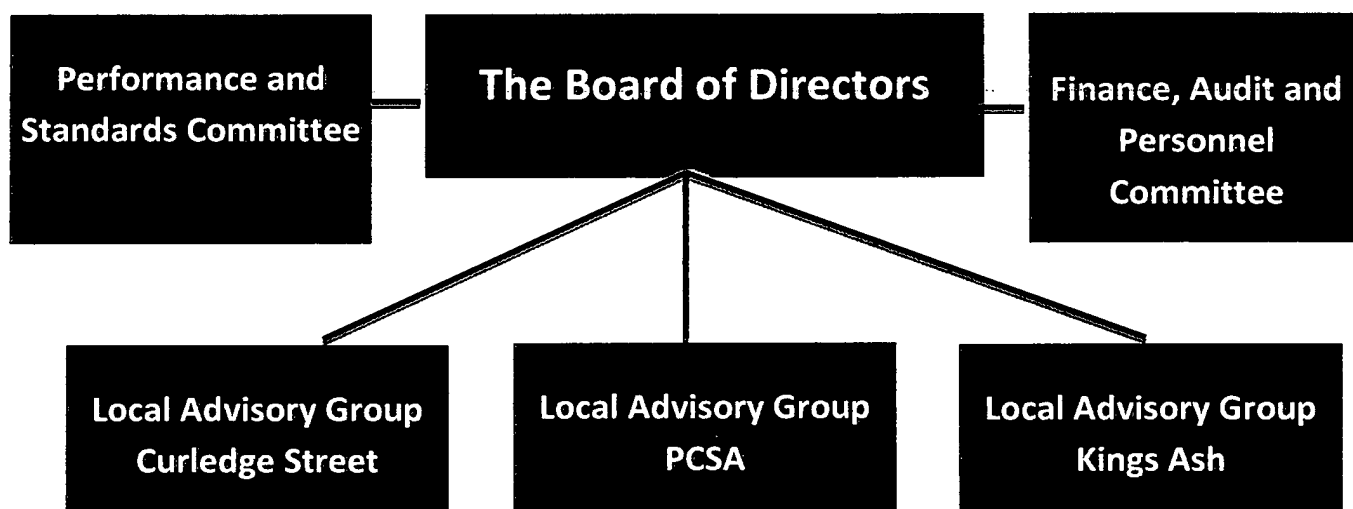
### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

During the summer term the Trust Board approved a restructuring of the organisation in recognition that accountability for governance sits with the Board. This followed a consultation with the three academies and their Governing Bodies on the preferred structure. From 1st September 2015 the Trust will disband the Governing Bodies and their subcommittees and put in a Local Advisory Group for each academy. Only the Trust Board will have subcommittees.

There will be two sub-committees of the Trust Board as follows:

- Finance, Audit and Personnel
- Performance and Standards

#### New Governance Structure 1<sup>st</sup> September 2015



The Board of Directors has approved a Scheme of Delegation that devolved roles and responsibilities to the Local Governing Bodies and to individual Trust academy headteachers/principals.

The effective day to day running of each academy is delegated to the headteacher or principal and their senior leadership teams. They are responsible for implementing the Trust's agreed strategy and improving outcomes for pupils.

Following the formation of the multi-academy Trust, the role of the Local Governing Body was to ensure that the schools delivered good outcomes for the students.

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

The Trust has only existed for eight months and during that time the Board of Directors has taken steps to review the key risks to which the Academy Trust is exposed. This includes putting in place financial and compliance policies and control to mitigate those risks. The Directors recognise and fully support the need for informed and effective systems of internal control and risk management. Directors plan to review and strengthen the policy and approach adopted for risk management and training has been arranged with a plan to create a robust risk register prior to December 31st 2015.

# **Bay Education Trust**

## **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

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

Rhodri Davey, Director of Bay Education Trust, is a partner in Kitsons law firm.

Curlidge Street academy has a parents association whose objectives are to raise funds to be donated to the academy to support the education of the pupils.

Kings Ash academy has a parents association whose objectives are to raise funds to be donated to the academy to support the education of the pupils.

### **Objectives and activities**

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

The objectives of Bay Education Trust are to provide high quality education for the children of Paignton. It is well placed to work in close partnership, as the three academies are all located within a 3 mile radius of each other enabling the sharing of facilities and resources and allowing the effective centralisation of many services.

The Trust believes that education is about more than academic achievement and looks to provide young people with a range of opportunities and experiences which prepare them well to take their place in local, national and international society. The Trust also seeks to be a key member of the community it serves by contributing to the health and wellbeing of the community particularly through the use of the sporting facilities.

#### ***The Purpose of Bay Education Trust***

1. To take both personal and collective responsibility to provide the best educational experiences for the children and young people who attend the academies either as a pupil or as a member of the local community.
2. To ensure high quality teaching leading to exceptional progress and achievement in each academy within the Trust.
3. To support each other by working together to achieve shared goals for mutual benefit whilst recognising the unique ethos and individuality of each part of the Trust.
4. To pursue academic excellence to enable all academies to be consistently judged Outstanding.
5. To further develop cross-phase working (3 years to 19 years) to engage pupils, staff and parents in partnership in the pursuit of academic excellence.
6. To ensure every student on their learning journey understands how to progress and achieve their full potential.
7. To provide opportunities for all young people in the academies to develop British values and high quality life skills enabling them to be a credit to themselves, their families and their academy.
8. To develop an aspirational culture amongst pupils and parents across the individual academies by having a culture of intellectual curiosity and enthusiasm to learn.
9. To provide a cross-phase Careers Education and Guidance programme to include vocational experiences.
10. To promote high standards of behaviour, safety and community engagement.
11. To maximise efficiency and value for money by sharing business systems and processes.
12. To provide opportunities for leadership development in our pupils.



## **Bay Education Trust**

### **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

#### **Key Priorities**

1. Improve attainment and progress within all three academies
2. Develop leadership capacity across all three academies and collaborative work to improve outcomes for pupils.
3. Introduce provision for 2 year olds within both primary schools to support a good start in nursery provision.
4. Improve the building stock making them fit for purpose in all three academies.
5. Develop cross phase work in Maths and English to ensure smooth transition and high expectations.

#### ***Equal opportunities policy***

The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust has established equal opportunity policies and practices in all areas of its activities, including creating a working and learning environment in which the contribution and needs of all people are fully valued. The Trust is committed to offering equal employment and learning opportunities and its policies are designed to attract, retain and motivate the best staff regardless of gender, race, religion, age or disability.

#### ***Disabled Employees***

The company gives full consideration to applications for employment from disabled persons providing the requirements of the job can be adequately fulfilled.

#### ***Employee Involvement***

Information about the activities of the company is discussed with employees throughout the year during internal management and departmental meetings. Feedback occurs through middle managers to the senior leadership teams.

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

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's aims and objectives and in planning future activities for the year, in order to ensure that the Trust acts entirely in accordance with that guidance.

## **Bay Education Trust**

### **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

#### **Strategic Report**

##### **Achievements and performance**

The Directors have reviewed the activities undertaken by the charitable company during its first year of operation to further its charitable purposes for the public benefit. Below is a review of these significant activities.

##### **Key Achievements**

- The setting up of Bay Education Trust
- Change in Governance structure to be implemented for September 2015
- Improving Primary Academy outcomes.
- Improving Secondary Academy outcomes

##### **Academy Overview**

###### ***PAIGNTON COMMUNITY AND SPORTS ACADEMY (Secondary)***

Paignton Community and Sports Academy is a secondary 11-18 split site in Devon. There are currently 1300 pupils on roll. The population of secondary school children has reduced over the past 10 years but is now on the increase with the Year 7 intake for 2015/16 being close to 300.

Paignton is one of nine secondary schools in Torbay, three of which are Grammar Schools. The percentage of white British children is 97% and well above national average as is the percentage of disadvantaged pupils and pupils with special needs. New pupils are admitted to the academy most weeks, giving a significant number of transient pupils across all year groups. The percentage of High Band pupils is much lower than the national average because of the three Grammar Schools.

The academy has maintained its reputation as a sports academy, playing a key role in supporting young people's healthy lifestyles and community sport.

Paignton Community and Sports Academy is within walking distance of the two primary schools which are part of the Trust.

##### **OFSTED**

5th-6th June 2014 (whilst part of Prospects Academy Trust)

Overall effectiveness - Requires Improvement - 3

Achievement of Pupils - Requires Improvement - 3

Teaching and Learning - Good - 2

Behaviour and Safety - Good - 2

Leadership and Management - Good - 2

# Bay Education Trust

## Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

### Strategic Report

#### ACADEMIC ACHIEVEMENT

##### GCSE 2014/15

This year saw improvement in GCSE results.

##### GCSE Comparison 3 years

|  | 2013  | 2014  | 2015   |
|--|-------|-------|--------|
| Number of Pupils                       | 262   | 274   | 256    |
| % achieve 5 A*-C incl. English & Maths | 52%   | 42%   | 48%    |
| 3 Levels of Progress English           | 68%   | 74%   | 81%    |
| 3 Levels of Progress Maths             | 59%   | 43%   | 47%    |
| 5 or more A*- G                        | 97%   | 96%   | 97%    |
| Average points Score                   | 331   | 289   | 388    |
| Value added                            | 993.6 | 998.3 | 1000.6 |

5 or more A\*-C grades including English and Maths were up by 7% from 42% to 49%.

| Subject      | 2012 % | 2013 % | 2014 % | 2015 % | Number of Students |
|--------------|--------|--------|--------|--------|--------------------|
| GCSE English | 55     | 64     | 69     | 74     | 256                |
| GCSE Maths   | 52     | 53     | 48     | 53     | 256                |

##### The Groups (percentages)

|  | Disadvantaged |       |      | National Average | Non Disadvantaged |       | All Pupils | National Average All pupils |
|--|---------------|-------|------|------------------|-------------------|-------|------------|-----------------------------|
|  | 2013          | 2014  | 2015 | 2015             | 2013              | 2014  | 2015       | 2015                        |
| Number of Pupils                         | 87            | 109   | 91   |                  | 175               | 163   | 256        |                             |
| 5 or more A*-C incl. English & Maths (%) | 39            | 28    | 34   | 36               | 57                | 52    | 48         | 56                          |
| 3 levels Progress English (%)            | 52            | 70    | 77   | 57               | 75                | 79    | 84         | 74                          |
| 3 Levels Progress Math (%)               | 50            | 30    | 35   | 49               | 65                | 51    | 54         | 72                          |
| APS                                      | 302           | 263.3 | 277  |                  | 345               | 307.2 | 314        |                             |

Source: DFE Performance tables – March 2015 (2015 Data – RAISEonline November 2015)

With regard to narrowing the gap, the difference between our disadvantaged and non-disadvantaged students in achieving five or more A\*-C grades including English and Maths stayed the same as the previous year as the non-disadvantaged students also made an improvement. The gap in expected levels of progress in English reduced significantly in 2015 to 9%.

## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### YEAR 10 GCSE

196 students took statistics and 67% achieved A\*-C.

122 students took GCSE Science and 43% achieved A\*-C.

##### POST 16

|   | 2014 | 2015 |
|---|------|------|
| % of academic students achieving qualifications equivalent to at least 3 A levels at A* - E | 12%  | 15%  |
| % of academic students achieving qualifications equivalent to at least 2 A levels at A* - E | 28%  | 50%  |
| % of vocational students achieving at least 3 substantial vocational qualifications         | 46%  | 34%  |
| % of vocational students achieving at least 2 substantial vocational qualifications         | 77%  | 71%  |

##### Course Alps Scores

| Year | 2013 | 2015 | 2015 |
|------|------|------|------|
| AS   | 6    | 7    | 5    |
| A2   | 8    | 6    | 8    |
| BTEC | 7    | 2    | 3    |

Students took both academic and vocational qualifications. Alps performance in academic subjects AS and A2 were unsatisfactory. AS scored Alps 5 which is satisfactory to good whilst A2 scored Alps 8 which is relatively poor. There are low student numbers in the post 16 group, as many students achieving a good GCSE certificate move to the Grammar schools for A level. The majority of students who remain at PCSA post 16 choose vocational courses and as a consequence the Local Governing Body, supported by the Trust Board, discussed and agreed a change in direction for 2015/16.

BTEC courses averaged an Alps 3, which is rated excellent. The average Alps score for BTEC single subjects was between 2 and 3, outstanding to good. For double and triple BTECs the average Alps score was 2, outstanding. In 2015/16 we will offer very few A level courses but create three streams of vocational qualifications.

## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### ATTENDANCE

Attendance has improved this year increasing by 0.54% from the previous year. Persistent absentees have reduced by just over 3% and unauthorised absence by 0.5%. The academy moves closer to the national average and has made good use of penalty notices to improve attendance over the past 2 years.

|                       | 2015 National Average | 2014  | 2015  |
|-----------------------|-----------------------|-------|-------|
| Whole Year Attendance | 94.8%                 | 93.1% | 93.2% |
| Unauthorised Absence  | -                     | 1.7%  | 1.55% |
| Persistent Absentees  | 5.6%                  | 11.3% | 8.8%  |
| Penalty Notices       | -                     | 65    | 47    |

Source: RAISEonline – November 2015

##### EXCLUSIONS

Fixed term exclusions have reduced this academic year from 141 incidents in 2013/14 to 110 in 2014/15. The number of students having one or more incidences of exclusion has reduced from 77 to 54 (30% reduction).

The percentage of the school population with an incidence of exclusion is 4.22%. This is 2.65% below the national average for 2013/14 of 6.87% (2014/15 data not yet available).

There is a very low number of disadvantaged children with an incidence of exclusion. 5.7% of this group were excluded in 2014/15 whilst the national average for 2013/14 was 16.34% (2014/15 data not yet available).

Permanent exclusions in the academy have for many years been lower than the national average as we make every effort to enable students to stay in the school environment. However in 2014/15 three pupils were permanently excluded despite efforts to address their behaviours.

## **Bay Education Trust**

### **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

#### **Strategic Report**

##### **STAFFING**

At June 30th 2015 the Academy had 84.16 FTE teaching staff of whom 20 (12.15 FTE) are part-time teaching staff. There are 106.49FTE support staff of whom 129 (76.71 FTE) are part time and 55 full time (headcount 195).

Staffing has been more stable this year, particularly in Maths and Science. Three attempts to appoint a Director of Science resulted in an internal appointment starting in September 2015.

Maths had significant periods of absence by three staff. A new middle leader has had a significant impact on progress at KS3 Maths.

A handbook outlining the process to follow when a teacher is judged to require improvement is used in all three Trust academies. It outlines a process of support for teachers who are struggling to be consistently good teachers and has been used to good effect. In PCSA two teachers after starting this process, left the academy.

As a result of EFA funding for 2015/16, budgetary pressures led to the academy undergoing an extensive redundancy process to reduce the budget by £350,000. Four long-standing teaching staff took voluntary redundancy and there will be a significant reduction in support staff for 2015/16 particularly in learning support. There will also be a loss of some Science, PE and Technology technicians.

The restructuring of finance and personnel services across the Trust resulted in PCSA's Personnel Officer becoming the Trust Officer. Head office for these services is PCSA and the Business Manager from Curledge Street Academy has become the Business Manager of the Trust and is now mostly based at PCSA.

Due to the Principal's role as CEO of the Trust the two deputy principals at Paignton Community & Sports Academy have taken on extra responsibility for leading and managing the academy.

# **Bay Education Trust**

## **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

### **Strategic Report**

#### **CONTINUED PROFESSIONAL DEVELOPMENT (CPD)**

The academy has provided CPD from external and internal sources. Internally staff opted into a range of topics which were offered. For example:

- Exams and revision
- Pastoral support
- Rapport and staff wellbeing
- Positive learning environment
- Behaviour and pupil wellbeing

External use was made of Kingsbridge Teaching School with staff from PCSA working alongside Kingsbridge staff. An Ofsted inspector worked a number of times with middle managers on lesson observations and work scrutiny.

Good use is made of the Torbay Teaching School Alliance for a range of courses, and the academy is a PiXL school.

#### **EXAMPLES OF SUCCESSES AND SPECIAL EVENTS**

The highlight of the year was Year 7 rugby players playing the curtain raiser match before England played Italy at Twickenham in February.

Two successful Ten Tors teams completed the moorland challenge and 50 bronze and 8 silver Duke of Edinburgh awards were achieved.

June saw teachers from the Nigerian link school visit for a week, spending a lot of time in KS3 English.

Students from all year groups contributed to a successful Christmas production of Jack and the beanstalk which was enjoyed by parents and children from across the Trust.

The summer school for disadvantaged children had 58 children take part in a two week programme to improve their literacy skills and give them an introduction to the secondary school in a relaxed and fun environment prior to joining us in Year 7.

The holiday programme which provides multiple activities for all young people across the Bay in July and August attracted over 273 participants.

The astroturf pitch and the sports hub continue to provide excellent community sporting facilities with over 2000 participants weekly.

## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### CURLIDGE STREET ACADEMY (Primary)

Curledge Street is a larger than average primary academy, including a nursery, for children aged 3-11. It has 445 pupils on roll and a significant transient population of pupils with high numbers of disadvantaged pupils who live in some of the most deprived wards in Torbay and in England.

It is a school which is very inclusive having a high number of children with special educational needs for whom it provides an excellent education. Despite Victorian buildings and limited outdoor space it promotes sport and healthy lifestyles linking well with the secondary academy that is just a short walk away.

##### OFSTED

20th-21st May 2014 (whilst part of Prospects Academy Trust)

Overall effectiveness - Good - 2

Achievement of Pupils - Good - 2

Quality of teaching - Good - 2

Behaviour and Safety of Pupils - Good - 2

Leadership and Management - Good - 2

##### ACADEMIC ACHIEVEMENT

###### School demographic

|   |       |
|---|-------|
|   |       |
| Total number of pupils on roll (all ages)   | 450   |
| Percentage of boys on roll  | 48.4% |
| Percentage of girls on roll   | 51.6% |
| Percentage of SEN pupils with a statement or EHC plan                                   | 2%    |
| Percentage of pupils eligible for free school meals at any time during the past 6 years | 45%   |

Source: DFE Performance tables – December 2015



## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### 2015 KS2 Performance Tables

Year on year comparisons

| Percentage achieving Level 4 or above in reading, writing and maths | 2013 | 2014 | 2015 |
|---|------|------|------|
| School  | 61%  | 67%  | 79%  |
| LA  | 77%  | 77%  | 80%  |
| England – All Schools   | 75%  | 78%  | 80%  |

Source: DFE Performance tables – December 2015

KS2 test results and progress

|   | All pupils | Low attainers | Middle attainers | High attainers |
|---|------------|---------------|------------------|----------------|
| Pupils eligible for KS2 assessment  | 56         |               |                  |                |
| Percentage of pupils achieving 3 or below in reading and maths test and writing Teacher Assessment (TA) | 4%         | 8%            | 0                | 0              |
| Percentage of pupils achieving level 4 or above in reading and maths test and writing TA                | 79%        | 33%           | 93%              | 100%           |
| Percentage of pupils achieved level 4B or above in reading and maths test and level 4 in writing TA     | 71%        | 17%           | 86%              | 100%           |
| Percentage of pupils achieving level 5 or above in reading and maths test and writing TA                | 18%        | 0%            | 7%               | 62%            |
| Percentage of pupils making at least 2 levels of progress in reading                                    | 91%        | 83%           | 96%              | 85%            |
| Percentage of pupils making at least 2 levels of progress in writing TA                                 | 98%        | 92%           | 100%             | 100%           |
| Percentage of pupils making at least 2 levels of progress in maths                                      | 92%        | 92%           | 96%              | 85%            |
| Average point score   | 28.9       |               |                  |                |

Source: DFE Performance tables – December 2015

## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### Disadvantaged pupils

|  | Disadvantaged pupils | Other pupils |
|--|----------------------|--------------|
| Percentage of disadvantaged pupils achieving level 3 or below in reading and maths tests and writing TA  | 4%                   | 3%           |
| Percentage of disadvantaged pupils achieving level 4 or above in reading and maths tests and writing TA  | 67%                  | 88%          |
| Percentage of disadvantaged pupils achieving level 4B or above in reading and maths tests and writing TA | 54%                  | 84%          |
| Percentage of disadvantaged pupils achieving level 5 or above in reading and maths and writing TA        | 8%                   | 25%          |
| Percentage of disadvantaged pupils making at least 2 levels of progress in reading                       | 91%                  | 90%          |
| Percentage of disadvantaged pupils making at least 2 levels of progress in writing TA                    | 95%                  | 100%         |
| Percentage of disadvantaged pupils making at least 2 levels of progress in maths                         | 95%                  | 90%          |

Source: DFE Performance tables – December 2015

##### Subject level results

|  | Reading Test | Maths Test | Grammar, punctuation and spelling test | Writing TA |
|--|--------------|------------|--|------------|
| Percentage achieving level 3 or below  | 14%          | 7%         | 20%                                    | 16%        |
| Percentage achieving level 4 or above  | 86%          | 93%        | 80%                                    | 84%        |
| Percentage achieving level 4B or above | 73%          | 86%        | 71%                                    | n/a        |
| Percentage achieving level 5 or above  | 45%          | 45%        | 54%                                    | 32%        |

Source: DFE Performance tables – December 2015

# Bay Education Trust

## Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

### Strategic Report

Curledge Street are delighted with their results this year, as they are broadly in line with national averages for children achieving a level 4, in all four areas for the first time. This has been a culmination of five years of work to get all subjects to this level. Progress levels are also high. Disadvantaged student achievement is slightly lower than non-disadvantaged children largely due to the high number of transient children with an often erratic educational background.

Key Stage 1 results were in line with targets. These children will be rigorously tracked over the next year as this is the first year of the new curriculum and they need to be quickly brought up to age related expectations.

Phonics results were in line with national achievement, although slightly lower than the previous year due to the number of children joining the school in the latter part of year 1.

Early year's results have significantly improved with disadvantaged children achieving well.

### ATTENDANCE

Attendance has been maintained at a level above 95% for the last 3 years, and in 2014/15 was 95.12%. There is a strong process for monitoring individual children if attendance falls below 90%.

#### Pupil absence 2013/2014 (full academic year – reported one year in arrears)

|                             | School | England – national<br>(primary<br>state-funded) |
|-----------------------------|--------|---|
| Overall absence: percentage | 3.8%   | 3.9%  |
| Persistent absence:         | 1.4%   | 1.9%  |

Source: DFE Performance tables – December 2015

### EXCLUSIONS

Exclusions have reduced considerably as the academy developed a clear process for managing children showing behaviour problems.

In 2014/2015 there were 31 sessions (15.5 days) of exclusion for 4 children. This includes 19 sessions for one child who is now attending Chestnut (a special provision).

In 2013/14 there were 37 sessions (18.5 days) of exclusion for 6 children.

In 2012/13 there were 94 sessions (47 days) of exclusion for 9 children.

## **Bay Education Trust**

### **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

#### **Strategic Report**

##### **STAFFING**

There is a relatively stable staff workforce.

The leadership team has been strengthened and now includes the headteacher, deputy headteacher, two assistant headteachers, the SENCO and the Early Years phase leader.

Nest provision staff are working with Early Years pupils in the mornings so early intervention using nurture principles are used to try and reduce difficulties higher up the school in the future.

A full time sport's apprentice is working with the sport's coach so class TAs no longer have to support PE, and can work on raising attainment.

##### **CONTINUED PROFESSIONAL DEVELOPMENT (CPD)**

All staff, including new staff, are trained in Read Write Inc.

CPD has focused on the new curriculum and what age related expectations for each year group actually are.

Staff have had ICT training on the use of Google as the academy becomes more cloud based.

There has been training on cooperative learning and on brain development and how children learn.

##### **SUCCESSSES AND SPECIAL EVENTS**

The profile for sport has continued to rise within the school, with children winning leagues in indoor athletics and football.

The Academy was chosen to perform at the National Geopark in Paignton.

55 year 5 and 6 pupils enjoyed a residential stay in a PGL property in Dorset. This is the highest number that have done this activity.

The school took part in a music festival at the Riviera International Conference Centre and did their Christmas performance at the Princess Theatre with an audience of proud parents.

The school celebrated its 140th anniversary at a joint Summer Fayre/Victorian Day.

## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### KINGS ASH ACADEMY (Primary)

Kings Ash is a larger than average primary academy for children aged 3-11 years. It has a significant transient population of pupils and high numbers of disadvantaged pupils many of whom live in wards with high levels of deprivation. There are a high number of children with educational needs.

The academy is housed in new accommodation which was built following the amalgamation of the previous Foxhole nursery and primary school. This academy makes good use of the facilities available to its pupils at the secondary academy.

##### OFSTED

18th-19th June 2014 (whilst part of Prospects Academy Trust)

Overall Effectiveness - Requires Improvement - 3

Achievement of Pupils - Good - 2

Quality of Teaching - Good - 2

Behaviour and Safety - Requires Improvement - 3

Leadership and Management - Good - 2

Behaviour and Safety Inspection by Ofsted 6th March 2015.

"Leaders and managers have taken effective action to improve behaviour and secure a consistently positive attitude to learning".

##### ACADEMIC ACHIEVEMENT

###### School demographic

|   | 2015  |
|---|-------|
| Total number of pupils on roll (all ages)   | 417   |
| Percentage of boys on roll  | 51.1% |
| Percentage of girls on roll   | 48.9% |
| Percentage of SEN pupils with a statement or EHC plan                                   | 1.7%  |
| Percentage of pupils eligible for free school meals at any time during the past 6 years | 63.3% |

Source: DFE Performance tables – December 2015

## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### 2015 KS2 Performance Tables

Year on year comparisons

| Percentage achieving Level 4 or above in reading, writing and maths | 2013 | 2014 | 2015 |
|---|------|------|------|
| School  | 66%  | 59%  | 54%  |
| LA  | 77%  | 77%  | 80%  |
| England – All Schools   | 75%  | 78%  | 80%  |

##### KS2 test results and progress

|   | All pupils | Low attainers | Middle attainers | High attainers |
|---|------------|---------------|------------------|----------------|
| Pupils eligible for KS2 assessment  | 50         | 18            | 30               | 0              |
| Percentage of pupils achieving 3 or below in reading and maths test and writing TA                  | 14%        | 22%           | 7%               | N/A            |
| Percentage of pupils achieving level 4 or above in reading and maths test and writing TA            | 54%        | 11%           | 80%              | N/A            |
| Percentage of pupils achieved level 4B or above in reading and maths test and level 4 in writing TA | 34%        | 0%            | 57%              | N/A            |
| Percentage of pupils achieving level 5 or above in reading and maths test and writing TA            | 6%         | 0%            | 10%              | N/A            |
| Percentage of pupils making at least 2 levels of progress in reading                                | 90%        | 83%           | 93%              | N/A            |
| Percentage of pupils making at least 2 levels of progress in writing TA                             | 92%        | 94%           | 90%              | N/A            |
| Percentage of pupils making at least 2 levels of progress in maths                                  | 83%        | 72%           | 90%              | N/A            |
| Average point score   | 25.6       |               |                  |                |

Source: DFE Performance tables – December 2015

## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### Disadvantaged pupils

|  | Disadvantaged pupils | Other pupils |
|--|----------------------|--------------|
| Percentage of disadvantaged pupils achieving level 3 or below in reading and maths tests and writing TA  | 15%                  | 13%          |
| Percentage of disadvantaged pupils achieving level 4 or above in reading and maths tests and writing TA  | 50%                  | 63%          |
| Percentage of disadvantaged pupils achieving level 4B or above in reading and maths tests and writing TA | 29%                  | 44%          |
| Percentage of disadvantaged pupils achieving level 5 or above in reading and maths and writing TA        | 0%                   | 19%          |
| Percentage of disadvantaged pupils making at least 2 levels of progress in reading                       | 91%                  | 87%          |
| Percentage of disadvantaged pupils making at least 2 levels of progress in writing TA                    | 94%                  | 87%          |
| Percentage of disadvantaged pupils making at least 2 levels of progress in maths                         | 79%                  | 93%          |

Source: DFE Performance tables – December 2015

##### Subject level results

|  | Reading Test | Maths Test | Grammar, punctuation and spelling test | Writing TA |
|--|--------------|------------|--|------------|
| Percentage achieving level 3 or below  | 20%          | 32%        | 30%                                    | 32%        |
| Percentage achieving level 4 or above  | 80%          | 68%        | 70%                                    | 68%        |
| Percentage achieving level 4B or above | 60%          | 38%        | 50%                                    | n/a        |
| Percentage achieving level 5 or above  | 18%          | 12%        | 34%                                    | 12%        |

## **Bay Education Trust**

### **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

#### **Strategic Report**

##### **RECEPTION END OF YEAR DATA**

Reception assessments are disappointing largely due to the impact of personal, social and emotional development (PSED) scores. A new Team leader (from the start of the summer term) implemented a full intervention programme for PSED, which was successful in ensuring that outcomes were no lower. Boys performed less well than girls so the curriculum, provision and management of EYFS have been reviewed to ensure that it better addresses the needs of boys.

##### **END OF KEY STAGE 1 ATTAINMENT**

Outcomes at KS1 have improved since 2014 in all subjects and in particular writing. Phonics screening is broadly in line with 2013/14. This was achieved by increasing the teaching resource to enable smaller classes.

##### **END OF KEY STAGE 2 ATTAINMENT**

Whilst the overall results are disappointing, reading has improved following the introduction of a reading comprehension programme. The disadvantaged children have improved compared to previous years but there remains a gap with the performance of non-disadvantaged children.

##### **ATTAINMENT AND PROGRESS OF FOUNDATION STAGE AND YEARS 1, 3, 4 AND 5**

Progress of Pupils in Nursery was excellent and the numbers of children that are on track to reach a good level of development at the end of foundation stage are already broadly in line with national average.

The Academy took part in moderation exercises with other schools locally and our assessments were in line with other schools and the outcomes of the children were also broadly similar.

##### **END OF YEAR ATTAINMENT DATA**

We continue to work on a method of assessing and tracking progress with the new curriculum but this significant change makes it difficult to benchmark progress from the previous year. Most children made at least 1 step progress within the age bands and many children made 2 or more. Work is ongoing to accelerate progress of pupils to enable them to reach the new age related expectations.

##### **ATTENDANCE**

Attendance this year was 0.4% lower than 2013/14 at 94% but the number of persistent absences reduced by 2%. Attendance was adversely affected by the increase in numbers of fixed term exclusions which rose significantly as the school addressed the issues related to behaviour and implemented the new behaviour policy.



## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### Pupil absence 2013/14 (full academic year – reported one year in arrears)

|                             | School | England – national<br>(primary<br>state-funded) |
|-----------------------------|--------|---|
| Overall absence: percentage | 5.6    | 3.9   |
| Persistent absence:         | 3.7    | 1.9   |

#### EXCLUSIONS

There were no permanent exclusions in 2014/15. The percentage of 382 pupils who had a fixed term exclusion was high (4.2%). This was due to robust implementation of the behaviour policy, systematically and fairly, to address the issues quickly. A high number of exclusions involved children who were subsequently placed in alternative provision at ON Track, The Devon School and Chestnut. One child moved to another school as part of a managed move.

#### STAFFING

As at December 2014 the academy has 23.9 FTE teaching staff of which 9 (5.91FTE) were part time teaching staff. There were 30.34 FTE support staff of which 63 (28.34 FTE) were part time, 2 full time (head count 65).

In 2014/15 appointments were made in several key new posts. This included the EYFS team leader, a pastoral support manager, a Maths subject leader and a family support worker. The restructure of the senior leadership team has ensured that there is a stronger leadership team in place to lead school improvement over the coming year. All newly qualified teachers completed their induction year successfully. A number of staff changes including a part time secondment to the Local Authority led to a review of staff roles and responsibilities and all areas of the curriculum are being led by enthusiastic and well qualified staff.

There were a number of long-term staff absences. These members of staff are now back in work or have reduced hours to ensure that they are fit for work. The staff absence policy is being implemented and return to work meetings are held for all staff who have had time off for health related issues.

## **Bay Education Trust**

### **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

#### **Strategic Report**

##### **CONTINUED PROFESSIONAL DEVELOPMENT (CPD)**

Whole school Staff Training: (5 days in total)

Day 1. Introduction to the plans and aspirations for the academic year.

Day 2. Safeguarding training,

Day 3. THRIVE training

Day 4. Curriculum design

Day 5. School Vision and Values

Other training includes

- Read Write Inc
- Behaviour management
- First Aid
- Team teach
- Makaton Training
- Middle Leadership
- Improving Teacher Programme
- THRIVE

CPD is agreed as part of staff performance management and in response to the needs of the school and is shared through regular weekly team meetings and staff meetings.

##### **SUCCESSES AND SPECIAL EVENTS**

The unannounced behaviour inspection in March was positive and provided a useful benchmark from which to continue the improvement journey.

During the summer holiday the Early Years Team ran a summer school for disadvantaged children who have poor social skills, and speech and language difficulties. All but two children made 2 steps progress in speech and language and all but 1 in personal development. These children made the transition into Reception far more swiftly and started ready to learn.

The newly appointed leader of EYFS (Early Years Foundation) is developing a formal local EYFS partnership and the academy is working very closely with other providers locally.

## Bay Education Trust

### Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

#### Strategic Report

##### SCHOOL IMPROVEMENT

A number of steps have been taken to address the underperformance of pupils across the academy and to accelerate progress of pupils to enable them to reach the higher expectations of the new curriculum.

Read Write Inc has been introduced across the school and is expected to have an immediate impact on all children and in particular the children moving into year 1 who have left EYFS below the expected level.

Seven of the nine children who attended booster classes for spelling, punctuation and grammar made significant progress and achieved level 4. These and booster classes in Maths are included in the curriculum for next year. A detailed analysis of Maths has been undertaken to identify weaknesses in learning and to target interventions particularly in Year 5 & 6 in 2015/16.

The Academy has reduced class sizes in the mornings to support the teaching of Maths and English in Years 2 and 6.

Support has been purchased from an HMI and Babcock to work with subject leaders to improve their skills.

Every child who is falling below expected levels has a monitoring on track (MOT) provision plan, which targets specific interventions to needs and is reviewed monthly to ensure that it is having the expected impact. MOTs are in place for Reading, Writing and Maths.

#### Key Financial Performance Indicators

##### Pupil Numbers

|   | October 2013 | October 2014 | October 2015 |
|---|--------------|--------------|--------------|
| Paignton Community and Sports Academy (11-19 years) | 1390         | 1328         | 1287         |
| Curledge Street Academy (4-11 years)                | 391          | 408          | 415          |
| Kings Ash Academy (4-11 years)                      | 411          | 382          | 365          |

##### **Going concern**

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the 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.

# **Bay Education Trust**

## **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

### **Strategic Report**

#### **Financial review**

##### *Financial and risk management objectives and policies*

Most of the Trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31st August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The main purpose of the general annual grant is to deliver a broad curriculum for all pupils from age 4 to 19 in order that they achieve their maximum potential.

#### **UNRESTRICTED FUNDS**

Unrestricted funds include:

- Bank interest (£1,001)
- Hire of facilities (£118,478)

#### **CAPITAL GRANTS**

Paignton Community and Sports Academy

- Devolved Formula Capital (£27,828)
- ESC Lottery Fund (£7,725)

Curledge Street Academy

- Devolved Formula Capital (£8,743)
- CIF bid (£65,418)
- ACMF (£8,582)
- Lottery Grant (£27,750)

Kings Ash Academy

- Devolved Formula Capital (£8,706)

During the year ended 31st August 2015, total income received was £10,055k (excluding capital) with total expenditure of £9,954k of which 84% was staff costs.

The excess over income for the year was £101k (excluding restricted fixed asset funds and the actuarial losses on defined benefit pension funds).

At 31st August 2015 the net book value of fixed assets was £27,904k and movements in tangible fixed assets are shown in Note 14 to the financial statements. The assets were used primarily for providing education and the associated support services to the students of the Trust academies. They were also used, particularly the sports facilities, by many community groups and other schools outside this Trust.

The balance sheet also reflects the FRS17 pension scheme deficit of £3,058k.

# Bay Education Trust

## Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)

### Strategic Report

#### Principle risks and uncertainties

The Trust has inherited a cash balance which provides some financial security in the event of unexpected events with significant financial implications. It has inherited buildings and facilities that are of variable condition and suitability and recognises that these represent financial risks that need to be covered in the future.

The principle risks and uncertainties facing the Trust are:

**Financial** - the Trust has considerable reliance on continued Government funding 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.

The Trust has cash balances and other working capital balances. The main risk arising from the use of financial instruments is liquidity risk.

**Liquidity risk** - the Bay Education Trust manages its cash resources, including appropriate working capital balances. Surplus cash is invested in line with the Investment policy with the objective of maximising interest income without incurring undue risk. Trade debtors and trade creditors are managed within the credit terms agreed with suppliers and debtors.

**Interest rate risk** - In the absence of borrowings with low prevailing interest rates, the Trust is not exposed to significant rate risk.

**Other risks** - The Trust is exposed to price risks, but is funded by government on the same basis as other academies and managed budgets accordingly. The majority of funding comes from government therefore credit risk is considered to be negligible.

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

**Ofsted** - the risk of one or more of the Academies falling into a lower Ofsted category. This is mitigated by a constant review of the academy performance data, teaching and learning and behaviour statistics. The Directors have had training on the new Ofsted assessment criteria.

**Reputational** - the continuing success of the Trust is dependent on continuing to attract students in sufficient numbers by maintaining the highest educational standards. To mitigate the risk Directors ensure that student's progress and achievement are closely monitored and reviewed.

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

**Staffing** - the success of the Trust is reliant on the quality of its staff. Directors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. Recruitment of high quality staff is increasingly difficult particularly in maths and science representing a significant risk to achievement of performance targets.

**Fraud and mismanagement of funds** - the Trust has appointed a Chief Financial Officer to carry out checks on financial records as required. All finance staff receive training to keep them up to date with financial requirements and develop their skills.

# **Bay Education Trust**

## **Directors' Report for the period from 7 November 2014 to 31 August 2015 (continued)**

### **Strategic Report**

#### ***Reserves policy***

The Directors review the reserve levels of the Trust annually. This includes income and expenditure streams, and an assurance that there is sufficient cash availability to meet all commitments.

#### ***Investment policy***

Due to the nature of its funding, the Trust may at times hold cash balances surplus to its short term requirements. The Directors have authorised the opening of additional short term bank investments to take advantage of higher interest rates.

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

The Trust will continue to strive to deliver high quality education and improve the performance of all its pupils in each academy. The Trust aims to attract high quality teachers and support staff in order to deliver its objectives.

Full details of the Trust's plans for the future are given in the Academy Development Plan, which is available from the PA to the Chair and CEO – Miss J Goodwin.

#### **Funds held as Custodian Trustee on behalf of others**

The Trust and its Directors do not act as the Custodian Trustees of any other charity.

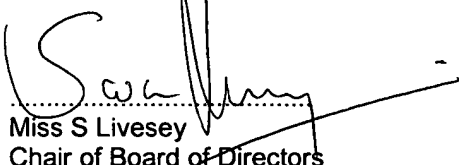
#### **Auditor**

In so far as the 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.

The auditors, Francis Clark LLP, are willing to continue in office and a resolution to appoint them will be proposed at the next Board Meeting.

Directors' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body, as the company directors, on ~~8/12/15~~ 8/12/15 and signed on its behalf by:

  
Miss S Livesey  
Chair of Board of Directors

# Bay Education Trust

## Governance Statement

### Scope of responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer (CEO) Miss M J English, 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 Bay Education Trust and the Secretary of State for Education. The CEO is 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 Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 4 times during the period. Attendance during the period at these meetings by Directors was as follows:

| Director   | Meetings Attended | Out of a possible |
|--|-------------------|-------------------|
| Miss M J English (CEO and accounting officer)        | 3                 | 4                 |
| Miss S Livesey (Chairman)                            | 4                 | 4                 |
| Mr S Kings   | 3                 | 4                 |
| Ms G Battye (appointed 26 <sup>th</sup> June 2015)   | 2                 | 3                 |
| Ms L Finn  | 3                 | 4                 |
| Mr R Davey   | 3                 | 4                 |
| Mr P Faulkner (resigned 13 <sup>th</sup> April 2015) | 1                 | 2                 |

The Finance and Audit Committee is a sub-committee of the Trust Board . Its purpose is to assist the decision making of the Board of Directors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Directors' responsibility in ensuring sound management of the Trust's finances and resources, including proper planning, monitoring and probity in order to achieve best value for the Trust. Attendance at meetings during the period was as follows:

| Director         | Meetings Attended | Out of a possible |
|------------------|-------------------|-------------------|
| Miss M J English | 1                 | 1                 |
| Miss S Livesey   | 0                 | 1                 |
| Mr R Davey       | 1                 | 1                 |
| Ms L Finn        | 1                 | 1                 |

# **Bay Education Trust**

## **Governance Statement (continued)**

### **Review of value for money**

As accounting officer the CEO has responsibility for ensuring that the academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

Each academy ensures that resources are directed where they are most needed and most effective in meeting educational requirements. The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, including the use of benchmarking data if available, and reports to the Board of Directors where value for money can be improved. The accounting officer for the Bay Education Trust has delivered improved value for money during the year by:

- Procurement of ICT broadband across the Trust - resulting in a cost effective and robust IT solution for the Trust.
- Centralising support staff - reducing back office service costs
- Procurement Policy - providing a basis for ensuring systems of financial control and value for money.
- Review of contracts across the Trust to achieve economies of scale.

### **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 Bay Education Trust for the period ended 31 August 2015 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 2015 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 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;
- indicative financial performance against the forecasts, 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.



# Bay Education Trust

## Governance Statement (continued)

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 Directors 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. In particular the checks carried out in the current period include:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On an annual basis, the RO reports to the Audit Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

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

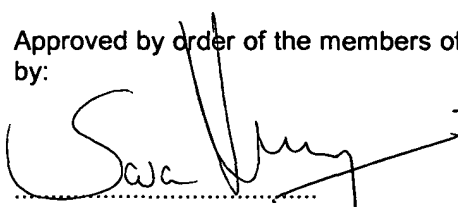
### Review of effectiveness

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

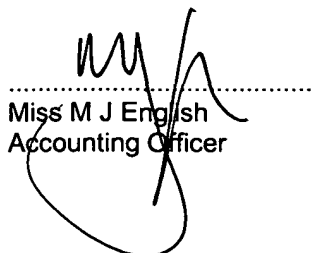
- the work of the responsible officer ;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Chief Finance Officer within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 8/12/15 and signed on its behalf by:



Miss S Livesey  
Chair of Board of Director



Miss M J English  
Accounting Officer

## **Bay Education Trust**

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

As Accounting Officer of Bay Education Trust I have considered my responsibility to notify the Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with the EFA terms and conditions of funding, under the funding agreement in place between the 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. If any instances are identified after the date of this statement, these will be notified to the Governing Body and EFA.



.....  
Miss M J English  
Accounting Officer

# Bay Education Trust

## Statement of Directors' Responsibilities

The Directors (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 Academies Accounts Direction 2014 to 2015 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:

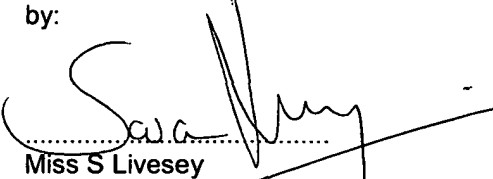
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 of Directors on 8/12/15 and signed on its behalf by:

  
.....  
Miss S Livesey  
Chair of Board of Directors

## **Bay Education Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Bay Education Trust**

We have audited the financial statements of Bay Education Trust for the period from 7 November 2014 to 31 August 2015, 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). The financial statements have been prepared under the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

#### **Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 39), the Directors (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 Annual 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 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 2015 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 Academies Accounts Direction 2014 to 2015 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.

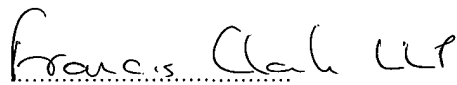
## Bay Education Trust

### Independent Auditor's Report on the Financial Statements to the Members of Bay Education Trust (continued)

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

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

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



Sharon Austen (Senior Statutory Auditor)  
For and on behalf of Francis Clark LLP, Statutory Auditor

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
Devon  
TQ2 7FF

Date: 14 December 2013

## **Bay Education Trust**

### **Independent Reporting Accountant's Report on Regularity to Bay Education Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 26 June 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bay Education Trust during the period 7 November 2014 to 31 August 2015 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 Bay Education Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Bay Education Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bay Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Bay Education Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Bay Education Trust's funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 from 7 November 2014 to 31 August 2015 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 2014 to 2015 issued by the Education Funding Agency. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

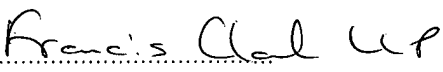
- Inspection and review of documentation providing evidence of governance procedures.
- Evaluation of the system of internal controls for authorisation and approval.
- Performing substantive tests on relevant transactions.

## Bay Education Trust

### Independent Reporting Accountant's Report on Regularity to Bay Education 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 from 7 November 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

  
Francis Clark LLP  
Reporting Accountant

For and on behalf of Francis Clark LLP, Chartered Accountants  
Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
Devon  
TQ2 7FF

Date: 14 December 2015

# Bay Education Trust

## Statement of Financial Activities for the Period from 7 November 2014 to 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

|  | Note | Unrestricted<br>Funds<br>£ 000 | Restricted<br>General<br>Funds<br>£ 000 | Restricted<br>Fund<br>Pension<br>Reserve<br>£ 000 | Restricted<br>Fixed Asset<br>Funds<br>£ 000 | Total<br>2015<br>£ 000 |
|--|------|--------------------------------|---|---|---|------------------------|
| <b>Incoming resources</b>                              |      |                                |   |   |   |                        |
| <i>Incoming resources from generated funds:</i>        |      |                                |   |   |   |                        |
| Voluntary income                                       |      |                                |   |   |   |                        |
| Transfer from Prospects Academies                      | 2    | 206                            | -                                       | (2,767)   | 28,211                                      | 25,650                 |
| Other voluntary income                                 | 2    | 3                              | 4                                       | -   | -   | 7                      |
| Activities for generating funds                        | 3    | 167                            | 22                                      | -   | -   | 189                    |
| Investment income                                      | 4    | 1                              | -                                       | -   | -   | 1                      |
| <i>Incoming resources from charitable activities:</i>  |      |                                |   |   |   |                        |
| Funding for the Academy Trust's educational operations | 5    | 12                             | 9,640                                   | -   | 150   | 9,802                  |
| Total incoming resources                               |      | 389                            | 9,666                                   | (2,767)   | 28,361                                      | 35,649                 |
| <b>Resources expended</b>                              |      |                                |   |   |   |                        |
| <i>Cost of generating funds:</i>                       |      |                                |   |   |   |                        |
| Fundraising trading                                    |      | 58                             | 22                                      | -   | -   | 80                     |
| <i>Charitable activities:</i>                          |      |                                |   |   |   |                        |
| Academy's educational operations                       | 7    | 170                            | 9,658                                   | 219   | 342   | 10,389                 |
| Governance costs                                       | 8    | -                              | 46                                      | -   | -   | 46                     |
| Total resources expended                               | 6    | 228                            | 9,726                                   | 219   | 342   | 10,515                 |
| Net incoming/(outgoing) resources before transfers     |      | 161                            | (60)                                    | (2,986)   | 28,019                                      | 25,134                 |
| Gross transfers between funds                          |      | (3)                            | (3)                                     | -   | 6   | -                      |
| Net income/(expenditure) for the period                |      | 158                            | (63)                                    | (2,986)   | 28,025                                      | 25,134                 |



## Bay Education Trust

### Statement of Financial Activities for the Period from 7 November 2014 to 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)

|   |      | Unrestricted<br>Funds<br>£ 000 | Restricted<br>General<br>Funds<br>£ 000 | Restricted<br>Fund<br>Pension<br>Reserve<br>£ 000 | Restricted<br>Fixed Asset<br>Funds<br>£ 000 | Total<br>2015<br>£ 000 |
|---|------|--------------------------------|---|---|---|------------------------|
|   | Note |                                |   |   |   |                        |
| <b>Other recognised gains and losses</b>                |      |                                |   |   |   |                        |
| Actuarial loss on defined benefit pension schemes       | 25   | -                              | -                                       | (72)  | -   | (72)                   |
| Net movement in funds/(deficit)                         |      | 158                            | (63)                                    | (3,058)   | 28,025                                      | 25,062                 |
| <b>Reconciliation of funds</b>                          |      |                                |   |   |   |                        |
| Total Funds/(deficit) carried forward at 31 August 2015 |      | 158                            | (63)                                    | (3,058)   | 28,025                                      | 25,062                 |

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

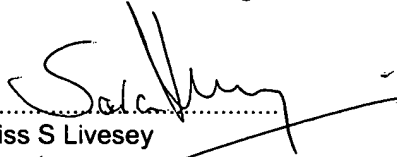
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

# Bay Education Trust

## (Registration number: 9299975) Balance Sheet as at 31 August 2015

|  | 31 August 2015 |                 |
|--|----------------|-----------------|
|  | Note           | £ 000           |
| <b>Fixed assets</b>                            |                |                 |
| Tangible assets                                | 14             | 27,904          |
| <b>Current assets</b>                          |                |                 |
| Debtors  | 15             | 295             |
| Cash at bank and in hand                       |                | <u>1,028</u>    |
|  |                | 1,323           |
| Creditors: Amounts falling due within one year | 16             | <u>(1,107)</u>  |
| Net current assets                             |                | <u>216</u>      |
| Total assets less current liabilities          |                | <u>- 28,120</u> |
| Net assets excluding pension liability         |                | 28,120          |
| Pension scheme liability                       | 25             | <u>(3,058)</u>  |
| Net assets including pension liability         |                | <u>25,062</u>   |
| <b>Funds of the Academy Trust:</b>             |                |                 |
| <b>Restricted funds</b>                        |                |                 |
| Restricted general fund                        | 17             | (63)            |
| Restricted fixed asset fund                    | 17             | 28,025          |
| Restricted pension fund                        | 17             | <u>(3,058)</u>  |
|  |                | 24,904          |
| <b>Unrestricted funds</b>                      |                |                 |
| Unrestricted general fund                      | 17             | <u>158</u>      |
| Total funds                                    |                | <u>25,062</u>   |

The financial statements on pages 44 to 73 were approved by the Directors, and authorised for issue on 8/12/15... and signed on their behalf by:

  
Miss S Livesey  
Director

## Bay Education Trust

### Cash Flow Statement for the Period from 7 November 2014 to 31 August 2015

|   | Note         | 31 August 2015<br>£ 000 |
|---|--------------|-------------------------|
| Net cash inflow from operating activities                       | 20           | 720                     |
| Cash transferred from Prospects Academy Trust                   |              | 525                     |
| Returns on investments and servicing of finance                 | 21           | 1                       |
| Capital expenditure and financial investment                    | 22           | <u>(218)</u>            |
| Increase in cash in the period                                  | 23           | <u>1,028</u>            |
| <b>Reconciliation of net cash flow to movement in net funds</b> |              |                         |
| Increase in cash in the period                                  | 1,028        | -                       |
| Net funds at 7 November 2014                                    | <u>-</u>     | <u>-</u>                |
| Net funds at 31 August 2015                                     | <u>1,028</u> | <u>-</u>                |

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

# **Bay Education Trust**

## **Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015**

### **1 Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 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.

#### **Transfer from Prospects Academies Trust**

The transfer from Prospects Academies Trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £Nil consideration and has been accounted for under the acquisition accounting method,

The assets and liabilities transferred have been valued at their fair value being a reasonable estimate of the current market value that the Directors 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 Bay Education 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.

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.

# **Bay Education Trust**

## **Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)**

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

#### ***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 and it is measurable.

#### ***Donations***

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

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

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

#### ***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.

Upon the formation of the MAT Bay Education Trust all assets transferred at net book value from Prospects Academy Trust. The Council of the Borough of Torbay had previously granted the land and buildings on 125 year leases. No rent is payable to the council.

#### ***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 Directors' meetings and reimbursed expenses.

# Bay Education Trust

## Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

### 1 Accounting policies (continued)

#### Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset 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> |
|------------------------------|-------------------------------------|
| Leasehold land and buildings | 50 years                            |
| Furniture and equipment      | 5 years                             |
| Computer equipment           | 4 years                             |

#### Leased assets

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

#### 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.

# Bay Education Trust

## Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

### 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 Directors.

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

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

#### Agency accounting

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

#### 2 Voluntary income

|                               | Unrestricted<br>funds<br>£ 000 | Restricted<br>funds<br>£ 000 | Restricted<br>fixed asset<br>funds<br>£ 000 | Total<br>2015<br>£ 000 |
|-------------------------------|--------------------------------|------------------------------|---|------------------------|
| Transfer from Prospects       | 206                            | -                            | 28,211                                      | 28,417                 |
| <b>Other voluntary income</b> |                                |                              |   |                        |
| Other donations               | 3                              | 4                            | -   | 7                      |
| <b>Total voluntary income</b> | <b>209</b>                     | <b>4</b>                     | <b>28,211</b>                               | <b>28,424</b>          |

#### 3 Activities for generating funds

|                              | Unrestricted<br>funds<br>£ 000 | Restricted<br>funds<br>£ 000 | Total<br>2015<br>£ 000 |
|------------------------------|--------------------------------|------------------------------|------------------------|
| Hire of facilities           | 118                            | -                            | 118                    |
| School shop sales            | 19                             | -                            | 19                     |
| Recharges and reimbursements | 10                             | 22                           | 32                     |
| Other income                 | 20                             | -                            | 20                     |
|                              | <b>167</b>                     | <b>22</b>                    | <b>189</b>             |

#### 4 Investment income

|                     | Unrestricted<br>funds<br>£ 000 | Total<br>2015<br>£ 000 |
|---------------------|--------------------------------|------------------------|
| Short term deposits | 1                              | 1                      |



# Bay Education Trust

## Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

### 5 Funding for Academy's educational operations

|   | Unrestricted<br>funds<br>£ 000 | Restricted<br>funds<br>£ 000 | Restricted<br>fixed asset<br>funds<br>£ 000 | Total<br>2015<br>£ 000 |
|---|--------------------------------|------------------------------|---|------------------------|
| <b>DfE/EFA capital grants</b>                 |                                |                              |   |                        |
| Other DfE capital grant                       | -                              | -                            | 4   | 4                      |
| Devolved formula capital                      | -                              | -                            | 45  | 45                     |
| Capital improvement fund                      | -                              | -                            | 65  | 65                     |
|   | -                              | -                            | 114   | 114                    |
| <b>DfE/EFA revenue grants</b>                 |                                |                              |   |                        |
| Pupil premium                                 | -                              | 745                          | -   | 745                    |
| LA SEN  | -                              | 63                           | -   | 63                     |
| Year 7 catch up grant                         | -                              | 29                           | -   | 29                     |
| Summer school                                 | -                              | 28                           | -   | 28                     |
| PE teacher grant                              | -                              | 8                            | -   | 8                      |
| Start up grant                                | -                              | 75                           | -   | 75                     |
| GAG   | -                              | 8,000                        | -   | 8,000                  |
| UIFSM   | -                              | 30                           | -   | 30                     |
| LACSEG  | -                              | 234                          | -   | 234                    |
|   | -                              | 9,212                        | -   | 9,212                  |
| <b>Other government grants</b>                |                                |                              |   |                        |
| LA funding                                    | -                              | 241                          | -   | 241                    |
| Other capital grants                          | -                              | -                            | 36  | 36                     |
| Other government grants                       | 12                             | -                            | -   | 12                     |
| Other government grant                        | -                              | 71                           | -   | 71                     |
|   | 12                             | 312                          | 36  | 360                    |
| <b>Non-government grants and other income</b> |                                |                              |   |                        |
| Educational trips                             | -                              | 116                          | -   | 116                    |
| <b>Total grants</b>                           | <b>12</b>                      | <b>9,640</b>                 | <b>150</b>                                  | <b>9,802</b>           |

# Bay Education Trust

## Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

### 6 Resources expended

|  | Staff costs<br>£ 000 | Premises<br>£ 000 | Other costs<br>£ 000 | Total<br>2015<br>£ 000 |
|--|----------------------|-------------------|----------------------|------------------------|
| Costs of activities for generating funds           | 32                   | 29                | 19                   | 80                     |
| <b>Academy's educational operations</b>            |                      |                   |                      |                        |
| Direct costs                                       | 7,020                | 341               | 791                  | 8,152                  |
| Allocated support costs                            | 1,243                | 465               | 529                  | 2,237                  |
|  | 8,263                | 806               | 1,320                | 10,389                 |
| Governance costs including allocated support costs | 7                    | -                 | 39                   | 46                     |
|  | 8,302                | 835               | 1,378                | 10,515                 |

### Net incoming/outgoing resources for the period include:

|                                 | 31 August 2015<br>£ 000 |
|---------------------------------|-------------------------|
| Operating leases - other leases | 24                      |
| Fees payable to auditor - audit | 10                      |
| - other audit services          | 5                       |

# Bay Education Trust

## Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

### 7 Charitable activities

|   | <b>Total<br/>2015<br/>£ 000</b> |
|---|---------------------------------|
| <b>Direct costs - educational operations</b>  |                                 |
| Teaching and educational support staff costs  | 7,020                           |
| Depreciation                                  | 341                             |
| Technology costs                              | 114                             |
| Educational supplies                          | 133                             |
| Examination fees                              | 105                             |
| Staff development                             | 24                              |
| Educational consultancy                       | 282                             |
| Other direct costs                            | 133                             |
|   | <hr/> 8,152 <hr/>               |
| <b>Support costs - educational operations</b> |                                 |
| Support staff costs                           | 974                             |
| FRS 17 service cost adjustment                | 269                             |
| Technology costs                              | 14                              |
| Recruitment and support                       | 35                              |
| Maintenance of premises and equipment         | 118                             |
| Cleaning                                      | 47                              |
| Rent and rates                                | 108                             |
| Energy costs                                  | 150                             |
| Insurance                                     | 42                              |
| Security and transport                        | 44                              |
| Catering                                      | 157                             |
| Expected return on scheme assets              | (245)                           |
| Interest on defined benefit pension scheme    | 195                             |
| Other support costs                           | 329                             |
|   | <hr/> 2,237 <hr/>               |
| <b>Total direct and support costs</b>         | <hr/> 10,389 <hr/>              |

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

#### 8 Governance costs

|                               | 2015<br>£ 000 |
|-------------------------------|---------------|
| Legal and professional fees   | 19            |
| <b>Auditors' remuneration</b> |               |
| Audit of financial statements | 10            |
| Other audit services          | 5             |
| Responsible officer audit     | 5             |
| Support costs                 | 7             |
|                               | <u>46</u>     |

#### 9 Staff

##### Staff costs

|  | 2015<br>£ 000 |
|--|---------------|
| <b>Staff costs during the period were:</b> |               |
| Wages and salaries                         | 6,515         |
| Social security costs                      | 519           |
| Pension costs                              | 1,010         |
| Supply teacher costs                       | 29            |
|  | <u>8,073</u>  |
| <br>Staff restructuring costs              | <br>229       |
|  | <u>8,302</u>  |

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £26,100 (2014: £Nil). Individually, the payments were:

- Non-contractual payments £8,000
- Non-contractual payments £10,900
- Non-contractual payments £4,500
- Non-contractual payments £2,700

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

#### 9 Staff (continued)

##### Staff numbers

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

|  | 31 August 2015<br>No |
|--|----------------------|
| <b>Charitable Activities</b>           |                      |
| Teachers and Educational Support Staff | 245                  |
| Administration and support             | 75                   |
| Management                             | 15                   |
|  | <hr/>                |
|  | 335                  |

##### Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

|                     | 31 August 2015<br>No |
|---------------------|----------------------|
| £60,001 - £70,000   | 4                    |
| £70,001 - £80,000   | 1                    |
| £110,001 - £120,000 | 1                    |
|                     | <hr/>                |

5 of the above employees participated in the Teachers' Pension Scheme. 1 of the above employees participated in the Local Government Pension Scheme.

# Bay Education Trust

## Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

### 10 Central services

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

- Accounting officer
- Financial services
- Educational support services
- Legal services

The Academy Trust charges for these services on the following basis:

- Flat percentage of income 1.07%
- Actual cost split by academy
- Staff numbers by academy as a percentage of total (18%-65%)
- Governor numbers by academy as a percentage of total (28%-36%)

The actual amounts charged during the year were as follows:

|                                     | 31 August 2015<br>£ 000 |
|-------------------------------------|-------------------------|
| Paignton Community & Sports Academy | 112                     |
| Kings Ash Academy                   | 33                      |
| Curledge Street Academy             | 36                      |
|                                     | <hr/> 181               |

### 11 Related party transactions - Director's remuneration and expenses

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

Miss M J English (Principal):

Remuneration: £100,000 - £105,000

Employer's pension contributions: £10,000 - £15,000

During the period ended 31 August 2015, travel and subsistence expenses totaling £549 were reimbursed or paid directly to 3 Directors.

Other related party transactions involving the Directors are set out in note 26.

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

#### 12 Director's and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2015 was £3,510.

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

#### 13 Connected charities

PTA's of Kings Ash Academy and Curledge Street Academy is a connected charity and it is related to the Academy Trust as follows: The PTA's are established for the general purpose of raising funds for the individual Academy's.

- The aggregate amount of the entities assets is £9,305
- The aggregate amount of the entities liabilities is £Nil
- The aggregate amount of the entity's funds is £9,305
- The total turnover of the entities is £10,076
- The total expenditure of the entities is £5,895
- Total Profit for the year is £4,181

#### 14 Tangible fixed assets

|                       | Leasehold land<br>and buildings<br>£ 000 | Furniture and<br>equipment<br>£ 000 | Computer<br>equipment<br>£ 000 | Asset under<br>construction<br>£ 000 | Total<br>£ 000 |
|-----------------------|--|-------------------------------------|--------------------------------|--------------------------------------|----------------|
| <b>Cost</b>           |  |                                     |                                |                                      |                |
| Additions             | 86                                       | 59                                  | 25                             | 48                                   | 218            |
| Inherited assets      | 27,807                                   | 130                                 | 90                             | -                                    | 28,027         |
| At 31 August 2015     | 27,893                                   | 189                                 | 115                            | 48                                   | 28,245         |
| <b>Depreciation</b>   |  |                                     |                                |                                      |                |
| Charge for the year   | 287                                      | 29                                  | 25                             | -                                    | 341            |
| At 31 August 2015     | 287                                      | 29                                  | 25                             | -                                    | 341            |
| <b>Net book value</b> |  |                                     |                                |                                      |                |
| At 31 August 2015     | 27,606                                   | 160                                 | 90                             | 48                                   | 27,904         |

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

#### 15 Debtors

|                                | 31 August 2015<br>£ 000 |
|--------------------------------|-------------------------|
| Trade debtors                  | 9                       |
| Prepayments                    | 77                      |
| Accrued grant and other income | 162                     |
| VAT recoverable                | 25                      |
| Other debtors                  | 22                      |
|                                | <hr/> 295               |

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

|                                    | 31 August 2015<br>£ 000 |
|------------------------------------|-------------------------|
| Trade creditors                    | 301                     |
| Other taxation and social security | 170                     |
| Other creditors                    | 247                     |
| Pension scheme creditor            | 132                     |
| Accruals                           | 23                      |
| Deferred income                    | 101                     |
| EFA creditor                       | 133                     |
|                                    | <hr/> 1,107             |

#### Deferred income

|                                  |           |
|----------------------------------|-----------|
| Resources deferred in the period | <hr/> 101 |
|----------------------------------|-----------|

At the balance sheet date the Academy Trust was holding funds received in advance for rates relief, universal infant free school meals and educational trips.



# Bay Education Trust

## Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

### 17 Funds

|  | Incoming<br>resources<br>£ 000 | Resources<br>expended<br>£ 000 | Gains, losses<br>and transfers<br>£ 000 | Balance at 31<br>August 2015<br>£ 000 |
|--|--------------------------------|--------------------------------|---|---------------------------------------|
| <b>Restricted general funds</b>                |                                |                                |   |                                       |
| General annual grant                           | 8,000                          | (8,109)                        | (3)                                     | (112)                                 |
| Pupil premium                                  | 745                            | (745)                          | -                                       | -                                     |
| Universal infant free school meals             | 30                             | (30)                           | -                                       | -                                     |
| Other government grants                        | 71                             | (42)                           | -                                       | 29                                    |
| Local authority funding                        | 241                            | (241)                          | -                                       | -                                     |
| Year 7 grant                                   | 29                             | (29)                           | -                                       | -                                     |
| Educational trips                              | 116                            | (116)                          | -                                       | -                                     |
| Summer school                                  | 28                             | (28)                           | -                                       | -                                     |
| PE grant                                       | 8                              | (8)                            | -                                       | -                                     |
| SEN  | 63                             | (63)                           | -                                       | -                                     |
| MAT start up grant                             | 75                             | (59)                           | -                                       | 16                                    |
| LACSEG   | 234                            | (234)                          | -                                       | -                                     |
| Recharges & reimbursements                     | 22                             | (22)                           | -                                       | -                                     |
| Donations                                      | 4                              | -                              | -                                       | 4                                     |
|  | <u>9,666</u>                   | <u>(9,726)</u>                 | <u>(3)</u>                              | <u>(63)</u>                           |
| <b>Restricted fixed asset funds</b>            |                                |                                |   |                                       |
| Capital Improvement fund                       | 65                             | -                              | -                                       | 65                                    |
| Other LA capital                               | 28,027                         | (335)                          | -                                       | 27,692                                |
| Devolved formula capital                       | 45                             | (3)                            | -                                       | 42                                    |
| Other capital grants                           | 40                             | (2)                            | -                                       | 38                                    |
| Capital expenditure from GAG                   | -                              | -                              | 3                                       | 3                                     |
| Capital expenditure from<br>unrestricted funds | -                              | -                              | 3                                       | 3                                     |
| Other capital grants on conversion             | 184                            | (2)                            | -                                       | 182                                   |
|  | <u>28,361</u>                  | <u>(342)</u>                   | <u>6</u>                                | <u>28,025</u>                         |
| <b>Restricted pension funds</b>                |                                |                                |   |                                       |
| Defined benefit pension liability              | -                              | (2,986)                        | (72)                                    | (3,058)                               |
| <b>Total restricted funds</b>                  | <b>38,027</b>                  | <b>(13,054)</b>                | <b>(69)</b>                             | <b>24,904</b>                         |
| <b>Unrestricted funds</b>                      |                                |                                |   |                                       |
| Unrestricted general funds                     | 389                            | (228)                          | (3)                                     | 158                                   |
| <b>Total funds</b>                             | <b>38,416</b>                  | <b>(13,282)</b>                | <b>(72)</b>                             | <b>25,062</b>                         |

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

#### 17 Funds (continued)

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015

#### Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

|   | <b>Total<br/>£ 000</b> |
|---|------------------------|
| Paignton Community & Sports Academy           | (475)                  |
| Kings Ash Academy                             | 451                    |
| Curledge Street Academy                       | 158                    |
| Central services                              | (39)                   |
| Total before fixed assets and pension reserve | 95                     |
| Restricted fixed asset fund                   | 28,025                 |
| Defined benefit pension liability             | (3,058)                |
| Total   | 25,062                 |

Paignton Community & Sports Academy is carrying a net deficit of £475,000 on these funds because of a deficit assumed on conversion of £278,000 and redundancies made on the 31st August 2015 to reduce staffing for 2015/16 in order to set a balancing budget for 2015/16.

The deficit on conversion resulted from the unsustainable levy imposed on the Academy by their former sponsor in excess of £300,000 per annum over the period of two financial years.

The academy is taking the following actions to return the academy to surplus:

- The immediate reduction in staffing costs as a result of the redundancies
- General costs savings within the Academy.

Central Services is carrying a net deficit of £39,000 on these funds because of redundancies made on the 31st August 2015 following a restructure of Finance and Personnel services across the Academies.

The trust is taking the following actions to return the academy to surplus:

- Savings on reduced staffing levels in 2015/2016.

#### Analysis of academies by cost

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

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

#### 17 Funds (continued)

|                                     | Teaching and Educational Support Staff Costs<br>£ 000 | Other Support Staff Costs<br>£ 000 | Educational Supplies<br>£ 000 | Other Costs (excluding Depreciation)<br>£ 000 | Total<br>£ 000 |
|-------------------------------------|---|------------------------------------|-------------------------------|---|----------------|
| Paignton Community & Sports Academy | 4,620   | 692                                | 56                            | 1,219   | 6,587          |
| Kings Ash Academy                   | 1,247   | 135                                | 40                            | 360   | 1,782          |
| Curledge Street Academy             | 1,125   | 130                                | 39                            | 291   | 1,585          |
| Central services                    | 60  | 17                                 | -                             | 143   | 220            |
| Academy Trust                       | 7,052   | 974                                | 135                           | 2,013   | 10,174         |

#### 18 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

|                          | Unrestricted funds<br>£ 000 | Restricted general funds<br>£ 000 | Restricted fixed asset funds<br>£ 000 | Total funds<br>£ 000 |
|--------------------------|-----------------------------|-----------------------------------|---------------------------------------|----------------------|
| Tangible fixed assets    | -                           | -                                 | 27,904                                | 27,904               |
| Current assets           | 158                         | 1,044                             | 121                                   | 1,323                |
| Current liabilities      | -                           | (1,107)                           | -                                     | (1,107)              |
| Pension scheme liability | -                           | (3,058)                           | -                                     | (3,058)              |
| Total net assets         | 158                         | (3,121)                           | 28,025                                | 25,062               |

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

#### 19 Financial commitments

##### *Operating leases*

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

##### Operating leases which expire:

|                           | 31 August 2015<br>£ 000 |
|---------------------------|-------------------------|
| <b>Land and buildings</b> |                         |
| Within two to five years  | 9                       |
| <b>Other</b>              |                         |
| Within one year           | 35                      |
| Within two to five years  | 14                      |
|                           | <u>49</u>               |

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

|   | 31 August 2015<br>£ 000 |
|---|-------------------------|
| Net income  | 25,134                  |
| Depreciation                                      | 341                     |
| Donated capital                                   | (25,650)                |
| Interest receivable                               | (1)                     |
| FRS 17 expected return on scheme assets           | (245)                   |
| FRS 17 interest on defined benefit pension scheme | 195                     |
| FRS17 service cost adjustment                     | 269                     |
| Increase in debtors                               | (61)                    |
| Increase in creditors                             | 738                     |
| Net cash inflow from operating activities         | <u>720</u>              |

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

|  | 31 August 2015<br>£ 000 |
|--|-------------------------|
| Interest received  | 1                       |
| Net cash inflow from returns on investments and servicing of finance | <u>1</u>                |

#### 22 Capital expenditure and financial investment

|                                   | 31 August 2015<br>£ 000 |
|-----------------------------------|-------------------------|
| Purchase of tangible fixed assets | <u>(218)</u>            |

# Bay Education Trust

## Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

### 23 Analysis of changes in net funds

|                          | At 7 November | Cash flows | At 31 August |
|--------------------------|---------------|------------|--------------|
|                          | 2014          | 2015       | 2015         |
|                          | £ 000         | £ 000      | £ 000        |
| Cash at bank and in hand | -             | 1,028      | 1,028        |

### 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 Trust'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 multi-employer 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.

Contributions amounting to £(132,000) were payable to the schemes at 31 August and are included within creditors.

### Teachers' Pension Scheme

#### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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.

## **Bay Education Trust**

### **Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)**

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £514,515.

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

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

##### **Local government pension scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £381,000, of which employer's contributions totalled £280,000 and employees' contributions totalled £101,000. The agreed contribution rates for future years are 14.7 per cent for employers and 8.5 per cent for employees.

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.

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.

# Bay Education Trust

## Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

### 25 Pension and similar obligations (continued)

#### Principal actuarial assumptions

|  | At 31 August<br>2015<br>% |
|--|---------------------------|
| Rate of increase in salaries                       | 4.50                      |
| Rate of increase for pensions in payment/inflation | 2.70                      |
| Discount rate for scheme liabilities               | 4.00                      |
| Inflation assumptions (CPI)                        | 2.70                      |
| RPI increases                                      | 3.60                      |

#### Sensitivity analysis

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

|  | + 0.1%<br>£ 000   | 0.0%<br>£ 000 | - 0.1%<br>£ 000   |
|--|-------------------|---------------|-------------------|
| <b>Adjustment to discount rate</b>                   |                   |               |                   |
| Present value of total obligation                    | 6,807             | 6,977         | 7,151             |
| Projected service cost                               | 582               | 597           | 612               |
|  | + 0.1%<br>£ 000   | 0.0%<br>£ 000 | - 0.1%<br>£ 000   |
| <b>Adjustment to rate of inflation</b>               |                   |               |                   |
| Present value of total obligation                    | 7,115             | 6,977         | 6,843             |
| Projected service cost                               | 612               | 597           | 583               |
|  | + 0.1%<br>£ 000   | 0.0%<br>£ 000 | - 0.1%<br>£ 000   |
| <b>Adjustment to rate of salary growth</b>           |                   |               |                   |
| Present value of total obligation                    | 7,015             | 6,977         | 6,939             |
| Projected service cost                               | 597               | 597           | 597               |
|  | + 1 Year<br>£ 000 | None<br>£ 000 | - 1 Year<br>£ 000 |
| <b>Adjustment to mortality age rating assumption</b> |                   |               |                   |
| Present value of total obligation                    | 7,159             | 6,977         | 6,800             |
| Projected service cost                               | 612               | 597           | 582               |

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

|                              | At 31 August<br>2015 |
|------------------------------|----------------------|
| <b>Retiring today</b>        |                      |
| Males retiring today         | 22.80                |
| Females retiring today       | 26.10                |
| <b>Retiring in 20 years</b>  |                      |
| Males retiring in 20 years   | 25.10                |
| Females retiring in 20 years | 28.40                |

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

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

The Academy Trust's share of the assets and liabilities in the scheme were:

|  | <b>At 31 August<br/>2015<br/>£ 000</b> |
|--|--|
| Equities                                     | 2,243                                  |
| Gilts  | 194                                    |
| Alternative assets                           | 72                                     |
| Infrastructure                               | 118                                    |
| Other bonds                                  | 193                                    |
| Property                                     | 420                                    |
| Cash   | 91                                     |
| Target return portfolio                      | <u>588</u>                             |
| Total market value of assets                 | 3,919                                  |
| Present value of scheme liabilities - funded | <u>(6,977)</u>                         |
| Deficit in the scheme                        | <u>(3,058)</u>                         |

The expected rates of return were:

|                  | <b>At 31 August<br/>2015<br/>%</b> |
|------------------|------------------------------------|
| Equities         | 5.90                               |
| Gilts            | 5.90                               |
| Corporate bonds  | 5.90                               |
| Government bonds | 5.90                               |
| Other bonds      | 5.90                               |
| Property         | 5.90                               |
| Cash             | 5.90                               |
| Other            | <u>5.90</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 (£77,000).

The expected rates of return for 2015 are set equal to the discount rate (As per the forthcoming FRS102 disclosure requirements)



## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

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

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

|                        | 31 August 2015<br>£ 000 |
|------------------------|-------------------------|
| Current service cost   | 472                     |
| Total operating charge | 472                     |

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

|  | 31 August 2015<br>£ 000 |
|--|-------------------------|
| Expected return on pension scheme assets | 168                     |
| Interest on pension liabilities          | (195)                   |
| Pension finance costs                    | (27)                    |

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 (£144,000).

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

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

|                        | 31 August 2015<br>£ 000 |
|------------------------|-------------------------|
| At 7 November          | 6,411                   |
| Current service cost   | 472                     |
| Interest cost          | 195                     |
| Employee contributions | 101                     |
| Actuarial gains        | (173)                   |
| Benefits paid          | (29)                    |
| At 31 August           | 6,977                   |

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

|                           | 31 August 2015<br>£ 000 |
|---------------------------|-------------------------|
| At 7 November             | 3,644                   |
| Expected return on assets | 168                     |
| Actuarial losses          | (245)                   |
| Employer contributions    | 280                     |
| Employee contributions    | 101                     |
| Benefits paid             | (29)                    |
| At 31 August              | 3,919                   |

The estimated value of employer contributions for next period is £361,000.

#### History of experience adjustments

|  | 31 August 2015<br>£ 000 |
|--|-------------------------|
| Experience adjustments arising on scheme assets      | (245)                   |
| Experience adjustments arising on scheme liabilities | -                       |

Comparative figures have not been restated as permitted by FRS 17.

## **Bay Education Trust**

### **Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)**

#### **26 Related party transactions**

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

During the period the Academy Trust made the following related party transactions:

Kitsons LLP

(R G Davey is an equity partner of Kitsons LLP holding a minority interest.)

The trust purchased legal advice from Kitsons LLP totalling £21,358 during the period.

The trust made the purchase at arms' length, which Mr R G Davey neither participated in, nor influenced.

In entering into the transaction the trust has complied with the requirements of EFA's Academies Financial Handbook. At the balance sheet date the amount due to Kitsons LLP was £Nil.

#### **27 Agency arrangements**

The Academy Trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2015 the trust received £8,794 and disbursed £8,354 from the fund. An amount of £Nil is included in other creditors relating to undistributed funds that is repayable to EFA.

## Bay Education Trust

### Notes to the Financial Statements for the Period from 7 November 2014 to 31 August 2015 (continued)

#### 28 Conversion to an Academy Trust

On 1st December 2014 all the operations, assets and liabilities of Paignton Community and Sports Academy, Curledge Street Academy and Kings Ash Academy were transferred to Bay Education Trust from Prospects Academies Trust for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net 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 and an analysis of their recognition in the SOFA.

|   | Unrestricted<br>fund<br>£ 000 | Restricted<br>general fund<br>£ 000 | Restricted<br>fixed asset<br>fund<br>£ 000 | Total<br>£ 000 |
|---|-------------------------------|-------------------------------------|--|----------------|
| Tangible fixed assets                   |                               |                                     |  |                |
| Leasehold land and buildings            | -                             | -                                   | 27,807                                     | 27,807         |
| Other tangible fixed assets             | -                             | -                                   | 220  | 220            |
| Budget surplus on LA funds              | -                             | -                                   | 184  | 184            |
| Budget surplus on other school funds    | 206                           | -                                   | -  | 206            |
| LGPS pension deficit                    | -                             | (2,767)                             | -  | (2,767)        |
| Borrowing obligations                   | (250)                         | -                                   | -  | (250)          |
| Other identified assets and liabilities | 250                           | -                                   | -  | 250            |
| Net assets/(liabilities)                | 206                           | (2,767)                             | 28,211                                     | 25,650         |

The above net assets include £525,000 that were transferred as cash.