

**Company Registration No. 08891864 (England and Wales)**

**CHIPSTEAD VALLEY ACADEMY TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

# **CHIPSTEAD VALLEY ACADEMY TRUST**

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# CHIPSTEAD VALLEY ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Trustees**

Mark Rosewell (Executive Head Teacher) (Appointed 1 April 2014)  
Edward Denley (Chairman) (Appointed 12 February 2014)  
Kevin Bright (Vice Chair) (Appointed 12 February 2014)  
Linda Hall (Director) (Appointed 12 February 2014)  
Roger Capham (Director) (Appointed 1 April 2014)  
Michael Fuller (Director) (Appointed 1 April 2014)  
Helen Clift (Director) (Appointed 1 April 2014)  
Angela Amel (Director) (Appointed 1 April 2014)

**Members**

Edward Stephen Denley  
David Garrard  
Gary Pankhurst

**Senior management team**

- Executive Head Teacher Mark Rosewell  
- Deputy Head Teacher Sara Thomson

**Company registration number** 08891864 (England and Wales)

**Independent auditor**

UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

# **CHIPSTEAD VALLEY ACADEMY TRUST**

## **TRUSTEES' REPORT**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 12 February 2014 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 4 to 11 serving a catchment area on the South Croydon/Surrey borders. It has a pupil capacity of 420 and had a roll of 416 in the school census on May 2014.

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

#### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Chipstead Valley Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the Period are included in the Reference and Administrative Details on page 1.

#### Members' liability

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

#### Trustees' indemnities

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

#### Method of recruitment and appointment or election of trustees

On conversion to an academy from 1st April 2014 the Trustees appointed as directors all those governors of Chipstead Valley Primary School who had participated in the working party which had overseen and managed the process of creating the trust.

Directors are appointed for a four year period apart from the Executive Head Teacher who is "ex officio". The Chair of the Governing Body of each of the schools included in the academy trust shall automatically be a director. The trustees may choose to add further members in future if their skills and experience will improve the trust board's ability to carry out its statutory duties. This is likely to be through nomination by an existing trustee.

# CHIPSTEAD VALLEY ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 AUGUST 2014

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#### Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees depends on their previous experience. They are provided with copies of minutes, policies, accounts and other documents they will need to undertake their role as trustees. Trustees have access to a full programme of training courses offered by the Local Authority.

#### Organisational structure

The trustees are responsible for setting strategy and general policy, including setting of budgets, monitoring expenditure, setting staffing levels, making senior staff appointments and managing risk.

The Senior Leadership Team, led by the Executive Head Teacher, implements the agreed policies and reports back to the trustees. It is responsible for authorisation of expenditure up to delegated limits and the appointment of staff, although trustees will participate in appointments to posts in the Senior Leadership Team. The Executive Head Teacher is the accounting officer for the academy trust.

The trustees meet at least once each half term. No sub-committees have been created as yet.

#### Connected organisations including related party relationships

The Executive Head Teacher is Consultant Head Teacher of Coulsdon Nursery School which was federated with Chipstead Valley Primary School until the latter became an academy on 1 April 2014. (Independent nursery schools are not permitted by law to form or be part of an academy trust).

A service level agreement between Chipstead Valley Academy Trust and Coulsdon Nursery School specifies the services which the former provides to the latter.

#### **Objectives and activities**

##### Objects and aims

The object of the academy trust is to provide education and care of great quality in happy, vibrant, inspiring environments, in which all children and adults are valued and encouraged to succeed.

The aims are drawn from the trust's vision statements, which are built on four, interconnecting pillars. These are:

##### ***Standards and achievement***

Every child succeeds in their learning. No individual or group is left behind and achievement is celebrated across the curriculum.

##### ***Care***

All children thrive and barrier to learning are removed. Effective and inclusive partnership working between our three facilities ensures early identification of need and suitable provision.

##### ***Provision***

Our curriculum is rich, vibrant and meets the needs of all children. It is delivered in an inspirational learning environment and is extended beyond the school day.

##### ***Partnership and Community***

Children, staff, parents, carers, governors accept and share responsibility, working together to ensure children succeed. The children recognise they are part of a local and global community. They choose to develop positive relationships.

# **CHIPSTEAD VALLEY ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Objectives, strategies and activities

The key objectives and activities for the academic year 2013/2014 were identified within the annual plan for school improvement. Key amongst these were to:

- Establish a new and exciting 'discovery' curriculum, which reflect impending national changes;
- Ensure that the 'Early Years' curriculum embraces the new statutory framework;
- Secure increase in the proportions of outstanding teaching;
- Embed high quality teaching of 'Spelling, punctuation and Grammar' (SPaG), across the school;
- Bid for National Teaching School status;
- Provide support for a local school in difficulty;
- Establish the new 'Enhanced Learning Provision' (ELP) for children with physical disabilities and complex medical needs.

A full range of activities to support these objectives were identified within the annual plan.

During the year, the school was asked to formalise the support for another school, initially through becoming an 'academy converter', forming a 'multi-academy trust' and then sponsoring the school in question. The school was also asked to consider taking on an additional form of entry in Reception on a one-off basis.

### Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.



# CHIPSTEAD VALLEY ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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### Strategic report

#### Achievements and performance

2013/2014 was a hugely significant, challenging and successful year for the school. Following a rigorous, national selection process, the school was awarded National Teaching School status by the DfE and the Head Teacher became a 'National Leader of Education' (NLE). The school became an academy converter, formed a multi-academy trust and takes over responsibility for a second school in September 2014.

Extensive building works were undertaken to ensure the school was fully accessible and six new children were admitted under the terms of the enhanced learning provision helping to build on the school's reputation for inclusion.

The strong partnership with other local schools of all phases was further reinforced with two new members bringing the number of schools in the cluster to twelve. Activities included delivering accredited training for teachers within and beyond the cluster.

The school had an unusually large (six) number of new teachers but the quality of teaching remained strong with virtually all lessons judged as good or better and over 50% outstanding. This mirrors the findings by Ofsted that the school was "outstanding" in 2013.

#### *Attainment and Progress (End of Key Stage Two)*

Children leaving the school in July 2014 achieved the following results. Performance was strong across both attainment and progress and well within the top performing 25% of schools in nearly all key indicators.

Key Indicator	% of pupils	Top 25% nationally Fischer Family Trust data
Reading level 4+	91	92
Reading level 5+	59	58
Reading two levels of progress	96	92
Writing level 4+	91	88
Writing level 5+	43	41
Writing two levels of progress	94	94
Maths level 4+	91	91
Maths level 5+	59	51
Maths two levels of progress	94	91
Reading, Writing & Maths L4+	86	83
Reading, Writing and Maths L5+	41	35

Additionally, the school performed significantly better than national performance in the test for spelling punctuation and grammar at both level 4 (school 93%, national 76%) and level 5 (school 73%, national 52%).

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# CHIPSTEAD VALLEY ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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### Key performance indicators

The main financial performance indicators are as follows:

Indicator	Success criteria	Outcome
General financial stability	Expenditure does not exceed income	Met
Level of reserves	Reserves between 2% and 8% of total income and not exceeding 12% of GAG	Met (3.6% of GAG)
Pupil numbers	Pupil numbers at least 90% capacity	Met (100%)
Attainment data	Data at least in – line with similar schools	Met (see Attainment and Progress)
Ofsted outcomes	Current Ofsted judgment good or better	Met (Outstanding)

### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.



# CHIPSTEAD VALLEY ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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### **Financial review**

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

During the period ended 31 August 2014, total restricted educational expenditure was £838,249 (excluding restricted fixed asset funds), which was covered by recurrent grant funding from the EFA, DfE and Local Authority of £852,465. Incoming resources for the year totalled £952,304 (excluding restricted fixed asset funds and amounts inherited on conversion). The excess of income over expenditure for the year (excluding restricted fixed asset funds, inherited funds and actuarial gains) was £48,973.

At 31 August 2014 the net book value of fixed assets was 8,394,126 and movements in tangible fixed assets are shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy Trust upon conversion. Land and buildings were professionally valued. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated with in the Statement of Financial Activity with details in Note 17 to the financial statements.

Key financial policies adopted or reviewed during the year include the Whistleblowing and Finance Policy.

The Strategic Board have appointed UHY Hacker Young to carry out the role of Responsible Officer to undertake a programme of internal checks on financial controls. During the period, the Strategic Board received termly reports from the Responsible Officer, producing a summary of recommendations all of which have been corrected with the exception of the fixed asset register which will be ready for the first full financial year of the Trust.

### **Reserves policy**

The Trust Policy is to normally maintain reserves of between 2% and 8% of annual income and to set annual budgets accordingly. Restricted reserves may not exceed 12% of GAG as laid down by the EFA.

# **CHIPSTEAD VALLEY ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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### Investment policy and powers

Currently the Trust does not hold interest-bearing accounts.

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

The Strategic Board recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 17 to the financial statements, represents a significant potential liability. However as the Directors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

The Strategic Board and the Executive Head Teacher are responsible for the authorisation of spending within agreed budgets, a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Executive Head Teacher is responsible for the appointment of staff and a Director presence is required for senior appointments.

The Executive Head Teacher is the Accounting Officer.

### Principal risks and uncertainties

As the majority of the Academy's funding is derived from the EFA, via the Department of Education, the Strategic Board consider this element of funding to be reasonably secure. The most significant risks relating to this income would be a fall in pupil numbers. The Strategic Board feel this is a minimal risk due to rising birth rates, the on-going and increasing popularity of the school and the acceptance of a bulge class September 2014.

The Directors have set up and maintained a register of risks. The main risks which the academy is exposed to are identified as operational, reputational and financial.

Operational and reputational – this covers risks to the running of the academy trust (including the capacity of staff and facilities to meet the needs of pupils), the quality of education which it provides, failure of information security and unforeseen large scale catastrophic events.

Financial – covering risks to the academy trust's financial position, including revenue (especially relating to reductions in pupil numbers), cost control, management of cash and prevention of fraud.

# CHIPSTEAD VALLEY ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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### Plans for future periods

#### *Potential expansion*

The directors will consider a proposal from the Local Authority to increase the size of Chipstead Valley through an additional form of entry.

#### *Developing a MultiAcademy Trust with New Valley Primary*

The trust took responsibility for an additional school from 1 September 2014. Working in partnership and using proven methods and approaches, the aim will be to provide high quality education within the shortest possible timespan.

#### *Teaching School*

The academy will develop its teaching school responsibilities, initially in the areas of teacher training and continuing professional development.

#### *Pupil Premium*

The academy will develop plans - in partnership with other local schools – to eliminate the gap between pupils who have access to pupil premium grants and their peers.

### Auditor

In so far as the trustees are aware:

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

UHY Hacker Young was appointed auditor to the charitable company. A resolution proposing re-appointment will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 17.12.2014..... and signed on its behalf by:



Edward Denley  
Chairman

# CHIPSTEAD VALLEY ACADEMY TRUST

## GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2014

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### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the executive head teacher, 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 Chipstead Valley Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met three times during the Period. Attendance during the Period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mark Rosewell (Executive Head Teacher) (Appointed 1 April 2014)	3	3
Edward Denley (Chairman) (Appointed 12 February 2014)	3	3
Kevin Bright (Vice Chair) (Appointed 12 February 2014)	2	3
Linda Hall (Director) (Appointed 12 February 2014)	3	3
Roger Capham (Director) (Appointed 1 April 2014)	3	3
Michael Fuller (Director) (Appointed 1 April 2014)	3	3
Helen Clift (Director) (Appointed 1 April 2014)	2	3
Angela Amel (Director) (Appointed 1 April 2014)	2	3

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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 Chipstead Valley Academy Trust for the period 12 February 2014 to 31 August 2014 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

The board of trustees 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 trustees 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 12 February 2014 to 31 August 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.



# CHIPSTEAD VALLEY ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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### The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint UHY Hacker Young as internal auditor.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

### Review of effectiveness

As accounting officer the executive head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the Period in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of the reviews of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 17/12/2014 and signed on its behalf by:



Edward Denley

Chairman

**CHIPSTEAD VALLEY ACADEMY TRUST**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE PERIOD ENDED 31 AUGUST 2014**

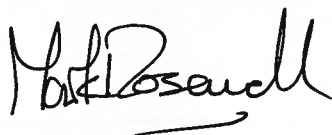
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As accounting officer of Chipstead Valley Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and 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's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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

Approved on 17 December 2014 and signed by:



Mark Rosewell  
Accounting Officer



## **CHIPSTEAD VALLEY ACADEMY TRUST**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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The trustees (who also act as governors for Chipstead Valley Academy Trust and are also the directors of Chipstead Valley Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

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

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

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

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

Approved by order of the board of trustees on 17/12/2014 and signed on its behalf by:



Edward Denley  
Chairman

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CHIPSTEAD VALLEY ACADEMY TRUST**

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We have audited the accounts of Chipstead Valley Academy Trust for the Period ended 31 August 2014 set out on pages 18 to 43. 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) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees, who are also the directors of Chipstead Valley Academy Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

#### **Scope of the audit of the accounts**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the Period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

In our opinion the information given in the Trustees' Report for the financial Period for which the accounts are prepared is consistent with the accounts.

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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF CHIPSTEAD VALLEY ACADEMY TRUST**

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**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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Colin Wright (Senior Statutory Auditor)**  
**UHY Hacker Young**

**Chartered Accountants**  
**Statutory Auditor**

Dated: 17/12/2014

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO CHIPSTEAD VALLEY ACADEMY TRUST AND THE EDUCATION  
FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 29 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chipstead Valley Academy Trust during the period 12 February 2014 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Chipstead Valley Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Chipstead Valley Academy Trust's funding agreement with the Secretary of State for Education dated 28 March 2014 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 12 February 2014 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO CHIPSTEAD VALLEY ACADEMY TRUST AND THE EDUCATION  
FUNDING AGENCY (CONTINUED)**

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The work undertaken to draw to our conclusion includes:

- Review and corroboration of the most recent Financial Management and Governance Evaluation
- Evaluation of the general control environment
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education
- Review of the declaration of interests to ensure completeness
- Review of minutes for evidence of declaration of interest
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities
- A sample of cash payments were reviewed for unusual transactions
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety

**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 12 February 2014 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*UHY Hacker Young*

Colin Wright  
**Reporting Accountant**  
UHY Hacker Young

Dated: .....17/12/2014

**CHIPSTEAD VALLEY ACADEMY TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

		Unrestricted funds	Restricted funds	Fixed Asset fund	Total 2014 7 months
	Notes	£	£	£	£
<b><u>Incoming resources</u></b>					
<i>Resources from generated funds</i>					
- Voluntary income	2	729	-	20,000	20,729
- Inherited on conversion	23	-	(565,984)	8,433,624	7,867,640
- Activities for generating funds	3	61,242	26,435	-	87,677
- Investment income	11	85	-	-	85
<i>Resources from charitable activities</i>					
- Funding for educational operations	4	11,348	852,465	8,635	872,448
<b>Total incoming resources</b>		<b>73,404</b>	<b>312,916</b>	<b>8,462,259</b>	<b>8,848,579</b>
<b><u>Resources expended</u></b>					
<i>Costs of generating funds</i>					
- Fundraising trading	5	1,133	-	-	1,133
<i>Charitable activities</i>					
- Educational operations	6	63,949	818,496	123,804	1,006,249
Governance costs	7	-	19,753	-	19,753
<b>Total resources expended</b>	5	<b>65,082</b>	<b>838,249</b>	<b>123,804</b>	<b>1,027,135</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>8,322</b>	<b>(525,333)</b>	<b>8,338,455</b>	<b>7,821,444</b>
Gross transfers between funds		-	(55,671)	55,671	-
<b>Net income/(expenditure) for the Period</b>		<b>8,322</b>	<b>(581,004)</b>	<b>8,394,126</b>	<b>7,821,444</b>
<b><u>Other recognised gains and losses</u></b>					
Actuarial gains/(losses) on defined benefit pension scheme	17	-	(70,000)	-	(70,000)
<b>Net movement in funds</b>		<b>8,322</b>	<b>(651,004)</b>	<b>8,394,126</b>	<b>7,751,444</b>
Fund balances at 12 February 2014		-	-	-	-
<b>Fund balances at 31 August 2014</b>		<b>8,322</b>	<b>(651,004)</b>	<b>8,394,126</b>	<b>7,751,444</b>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the financial period above.



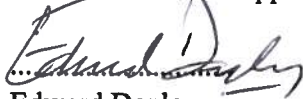
# CHIPSTEAD VALLEY ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014 £	£
<b>Fixed assets</b>			
Tangible assets	10		8,394,126
<b>Current assets</b>			
Debtors	12	187,697	
Cash at bank and in hand		368,777	
		<u>556,474</u>	
Creditors: amounts falling due within one year	13	(435,156)	
<b>Net current assets</b>			<u>121,318</u>
<b>Total assets less current liabilities</b>			<u>8,515,444</u>
Defined benefit pension liability	17	(764,000)	
<b>Net assets</b>			<u><u>7,751,444</u></u>
<b>Funds of the academy trust:</b>			
<b>Restricted income funds</b>	15		
- Fixed asset funds			8,394,126
- General funds			112,996
- Pension reserve			(764,000)
<b>Total restricted funds</b>			<u>7,743,122</u>
<b>Unrestricted funds</b>	15		<u>8,322</u>
<b>Total funds</b>			<u><u>7,751,444</u></u>

The accounts were approved by order of the board of trustees and authorised for issue on 17/12/2014.....



Edward Denley

Chairman

Company Number  
08891864

**CHIPSTEAD VALLEY ACADEMY TRUST**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

	Notes	31 August 2014 7 months £
Net cash inflow/(outflow) from operating activities	18	336,347
Cash funds transferred on conversion		88,016
<b>Returns on investments and servicing of finance</b>		
Investment income		85
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		<u>85</u>
		424,448
<b>Capital expenditure and financial investments</b>		
Capital grants received		28,635
Payments to acquire tangible fixed assets		(84,306)
<b>Net cash flow from capital activities</b>		<u>(55,671)</u>
<b>Increase/(decrease) in cash</b>	19	<u><u>368,777</u></u>

# CHIPSTEAD VALLEY ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 AUGUST 2014

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#### 1 Accounting policies

##### 1.1 Basis of preparation

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

##### 1.2 Going concern

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

##### 1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust, involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained school to an academy trust have been valued at their fair value being a reasonable estimate of the current market values that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Chipstead Valley Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds.

##### 1.4 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 Period for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

# CHIPSTEAD VALLEY ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

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### 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 the value of the donation 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 the academy trust's policies.

### 1.5 Resources expended

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

#### Costs of generating funds

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

#### Charitable activities

These are costs incurred on the academy 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 trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

# CHIPSTEAD VALLEY ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 AUGUST 2014

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#### 1 Accounting policies

(Continued)

##### 1.6 Tangible fixed assets and depreciation

Assets costing £ 2000 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 on a straight-line basis over its expected useful life, as follows:

Land and buildings	5%
Computer equipment	33%
Fixtures, fittings & equipment	20%

No depreciation is provided in respect of freehold land.

##### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### 1.8 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.

##### 1.9 Pensions 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 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 Note 17, 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 are recognised as they are paid each Period.

# CHIPSTEAD VALLEY ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

### 1 Accounting policies

(Continued)

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.

#### 1.10 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 trustees.

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

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

### 2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2014 £
Capital grants	-	20,000	20,000
Other donations	729	-	729
	<u>729</u>	<u>20,000</u>	<u>20,729</u>



**CHIPSTEAD VALLEY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

**3 Activities for generating funds**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2014 £</b>
Hire of facilities	10,257	-	10,257
Catering income	21,335	-	21,335
Other income	29,650	26,435	56,085
	<u>61,242</u>	<u>26,435</u>	<u>87,677</u>

**4 Funding for the academy trust's educational operations**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2014 £</b>
<b>DfE / EFA grants</b>			
General annual grant (GAG)	-	679,648	679,648
Start up grants	-	79,000	79,000
Capital grants	-	8,635	8,635
Other DfE / EFA grants	-	32,167	32,167
	<u>-</u>	<u>799,450</u>	<u>799,450</u>
<b>Other government grants</b>			
Local authority grants	-	30,168	30,168
Other grants	-	31,482	31,482
	<u>-</u>	<u>61,650</u>	<u>61,650</u>
<b>Other funds</b>			
Other incoming resources	11,348	-	11,348
	<u>11,348</u>	<u>-</u>	<u>11,348</u>
<b>Total funding</b>	<u>11,348</u>	<u>861,100</u>	<u>872,448</u>

**CHIPSTEAD VALLEY ACADEMY TRUST****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 AUGUST 2014****5 Resources expended**

	<b>Staff costs &amp; equipment £</b>	<b>Premises &amp; equipment £</b>	<b>Other costs £</b>	<b>Total 2014 £</b>
<b>Academy's educational operations</b>				
- Direct costs	523,462	-	23,072	546,534
- Allocated support costs	169,584	176,555	113,576	459,715
	<u>693,046</u>	<u>176,555</u>	<u>136,648</u>	<u>1,006,249</u>
<b>Other expenditure</b>				
Costs of activities for generating funds	-	-	1,133	1,133
Governance costs	-	-	19,753	19,753
	<u>-</u>	<u>-</u>	<u>20,886</u>	<u>20,886</u>
<b>Total expenditure</b>	<u>693,046</u>	<u>176,555</u>	<u>157,534</u>	<u>1,027,135</u>

**Incoming/(outgoing resources) for the year include:**

	<b>2014 £</b>
Operating leases	
- Plant and machinery	(422)
Fees payable to auditor	
- Audit	<u>(6,500)</u>

**CHIPSTEAD VALLEY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

**6 Charitable activities**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2014 £</b>
<b>Direct costs</b>			
Teaching and educational support staff costs	-	523,462	523,462
Technology costs	-	135	135
Educational supplies and services	-	19,634	19,634
Other direct costs	3,303	-	3,303
	<u>3,303</u>	<u>543,231</u>	<u>546,534</u>
<b>Allocated support costs</b>			
Support staff costs	28,947	140,637	169,584
Depreciation	-	123,804	123,804
Technology costs	-	3,151	3,151
Maintenance of premises and equipment	-	52,751	52,751
Cleaning	-	18,252	18,252
Energy costs	-	15,158	15,158
Rent and rates	-	5,724	5,724
Insurance	-	10,750	10,750
Catering	31,699	-	31,699
Interest and finance costs	-	12,000	12,000
Other support costs	-	16,842	16,842
	<u>60,646</u>	<u>399,069</u>	<u>459,715</u>
<b>Total costs</b>	<u>63,949</u>	<u>942,300</u>	<u>1,006,249</u>

**7 Governance costs**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2014 £</b>
Legal and professional fees	-	13,253	13,253
Auditor's remuneration - Audit of financial statements	-	6,500	6,500
	<u>-</u>	<u>19,753</u>	<u>19,753</u>

**CHIPSTEAD VALLEY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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**8 Staff costs**

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:

	<b>2014 Number</b>
Teachers	17
Administration and support	52
Management	3
	<hr/>
	72
	<hr/> <hr/>

**Costs included within the accounts:**

	<b>2014 £</b>
Wages and salaries	515,095
Social security costs	30,051
Other pension costs	121,171
	<hr/>
Supply teacher costs	666,317
Staff development and other staff costs	23,262
	3,467
	<hr/>
Total staff costs	693,046
	<hr/> <hr/>

The number of employees whose annual remuneration was £60,000 or more was:

	<b>2014 Number</b>
110,000 - 120,000	1
	<hr/> <hr/>

**CHIPSTEAD VALLEY ACADEMY TRUST**

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

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**8 Staff costs** **(Continued)**

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		<b>2014</b>
Teachers' Pension Scheme	Numbers	1
	£	6,853
		<hr/>
Local Government Pension Scheme	Numbers	-
	£	-
		<hr/>

**9 Trustees' remuneration and expenses**

The executive head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of executive head teacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

M Rosewell (executive head teacher) £115,000 - £120,000

**Trustees' and officers' insurance**

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the Period ended 31 August 2014 was £1,746.

**CHIPSTEAD VALLEY ACADEMY TRUST**

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

**10 Tangible fixed assets**

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 12 February 2014	-	-	-	-
Additions	43,600	23,420	17,286	84,306
Inherited on conversion	8,400,000	10,414	23,210	8,433,624
At 31 August 2014	<u>8,443,600</u>	<u>33,834</u>	<u>40,496</u>	<u>8,517,930</u>
<b>Depreciation</b>				
At 12 February 2014	-	-	-	-
Charge for the Period	116,667	3,521	3,616	123,804
At 31 August 2014	<u>116,667</u>	<u>3,521</u>	<u>3,616</u>	<u>123,804</u>
<b>Net book value</b>				
At 31 August 2014	<u><u>8,326,933</u></u>	<u><u>30,313</u></u>	<u><u>36,880</u></u>	<u><u>8,394,126</u></u>

**11 Investment income**

	Unrestricted funds	Restricted funds	Total 2014
	£	£	£
Other investment income	85	-	85
	<u><u>85</u></u>	<u><u>-</u></u>	<u><u>85</u></u>

**12 Debtors**

	2014 £
VAT recoverable	38,745
Other debtors	453
Prepayments and accrued income	148,499
	<u><u>187,697</u></u>

Prepayments and accrued income include £46,636 relating to grants due from the EFA for the purchase of assets capitalised during the period, and education funding not received at the year end.



**CHIPSTEAD VALLEY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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<b>13</b>	<b>Creditors: amounts falling due within one year</b>	<b>2014</b>
		<b>£</b>
	Trade creditors	1,437
	Taxes and social security costs	24,321
	Accruals	182,911
	Deferred income	226,487
		<u>435,156</u>
		<u><u>435,156</u></u>
<b>14</b>	<b>Deferred income</b>	<b>2014</b>
		<b>£</b>
	Deferred income is included within:	
	Creditors due within one year	226,487
		<u>226,487</u>
	Total deferred income at 12 February 2014	-
	Amounts credited to the statement of financial activities	-
	Amounts deferred in the Period	226,487
		<u>226,487</u>
	<b>Total deferred income at 31 August 2014</b>	<b>226,487</b>
		<u><u>226,487</u></u>

Deferred income relates to grant funding for the 2014/2015 academic year received in advance.

**CHIPSTEAD VALLEY ACADEMY TRUST**

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

**15 Funds**

	Balance at 12 February 2014	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant	-	679,648	(598,997)	(55,671)	24,980
Start up grants	-	79,000	(79,000)	-	-
Other DfE / EFA grants	-	32,167	(32,167)	-	-
Other government grants	-	61,650	(61,650)	-	-
Other restricted funds	-	114,451	(26,435)	-	88,016
	-	966,916	(798,249)	(55,671)	112,996
Funds excluding pensions	-	(654,000)	(40,000)	(70,000)	(764,000)
Pension reserve	-	312,916	(838,249)	(125,671)	(651,004)
	-	8,635	(501)	55,671	63,805
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	-	8,433,624	(123,303)	-	8,310,321
Inherited fixed asset fund	-	20,000	-	-	20,000
Private sector capital sponsorship	-	8,462,259	(123,804)	55,671	8,394,126
	-	8,775,175	(962,053)	(70,000)	7,743,122
<b>Total restricted funds</b>	-	8,775,175	(962,053)	(70,000)	7,743,122
<b>Unrestricted funds</b>					
General funds	-	73,404	(65,082)	-	8,322
<b>Total funds</b>	-	8,848,579	(1,027,135)	(70,000)	7,751,444

# CHIPSTEAD VALLEY ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 AUGUST 2014

#### 15 Funds

(Continued)

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

##### General Annual Grant

The General Annual Grant must be used for normal running costs of the Academy including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

##### Other DfE/EFA and government grants

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

##### Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

##### Pension Reserve

The pension reserve is the element of the local government pension fund liability attributable to the Academy (See note 17).

##### Transfer between funds

Transfer from restricted general funds to the restricted fixed asset fund was necessary to fund fixed assets purchased during the year.

#### 16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
<b>Fund balances at 31 August 2014 are represented by:</b>				
Tangible fixed assets	-	-	8,394,126	8,394,126
Current assets	8,322	548,152	-	556,474
Creditors: amounts falling due within one year	-	(435,156)	-	(435,156)
Defined benefit pension liability	-	(764,000)	-	(764,000)
	<u>8,322</u>	<u>(651,004)</u>	<u>8,394,126</u>	<u>7,751,444</u>

# CHIPSTEAD VALLEY ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

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### 17 Pensions 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 London Borough of Croydon. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

Contributions amounting to £15,417 were payable to the schemes at 31 August 2014 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.

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

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

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

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

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

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

# CHIPSTEAD VALLEY ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

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### 17 Pensions and similar obligations

(Continued)

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

#### Teachers' Pension Scheme changes

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contributions are as noted below. The agreed contribution rates for future years are per cent for employers and per cent for employees. The estimated value of employer contributions for the forthcoming year is £140,000.

At conversion the school's LGPS pension was in a deficit of £654,000. The school has agreed to pay 19.8% of payroll plus £37,000 p.a. with the monetary amount increasing by 3.5% each year.

**CHIPSTEAD VALLEY ACADEMY TRUST**

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

**17 Pensions and similar obligations**

**(Continued)**

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.

	<b>2014</b>
	<b>£</b>
Employer's contributions	40,000
Employees' contributions	12,000
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Total contributions	52,000
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**Principal actuarial assumptions**

	<b>2014</b>
	<b>%</b>
Rate of increase in salaries	3.4
Rate of increase for pensions in payment	2.6
Discount rate for scheme liabilities	3.7
Expected return on Assets	5.4
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The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumption at 31 August 2014:</b>	<b>Approximate % Increase to Employer Liability</b>	<b>Approximate Monetary amount (£000)</b>
0.5% decrease in Real Discount Rate	12%	100
1 year increase in member life expectancy	3%	26
0.5% increase in the Salary Increase Rate	5%	46
0.5% increase in the Pension Increase Rate	6%	52

**CHIPSTEAD VALLEY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

**17 Pensions and similar obligations**

**(Continued)**

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

	<b>2014 Years</b>
Retiring today	
- Males	22.3
- Females	24.4
Retiring in 20 years	
- Males	24.4
- Females	26.7

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

	<b>2014 Expected return %</b>	<b>2014 Fair value £</b>
Equities	6.4	55,000
Bonds	3.7	21,000
Cash	3.3	4,000
Property	4.5	7,000
	<u>          </u>	<u>          </u>
Total market value of assets		87,000
Present value of scheme liabilities - funded		(851,000)
		<u>          </u>
Net pension asset / (liability)		(764,000)



# CHIPSTEAD VALLEY ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

### 17 Pensions and similar obligations

(Continued)

The expected rate of return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The accounting standard requires that the expected return on assets is set by the Employer having taken actuarial advice. The figures shown in the financial statements are derived from the Hymans Robertson Asset Model. Details of the expected returns recommended as at 31 August are set out below:

Equities	6.4%
Bonds	3.7%
Property	4.5%
Cash	3.3%

The assumed returns are net of investment expenses. The expected return on plan assets shown in the table above does not include a deduction for the expected administration costs of the Fund.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- The output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

### Operating costs and income recognised in the statement of financial activities

	2014 £
<b>Financial expenditure/(income)</b>	
Expected return on pension scheme assets	(1,000)
Interest on pension liabilities	13,000
	<u>12,000</u>
<b>Other expenditure/(income)</b>	
Current service cost	58,000
Past service cost	10,000
	<u>68,000</u>
<b>Total operating charge/(income)</b>	<u>80,000</u>

**CHIPSTEAD VALLEY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

**17 Pensions and similar obligations**

**(Continued)**

**Actuarial gains and losses recognised in the statement of financial activities**

	<b>2014</b>
	<b>£</b>
Actuarial (gains)/losses on assets: actual return less expected	70,000
Experience (gains)/losses on liabilities	-
(Gains)/losses arising from changes in assumptions	-
	<hr/>
Total (gains)/losses	70,000
	<hr/> <hr/>
Cumulative (gains)/losses to date	70,000
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**Movements in the present value of defined benefit obligations were as follows:**

	<b>2014</b>
	<b>£</b>
Obligations acquired on conversion	(686,000)
Current service cost	(58,000)
Interest cost	(13,000)
Contributions by employees	(12,000)
Actuarial gains/(losses)	(72,000)
Curtailments and settlements	(10,000)
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	(851,000)
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**Movements in the fair value of the academy trust's share of scheme assets:**

	<b>2014</b>
	<b>£</b>
Assets acquired on conversion	32,000
Expected return on assets	1,000
Actuarial gains/(losses)	2,000
Contributions by employers	40,000
Contributions by employees	12,000
	<hr/>
	87,000
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**CHIPSTEAD VALLEY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

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<b>17 Pensions and similar obligations</b>	<b>(Continued)</b>
<b>History of experience gains and losses:</b>	
	<b>2014</b>
	<b>£</b>
Present value of defined benefit obligations	(851,000)
Fair value of share of scheme assets	87,000
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Surplus / (deficit)	(764,000)
	<hr/> <hr/>
Experience adjustment on scheme liabilities	(72,000)
Experience adjustment on scheme assets	2,000
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<b>18 Reconciliation of net income to net cash inflow/(outflow) from operating activities</b>	
	<b>2014</b>
	<b>£</b>
Net income	7,821,444
Capital grants and similar income	(28,635)
Net deficit/(surplus) transferred on conversion	(7,867,640)
Investment income	(85)
FRS17 pension costs less contributions payable	28,000
FRS17 pension finance income	12,000
Depreciation of tangible fixed assets	123,804
(Increase)/decrease in debtors	(187,697)
Increase/(decrease) in creditors	435,156
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Net cash inflow/(outflow) from operating activities	336,347
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<b>19 Reconciliation of net cash flow to movement in net funds</b>	
	<b>2014</b>
	<b>£</b>
<b>Increase/(decrease) in cash</b>	<b>368,777</b>
Net funds at 12 February 2014	-
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<b>Net funds at 31 August 2014</b>	<b>368,777</b>
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**CHIPSTEAD VALLEY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

**20 Analysis of net funds**

	<b>At 12 February 2014 £</b>	<b>Transferred on conversion £</b>	<b>Cash flows £</b>	<b>Non-cash changes £</b>	<b>At 31 August 2014 £</b>
Cash at bank and in hand	-	88,016	280,761	-	368,777

**21 Commitments under operating leases**

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

	<b>2014 £</b>
Expiry date:	
- Between two and five years	1,691

**22 Related parties**

No related party transactions took place in the period of account.

# CHIPSTEAD VALLEY ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2014

### 23 Conversion to an academy

On 12 February 2014 the Chipstead Valley Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Chipstead Valley Academy Trust from the Croydon Local Authority for £nil consideration.

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

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

<b>Funds surplus/(deficit) transferred:</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Fixed asset funds £</b>	<b>Total 2014 £</b>
Fixed assets funds	-	-	8,433,624	8,433,624
LA budget funds	-	88,016	-	88,016
LGPS pension funds	-	(654,000)	-	(654,000)
	<u>-</u>	<u>(565,984)</u>	<u>8,433,624</u>	<u>7,867,640</u>

<b>Net assets transferred:</b>	<b>£</b>
Freehold land and buildings	8,400,000
Tangible fixed assets apart from land and buildings	33,624
Cash	88,016
Pension surplus/(deficit)	(654,000)
	<u>7,867,640</u>

### 24 Post balance sheet events

<b>Academy</b>	<b>Location</b>	<b>Date of conversion</b>
<i>Developing a MultiAcademy Trust with New Valley Primary</i>		

The trust took responsibility for an additional school from 1 September 2014. Working in partnership and using proven methods and approaches, the aim will be to provide high quality education within the shortest possible timespan.

**CHIPSTEAD VALLEY ACADEMY TRUST**

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

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**25 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.