

Company Registration No. 08891864 (England and Wales)

CHIPSTEAD VALLEY ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

CHIPSTEAD VALLEY ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 12
Governance statement	13 - 17
Statement on regularity, propriety and compliance	18
Statement of trustees' responsibilities	19
Independent auditor's report on the accounts	20 - 22
Independent reporting accountant's report on regularity	23 - 24
Statement of financial activities including income and expenditure account	25 - 26
Balance sheet	27
Statement of cash flows	28
Notes to the accounts including accounting policies	29 - 49



CHIPSTEAD VALLEY ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mark Rosewell (Accounting Officer)
Edward Denley (Chair)
Kevin Bright (Vice Chair)
Linda Hall (Director)
Roger Capham (Director)
Michael Fuller (Director)
Helen Clift (Director)

Members

Edward Denley
David Garrard OBE
Gary Pankhurst

Senior management team

- Executive Head Teacher	Mark Rosewell
- Head Teacher	Martin Roughley (Appointed 14 November 2016)
- Deputy Head Teacher	Sara Kennard
- Acting Deputy Head Teacher	Clare Rackham (Appointed 1 September 2016)
- Head Teacher	Pete Steward
- Deputy Head Teacher	Sally Dubben
- Head Teacher	Phyllis Sternberg (Appointed 1 September 2016)

Company registration number

08891864 (England and Wales)

Academies operated

Chipstead Valley Primary School
New Valley Primary School
Beecholme Primary School
(From 1 September 2016)

Location

Coulson, Surrey
Purley, Surrey
Mitcham, Surrey

Head Teacher

Martin Roughley
Pete Steward
Phyllis Sternberg

Independent auditor

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

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on September 2015 (FRS102).

The Academy Trust operates as a multi-academy trust for pupils aged 4 to 11 (changing to pupils aged 2-11 from 1st September 2017) serving a catchment area on the South London/Surrey borders. It comprises three schools: Chipstead Valley Primary School and New Valley Primary School (Croydon) with Beechholme Primary School (Merton) joining the Trust on 1st September 2016. The Trust has a pupil capacity of 960 and had a roll of 901 in the school census on 5 October 2017. There is also nursery provision at two of the schools.

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 charitable company is known as Chipstead Valley 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.

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

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.

A Finance and Audit Committee was created in 2015 and meets at least once in each half term. It has responsibilities which include reviewing the financial position of the Trust, monitoring the effectiveness of the Trust's finance policy and liaising with the auditors which have been delegated by the Board of Trustees.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for setting pay of Key Management Personnel are determined by the Strategic Board. As below:

- Executive Head Teacher - Performance Management and remuneration is carried out by the Strategic Board.
- Heads of School/ Head Teacher - Performance Management is carried out by the Executive Head Teacher. Remuneration recommendations are made to the Strategic Board.
- Deputy Head Teacher - Performance Management is carried out by Head Teachers/Head of School. Remuneration recommendations are made to the Strategic Board through the Executive Head Teacher.

With the exception of the Executive Head Teacher the Trustees do not receive remuneration.

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Related parties and other connected charities and organisations

During the year, the Executive Head Teacher was 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 (SLA) between Chipstead Valley Academy Trust and Coulsdon Nursery School specified 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 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 YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities

2016/2017 was a significant year for the Trust as it took responsibility for a second sponsored academy, bringing the number of schools in the Trust to three. The school, Beecholme Primary in the neighbouring borough of Merton was judged by Ofsted to be 'Inadequate' in January 2016. Many staff, including the previous Head Teacher left the school and new leadership and teaching teams were recruited. Standards and teaching quality are improving rapidly.

Having formerly agreed to the permanent expansion of Chipstead Valley to three forms of entry and associated large scale building project in 2015/2016, the works began in August 2016 and lasted through the full duration of the year. All stakeholders were happy with the outcome and staff and pupils occupied the building, as planned, from September 2017.

Following prolonged talks with Croydon LA, the Trust agreed to the extension of the Chipstead Valley age range to allow for two and three year old nursery provision.

Extensive building works were completed in August 2017 to provide a suitable facility on the school site. This project coincided with the closure of Coulsdon Nursery School, a local school for which the Trust had a Service Level Agreement to provide leadership and teaching support. This support proved highly successful as the school maintained its 'Outstanding' Ofsted status following a one day inspection in January 2017.

The Trust wishes to expand its number of schools and has begun talks, which will continue into 2017/2018. As part of this process, the Trust is to change its name.

Key Objectives for the Trust included:

- Achieving a "Good" judgement in all areas as the outcome for the 2016/2017 Ofsted inspection at New Valley;
- Establishing new and effective leadership and teaching teams at Beecholme Primary;
- Establishing a new Local Governing Body at Beecholme Primary;
- Ensuring the major building works at Chipstead Valley progressed safely and that the build was delivered on time, of high quality and fit for purpose;
- Support for Chipstead Valley's new Head Teacher by the Executive Head Teacher;
- Planning for and oversight of the establishment of a new nursery facility at Chipstead Valley;
- Considering future expansion plans for the Trust alongside ensuring medium and long term sustainability;
- Considering a change of name for the Trust;
- Raise standards across the Trust through training and development using, wherever possible, high quality leaders and practitioners drawn from the Trust's schools.

Additionally, all three schools produced detailed development plans focussing on raising achievement.

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

Strategic report

Achievements and performance

The 2016/2017 school year was an exceptionally strong one for the Trust. Highlights were the New Valley Ofsted outcome and Key Stage Two SATs results in all three schools, where attainment, and notably, progress were strong.

Chipstead Valley

- The attainment of children at the end of KS2 was significantly above average with an average scaled score of 107.4 compared to a national average of 104.1. This placed the school in the top 10% of schools nationally.
- 80% of children achieved the expected standard in Reading, Writing & Maths which was significantly above the National Average of 61%.
- The progress of children at the end of KS2 was also significantly above national averages in all subjects and placed the school in the top 10% of schools nationally.
- The proportion of children achieving at least the expected standard at the end of Key Stage 1 was above national averages in all subjects.
- 91% of children met the Year 1 phonics screening threshold, significantly above the national average of 81%, with 100% of children passing the Year 2 retakes.
- 81% of Children in Foundation Stage achieved a Good Level of Development which is above the national average of 71%.
- These outcomes are achieved through highly effective teaching which ensures that high attainment and effective progress are achieved.

New Valley

New Valley's third year culminated in a very successful Ofsted inspection in June 2017, with a strong 'good' judgement. Ofsted's findings included the following:

- "Teaching at New Valley is now at least good, and growing proportions are outstanding in all key stages."
- "The school nurtures pupils well and their spiritual, moral, social and cultural development is well promoted."
- "From their different starting points, all pupils make good progress."

Alongside this:

- For the fourth consecutive year, 2017 KS2 attainment was ahead of national average in every area. Progress scores in each of the three core areas – reading, writing and maths – were positive.

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

- In KS1, attainment was ahead of or in line with the proportion of this cohort who achieved GLD (Good Level of Development) at EYFS, indicating positive overall progress.
- Children in Foundation Stage made progress from average starting points below national expectation, to achieve a Good Level of Development higher than national average.

Beechholme Primary

- The progress of children leaving Key Stage 2 was significantly above national averages in all subjects.
- Progress in key Stage 2 overall was in top 5% of schools nationally.
- The proportion of children achieving at least the expected standard at the end of Key Stage 1 was above the national averages in writing and maths.
- All disadvantaged children achieved the expected standard or above at the end of Key Stage 1. In KS2, the percentage of disadvantaged children who achieved the expected standard was above the national average.
- Children in Foundation Stage made progress from average starting points below national expectation, to achieve a Good Level of development higher than national average.
- The vast majority of teaching effectively supports strong progress and high standards.

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

The main financial performance indicators are as follows:

Chipstead Valley

Indicator	Success Criteria	Outcome	Comment
General financial stability	Expenditure does not exceed income	Met	
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (10.9%)	
Pupil Numbers	>90% capacity	Met (100%)	
Attainment Data	At least in line with similar schools	Met	See attainment and progress.
Ofsted outcome	Current judgment good or better	Met (Outstanding)	

New Valley

Indicator	Success Criteria	Outcome	Comment
General financial stability	Expenditure does not exceed income	Met	
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (6.9%)	
Pupil Numbers	>90% capacity	Not met (80%, October 17)	Increase from 65% (September 14)
Attainment Data	At least in line with similar schools	Met	See attainment and progress.
Ofsted outcome	Current judgment good or better	Met (Good)	New Judgement June 2017

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Beechholme

Indicator	Success Criteria	Outcome	Comment
General financial stability	Expenditure does not exceed income	Met	
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (6%)	
Pupil Numbers	>90% capacity	Met (91%) October 17	
Attainment Data	At least in line with similar schools	Met	See attainment and progress.
Ofsted outcome	Current judgment good or better	New school - no current judgment	

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.

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 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the year ended 31 August 2017, total restricted educational expenditure was £4,765,804 (excluding restricted fixed asset funds), which was spent from recurrent grant funding from the EFA, DfE and Local Authority of £4,432,434. Incoming resources for the year totalled £4,905,591 (excluding restricted fixed asset funds and amounts inherited on conversion). The result of income less expenditure for the year (excluding restricted fixed asset funds, inherited funds and actuarial gains) was a deficit of £163,476.

At 31 August 2017 the net book value of fixed assets was £26,691,738 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The land, buildings and other assets were transferred to the Academy Trust upon conversion and upon New Valley Primary School and Beecholme Primary School joining the Trust on 1 September 2014 and 1 September 2016 respectively. Expansion works during the year at Chipstead Valley and its nursery up to 31 August 2017 cost £5.6 million and were provided by capital grants. Land and buildings across the Trust have been externally revalued by professional valuation experts as at 31 August 2017, and the revalued amounts are reflected in the financial statements. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives. Additions to assets are capitalised at cost and depreciated over their useful life.

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 16 to the financial statements.

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

The Strategic Board have appointed Buzzacott to carry out the role of Internal Auditor to undertake a programme of internal checks on financial controls for the 2017/18 financial year. During the period, UHY Hacker Young carried out this role and the Strategic Board received termly reports of recommendations from them.

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 should not exceed 12% of GAG as laid down by the EFA.

Investment policy and powers

Currently the Trust does not hold interest-bearing accounts.

At the year end, the Trust 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 16 to the financial statements, represents a significant potential liability. However as the Directors consider that the Trust 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.

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Principal risks and uncertainties

As the majority of the Trust's funding is derived from the ESFA, via the Department of Education, the Strategic Board considers 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 feels this is a minimal risk at Chipstead Valley Primary School due to rising birth rates, and the on-going and increasing popularity of the school. It continues to be working at full capacity. New Valley has had a successful Ofsted and this should help boost pupil numbers which currently stand at just under 80%. However the expansion of other local schools means that Trustees, the Local Governing Board and the school's leadership team will need to monitor admission patterns very carefully as well as effectively marketing the school. Beechholme numbers are at 91% capacity and should improve as the school increases its reputation within the local community. The final outcome of the National Funding Formula is yet to be confirmed although it appears to have a small positive impact on funding.

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 Trust's financial position, including revenue (especially relating to reductions in pupil numbers), cost control, management of cash and prevention of fraud.

Plans for future periods

Trust expansion

The Trust is in advanced talks with a local primary school about joining the Trust, bringing the total number of schools to 4. The school is categorised as 'good' and will be able to contribute effectively to the education of children across the Trust. Preliminary talks have also been held regarding two other additional schools, which if they progress may well bring about further expansion, perhaps for September/January 2019.

Teaching school

The Trust will continue to develop its teaching school responsibilities, particularly in the areas of teacher training, where along with its alliance schools, it has developed a bespoke training programme for salaried and non-salaried School Direct trainees. 2017/2018 will see the implementation of a professional development programme delivered jointly with Croydon Council following a successful 'Strategic School Improvement Fund' bid. It will focus on improving mathematics performance across a range of schools using a coaching and video based model.

Pupil premium

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

CHIPSTEAD VALLEY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

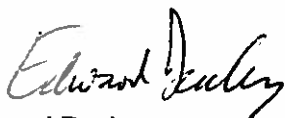
Auditor

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 07 December 2017 and signed on its behalf by:



Edward Denley

Chair

CHIPSTEAD VALLEY ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

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 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 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Mark Rosewell (Accounting Officer)	8	8
Edward Denley (Chair)	8	8
Kevin Bright (Vice Chair)	8	8
Linda Hall (Director)	8	8
Roger Capham (Director)	7	8
Michael Fuller (Director)	8	8
Helen Clift (Director)	5	8

CHIPSTEAD VALLEY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is:

- to monitor and review the Trust's financial statements;
- to review budget and cash flow forecasts for the Trust for presentation to the Strategic Board for approval;
- to review the Trust's audited statutory accounts prior to presentation to the Strategic Board for approval;
- to consider plans with significant financial implications prior to presentation to the Strategic Board for approval;
- to review risks to the Trust's internal financial controls;
- to agree a programme of internal audit work that will address risks;
- to ensure due compliance by the Trust with public accountability;
- to appoint the Trust's external auditors and set their remuneration;
- to receive and discuss reports from the external and internal auditors;
- to ensure that action is taken to implement recommendations from internal and external auditors; and to monitor and review the Trust's risk management processes.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mark Rosewell (Accounting Officer)	6	6
Michael Fuller (Chair)	6	6
Edward Denley (Vice Chair)	6	6
Kevin Bright (Director)	4	6
Linda Hall (Director)	4	6

CHIPSTEAD VALLEY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of value for money

As accounting officer the Executive Head Teacher has responsibility for ensuring that the academy trust delivers good value in 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.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during as follows:

Since the school's conversion to Academy status, April 2014, the Trust has grown to include New Valley Primary and Beecholme Primary schools. Following the conversion of these schools, the Trust has made considerable investment in the fabric of the learning environment at the schools in refurbishment of the site and resources available to pupils. ICT equipment has been upgraded to further engage pupils in their learning and to accelerate their progress across all subjects. The success of this investment is reflected both in pupil outcomes. Chipstead Valley has undergone a major expansion and the addition of a new nursery both fully funded by the local authority. Financial projections indicate that the nursery funding will help to sustain and indeed further improve the long term viability of the school. The successful Ofsted outcome at New Valley 'Good in all areas – June 2017 is evidence of the value for money produced by the various initiatives on a 'tight' budget.

The Trust was successful in acquiring Condition Improvement Funds (CIF) for Chipstead Valley and New Valley schools in 2016 which allowed for considerable refurbishment of flat roofs and toilet facilities (New Valley). In 2017 Beecholme Primary was awarded CIF funding for the replacement of canopies. In 2016 the Trust was also awarded a Sponsor Capacity Fund to support its growth. This fund was used through the year to facilitate the successful integration of Beecholme Primary School into the Trust.

As the Trust expands, it is mindful of the recruitment and deployment of administrative staff to ensure effective financial management and control within the Trust.

The Trust actively promotes the hire of its premises to the local community including hall hire to various clubs and swimming pool hire to other primary schools and swimming clubs. Monies generated from this are used to maintain the facilities and enhance learning experiences for the pupils.

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 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

CHIPSTEAD VALLEY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

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 audit 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 Buzzacott as internal auditor.

The internal 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 internal 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 Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

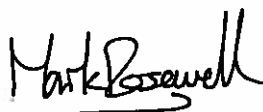
CHIPSTEAD VALLEY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

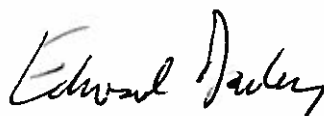
FOR THE YEAR ENDED 31 AUGUST 2017

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 07 December 2017 and signed on its behalf by:



Mark Rosewell
Accounting Officer



Edward Denley
Chair

CHIPSTEAD VALLEY ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

As Accounting Officer of Chipstead Valley Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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 ESFA.



Mark Rosewell
Accounting Officer

07 December 2017

CHIPSTEAD VALLEY ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

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 and Skills 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:

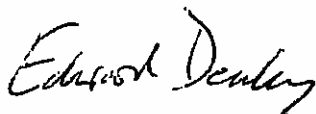
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 ESFA/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 07 December 2017 and signed on its behalf by:



Edward Denley
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIPSTEAD VALLEY ACADEMY TRUST

Opinion

We have audited the accounts of Chipstead Valley Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which 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.

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Colin Wright (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

14 December 2017

Chartered Accountants
Statutory Auditor

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

In accordance with the terms of our engagement letter dated 29 April 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 1 September 2016 to 31 August 2017 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 ESFA 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 ESFA 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 Chipstead Valley Academy Trust and ESFA, 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 2016, 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 2016 to 2017. 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 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. 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.

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

The work undertaken to draw to our conclusion includes:

- 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 1 September 2016 to 31 August 2017 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

Reporting Accountant
UHY Hacker Young

Dated: *14 December 2017*

CHIPSTEAD VALLEY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	2	-	-	5,772,407	5,772,407	803,882
Donations - Transfer from local authority on conversion	23	37,249	(419,317)	3,709,419	3,327,351	-
Charitable activities:						
- Funding for educational operations	3	16,438	4,432,434	-	4,448,872	3,209,387
Other trading activities	4	412,772	43,536	-	456,308	386,334
Investments	5	411	-	-	411	590
Total income and endowments		<u>466,870</u>	<u>4,056,653</u>	<u>9,481,826</u>	<u>14,005,349</u>	<u>4,400,193</u>
Expenditure on:						
Raising funds	6	7,084	-	-	7,084	3,481
Charitable activities:						
- Educational operations	7	296,179	4,765,804	641,436	5,703,419	4,055,497
Total expenditure	6	<u>303,263</u>	<u>4,765,804</u>	<u>641,436</u>	<u>5,710,503</u>	<u>4,058,978</u>
Net income/(expenditure)		163,607	(709,151)	8,840,390	8,294,846	341,215
Transfers between funds		-	(140,693)	140,693	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	16	-	454,000	-	454,000	(480,000)
Revaluation of fixed assets	11	-	-	5,554,448	5,554,448	-
Net movement in funds		<u>163,607</u>	<u>(395,844)</u>	<u>14,535,531</u>	<u>14,303,294</u>	<u>(138,785)</u>
Reconciliation of funds						
Total funds brought forward		<u>31,575</u>	<u>(1,433,590)</u>	<u>12,219,669</u>	<u>10,817,654</u>	<u>10,956,438</u>
Total funds carried forward		<u>195,182</u>	<u>(1,829,434)</u>	<u>26,755,200</u>	<u>25,120,948</u>	<u>10,817,653</u>

CHIPSTEAD VALLEY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

COMPARATIVE YEAR INFORMATION ENDED 31 AUGUST 2016		Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £
	Notes				
Income and endowments from:					
Donations and capital grants	2	1,585	-	802,297	803,882
Charitable activities:					
- Funding for educational operations	3	32,880	3,176,507	-	3,209,387
Other trading activities	4	170,063	216,271	-	386,334
Investments	5	590	-	-	590
Total income and endowments		205,118	3,392,778	802,297	4,400,193
Expenditure on:					
Raising funds	6	-	3,481	-	3,481
Charitable activities:					
- Educational operations	7	138,221	3,447,786	469,490	4,055,497
Total expenditure	6	138,221	3,451,267	469,490	4,058,978
Net income/(expenditure)		66,897	(58,489)	332,807	341,215
Transfers between funds		(45,091)	-	45,091	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	16	-	(480,000)	-	(480,000)
Net movement in funds		21,806	(538,489)	377,898	(138,785)
Reconciliation of funds					
Total funds brought forward		9,769	(895,101)	11,841,771	10,956,438
Total funds carried forward		31,575	(1,433,590)	12,219,669	10,817,653

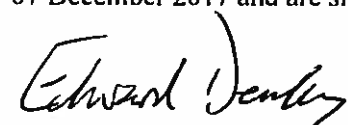
CHIPSTEAD VALLEY ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	11	26,691,738	11,947,130
Current assets			
Debtors	12	305,183	266,615
Cash at bank and in hand		648,897	625,679
		954,080	892,294
Current liabilities			
Creditors: amounts falling due within one year	13	(578,870)	(359,771)
Net current assets		375,210	532,523
Net assets excluding pension liability		27,066,948	12,479,653
Defined benefit pension liability	16	(1,946,000)	(1,662,000)
Net assets		25,120,948	10,817,653
Funds of the Academy Trust:			
Restricted funds	15		
- Fixed asset funds		26,755,200	12,219,670
- Restricted income funds		116,566	228,365
- Pension reserve		(1,946,000)	(1,662,000)
Total restricted funds		24,925,766	10,786,035
Unrestricted income funds	15	195,182	31,618
Total funds		25,120,948	10,817,653

The accounts set out on pages 25 to 49 were approved by the Board of Trustees and authorised for issue on 07 December 2017 and are signed on its behalf by:



Edward Denley
Chair

Company Number 08891864

CHIPSTEAD VALLEY ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by operating activities	17	335,327		51,387	
Cash funds transferred on conversion		37,249		-	
		<u>372,576</u>		<u>51,387</u>	
Cash flows from investing activities					
Dividends, interest and rents from investments		411		590	
Capital grants from DfE and EFA		163,072		332,297	
Capital funding from sponsors and others		-		235,000	
Payments to acquire tangible fixed assets		(512,841)		(339,849)	
		<u>(349,358)</u>		<u>228,038</u>	
Change in cash and cash equivalents in the reporting period		23,218		279,425	
Cash and cash equivalents at 1 September 2016		625,679		346,254	
Cash and cash equivalents at 31 August 2017		<u><u>648,897</u></u>		<u><u>625,679</u></u>	

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Chipstead Valley Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The accounts of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Chipstead Valley Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing 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 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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 Academy Trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

Governance costs

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

1.6 Tangible fixed assets and depreciation

Assets costing £2,000 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. Where there are specific conditions attached to the funding that require the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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	5-10%
Computer equipment	33%
Fixtures, fittings & equipment	20%

No depreciation is provided in respect of freehold land.

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.

1.7 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.8 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.

1.9 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.10 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.

1.11 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 quadrennial valuations using a prospective unit credit method. As stated in note 16, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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 credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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

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

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Donated fixed assets	-	5,609,335	5,609,335	235,000
Capital grants	-	163,072	163,072	567,297
Other donations	-	-	-	1,585
	-	5,772,407	5,772,407	803,882

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	3,597,804	3,597,804	2,497,120
Start up grants	-	-	-	150,000
Other DfE / ESFA grants	-	373,105	373,105	275,648
	-	3,970,909	3,970,909	2,922,768
Other government grants				
Local authority grants	-	390,032	390,032	66,986
Other grants	-	71,493	71,493	186,753
	-	461,525	461,525	253,739
Other funds				
Other incoming resources	16,438	-	16,438	32,880
Total funding	16,438	4,432,434	4,448,872	3,209,387

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	42,839	-	42,839	37,681
Catering income	71,456	-	71,456	51,669
Other income	298,477	43,536	342,013	296,984
	<u>412,772</u>	<u>43,536</u>	<u>456,308</u>	<u>386,334</u>

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Other investment income	411	-	411	590
	<u>411</u>	<u>-</u>	<u>411</u>	<u>590</u>

6 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Academy's educational operations					
- Direct costs	2,863,431	-	148,283	3,011,714	2,264,431
- Allocated support costs	1,189,730	754,712	664,298	2,608,740	1,644,725
	<u>4,053,161</u>	<u>754,712</u>	<u>812,581</u>	<u>5,620,454</u>	<u>3,909,156</u>
Other expenditure					
Costs of activities for generating funds	-	-	7,084	7,084	3,481
Governance costs	3,974	-	78,991	82,965	146,341
	<u>3,974</u>	<u>-</u>	<u>86,075</u>	<u>90,049</u>	<u>149,822</u>
Total expenditure	<u>4,057,135</u>	<u>754,712</u>	<u>898,656</u>	<u>5,710,503</u>	<u>4,058,978</u>

Incoming/(outgoing resources) for the year include:

	2017 £	2016 £
Fees payable to auditor		
- Audit	(14,000)	(10,000)
	<u>(14,000)</u>	<u>(10,000)</u>

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Resources expended

(Continued)

Central services

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

- human resources;
- financial services;
- legal services;
- educational support services;
- others as arising.

The amounts charged during the year were as follows:

	Total £
Chipstead Valley Primary School	141,390
New Valley Primary School	49,000
Beecholme Primary School	50,000
	<u>240,390</u>

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs - educational operations	86,625	2,925,089	3,011,714	2,264,431
Support costs - educational operations	209,554	2,482,151	2,691,705	1,791,066
	<u>296,179</u>	<u>5,407,240</u>	<u>5,703,419</u>	<u>4,055,497</u>
			2017 £	2016 £
Analysis of support costs				
Support staff costs			1,189,730	610,756
Depreciation and amortisation			641,436	469,490
Technology costs			39,147	60,504
Premises costs			288,202	237,463
Other support costs			450,225	266,512
Governance costs			82,965	146,341
			<u>2,691,705</u>	<u>1,791,066</u>

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

	2017 £	2016 £
Wages and salaries	2,756,133	2,106,519
Social security costs	292,341	127,312
Operating costs of defined benefit pension schemes	810,335	399,735
Staff costs	3,858,809	2,633,566
Supply staff costs	41,426	36,737
Staff development and other staff costs	22,707	41,607
Total staff expenditure	3,922,942	2,711,910

Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2017 Number	2016 Number
Teachers	37	29
Administration and support	110	86
Management	7	6
	154	121

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2017 Number	2016 Number
60,001 - 70,000	2	2
120,001 - 130,000	1	1

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1.

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £566,061 (2016: £465,762).

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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 and trustee):

Remuneration £120,000 - £130,000 (2016: £120,000 - £130,000)

Employer's pension contributions paid £20,000 - £25,000 (2016: £15,000-£20,000)

10 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, for the year ended 31 August 2017 the trust was insured by the EFA's Risk Protection Arrangement.

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2016	12,864,003	72,422	53,262	12,989,687
Transfer on conversion	3,709,419	-	-	3,709,419
Additions	6,017,130	64,035	41,012	6,122,177
Revaluation	5,554,448	-	-	5,554,448
At 31 August 2017	28,145,000	136,457	94,274	28,375,731
Depreciation				
At 1 September 2016	971,061	43,630	27,866	1,042,557
Charge for the year	595,885	32,678	12,873	641,436
At 31 August 2017	1,566,946	76,308	40,739	1,683,993
Net book value				
At 31 August 2017	26,578,054	60,149	53,535	26,691,738
At 31 August 2016	11,892,942	28,792	25,396	11,947,130

CHIPSTEAD VALLEY ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

12 Debtors	2017	2016
	£	£
VAT recoverable	46,537	68,436
Other debtors	49,563	71,544
Prepayments and accrued income	209,083	126,635
	<u>305,183</u>	<u>266,615</u>

Prepayments and accrued income include £43,283 (2016: £41,966) relating to grants due from the ESFA for pupil premium which was not received at the year end.

13 Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	90,325	108,972
Other taxation and social security	63,970	46,617
Other creditors	150	1,332
Accruals and deferred income	424,425	202,850
	<u>578,870</u>	<u>359,771</u>

14 Deferred income	2017	2016
	£	£
Deferred income is included within:		
Creditors due within one year	<u>322,672</u>	<u>109,763</u>
Deferred income at 1 September 2016	109,763	93,754
Released from previous years	(109,763)	(93,754)
Amounts deferred in the year	<u>322,672</u>	<u>109,763</u>
Deferred income at 31 August 2017	<u>322,672</u>	<u>109,763</u>

Deferred income relates to grant funding for the subsequent academic year received in advance.

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds

	Balance at 1 September 2016	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2017
	£	£	£	£	£
Restricted general funds					
General Annual Grant	228,410	3,673,526	(3,582,417)	(140,693)	178,826
Other DfE / EFA grants	-	373,105	(444,598)	-	(71,493)
Other government grants	-	461,525	(451,789)	-	9,736
Other restricted funds	-	(503)	-	-	(503)
	<u>228,410</u>	<u>4,507,653</u>	<u>(4,478,804)</u>	<u>(140,693)</u>	<u>116,566</u>
Funds excluding pensions	228,410	4,507,653	(4,478,804)	(140,693)	116,566
Pension reserve	(1,662,000)	(451,000)	(287,000)	454,000	(1,946,000)
	<u>(1,433,590)</u>	<u>4,056,653</u>	<u>(4,765,804)</u>	<u>313,307</u>	<u>(1,829,434)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	816,885	5,772,407	(641,436)	5,695,141	11,642,997
Inherited funds	11,402,784	3,709,419	-	-	15,112,203
	<u>12,219,669</u>	<u>9,481,826</u>	<u>(641,436)</u>	<u>5,695,141</u>	<u>26,755,200</u>
Total restricted funds	<u>10,786,079</u>	<u>13,538,479</u>	<u>(5,407,240)</u>	<u>6,008,448</u>	<u>24,925,766</u>
Unrestricted funds					
General funds	<u>31,575</u>	<u>504,118</u>	<u>(303,263)</u>	<u>-</u>	<u>232,430</u>
Total funds	<u>10,817,654</u>	<u>14,005,349</u>	<u>(5,710,503)</u>	<u>6,008,448</u>	<u>25,120,948</u>

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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 Trust including salary costs, overheads, premises costs and curriculum costs. Under the Funding Agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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 (note 16).

Transfer between funds

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

Total funds analysis by academy

	Total £
Fund balances at 31 August 2017 were allocated as follows:	
Chipstead Valley Primary School	196,569
New Valley Primary School	58,968
Beecholme Primary School	52,957
Central services	3,254
Total before fixed assets fund and pension reserve	311,748
Restricted fixed asset fund	26,755,200
Pension reserve	(1,946,000)
Total funds	25,120,948

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Chipstead Valley Primary School	1,067,373	878,717	155,019	446,909	2,548,018
New Valley Primary School	402,189	274,850	37,989	188,146	903,174
Beechholme Primary School	430,152	452,991	44,463	177,320	1,104,926
Central services	122,668	88,955	4,527	47,756	263,906
	<u>2,022,382</u>	<u>1,695,513</u>	<u>241,998</u>	<u>860,131</u>	<u>4,820,024</u>

16 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year 2017 (£nil).

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.

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

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

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.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £253,583 (2016: £1195,328).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The 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 £215,000.

Beecholme Primary School's LGPS pension was in a deficit of £451,000 at conversion on 1 September 2016. All schools within the Chipstead Valley Academy Trust contribute a pooled future service rate of 14.8% and a pooled deficit rate of 3.2% following the 2016 Teachers' Pension Scheme valuation.

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Pensions and similar obligations

(Continued)

The LGPS obligation relates to the employees of the Academy Trust who were employees transferred as part of the conversion from the maintained school (as described in note 23) together with new employees who joined 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.

Total contributions made	2017 £	2016 £
Employer's contributions	267,000	232,000
Employees' contributions	69,000	52,000
Total contributions	<u>336,000</u>	<u>284,000</u>
 Principal actuarial assumptions	 2017 %	 2016 %
Rate of increases in salaries	2.9	3.1
Rate of increase for pensions in payment	2.4	2.1
Discount rate	<u>2.5</u>	<u>2.1</u>

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumption at 31 August 2016:	Approximate % Increase to Employer Liability	Approximate Monetary amount (£000)
0.5% decrease in Real Discount Rate	12%	225
1 year increase in member life expectancy	3%	57
0.5% increase in the Salary Increase Rate	3%	59
0.5% increase in the Pension Increase Rate	9%	161

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 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:

	2017 Years	2016 Years
Retiring today		
- Males	22.3	22.3
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.0	24.4
- Females	26.2	26.7

The Academy Trust's share of the assets in the scheme

	2017 Fair value £	2016 Fair value £
Equities	1,164,030	511,000
Bonds	286,790	153,000
Cash	50,610	-
Property	185,570	66,000
Total market value of assets	1,687,000	730,000

Actual return on scheme assets - gain/(loss)	168,000	(104,000)
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Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost (net of employee contributions)	242,000	278,000
Net interest cost	45,000	41,000

CHIPSTEAD VALLEY ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017**

16 Pensions and similar obligations	(Continued)
Changes in the present value of defined benefit obligations	2017 £
Obligations at 1 September 2016	2,392,000
Obligations acquired on conversion	916,000
Current service cost	509,000
Interest cost	73,000
Employee contributions	69,000
Actuarial gain	(314,000)
Benefits paid	(12,000)
	<hr/>
At 31 August 2017	3,633,000
	<hr/>
Changes in the fair value of the Academy Trust's share of scheme assets	2017 £
Assets at 1 September 2016	730,000
Assets acquired on conversion	465,000
Interest income	28,000
Return on plan assets (excluding amounts included in net interest):	
Actuarial gain	140,000
Employer contributions	267,000
Employee contributions	69,000
Benefits paid	(12,000)
	<hr/>
At 31 August 2017	1,687,000
	<hr/>

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Reconciliation of net income to net cash flows from operating activities

	2017 £	2016 £
Net income for the reporting period	8,294,846	341,215
Adjusted for:		
Net surplus on conversion to academy	(3,327,351)	-
Capital grants from DfE/ESFA and other capital income	(5,772,407)	(802,297)
Investment income receivable	(411)	(590)
Defined benefit pension costs less contributions payable	242,000	46,000
Defined benefit pension net finance cost	45,000	41,000
Depreciation of tangible fixed assets	641,436	469,490
(Increase) in debtors	(38,568)	(77,448)
Increase in creditors	219,099	34,016
Stocks, debtors and creditors transferred on conversion	31,683	-
Net cash provided by operating activities	335,327	51,386

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	26,691,738	26,691,738
Current assets	837,514	116,566	-	954,080
Creditors falling due within one year	(642,332)	-	63,462	(578,870)
Defined benefit pension liability	-	(1,946,000)	-	(1,946,000)
	195,182	(1,829,434)	26,755,200	25,120,948

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	11,947,130	11,947,130
Current assets	31,700	588,054	272,540	892,294
Creditors falling due within one year	(82)	(359,689)	-	(359,771)
Defined benefit pension liability	-	(1,662,000)	-	(1,662,000)
	<u>31,618</u>	<u>(1,433,635)</u>	<u>12,219,670</u>	<u>10,817,653</u>

19 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £	2016 £
Amounts due within one year	4,879	4,478
Amounts due in two and five years	3,649	6,690
	<u>8,528</u>	<u>11,168</u>

20 Related party transactions

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 9.

21 Post balance sheet events

After the year end, on 1 September 2017, the Trust expanded its age range to take in nursery aged pupils.

22 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.

CHIPSTEAD VALLEY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

23 Conversion to an academy

On 1 September 2016 Beecholme 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 Merton Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

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

Academy	Location	Date of conversion
Beecholme Primary School	Mitcham, Surrey	1 September 2016

Net assets transferred:	2017 £
Leasehold land and buildings	3,709,419
Cash	37,249
LGPS pension surplus/(deficit)	(451,000)
Other assets	31,683
	<u>3,327,351</u>

	Unrestricted Funds £	Restricted funds:		Total 2017 £
Funds surplus/(deficit) transferred:		General £	Fixed asset £	
Fixed assets funds	-	-	3,709,419	3,709,419
LGPS pension funds	-	(451,000)	-	(451,000)
Other funds	37,249	31,683	-	68,932
	<u>37,249</u>	<u>(419,317)</u>	<u>3,709,419</u>	<u>3,327,351</u>

