

**Academies South West  
(A Company Limited by Guarantee)  
Annual Report and Financial Statements  
Year Ended 31 August 2016**

**Company Registration Number 7451553**

# Academies South West

## Financial Statements

Year Ended 31 August 2016

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# Academies South West

## Reference and Administrative Details

Year Ended 31 August 2016

Members	D Arnold J Turner J Fothergill S Tucker
Trustees	S Gotch (Chairman, appointed 18.1.16) D Arnold (Resigned 18.1.16) L Evans J Fothergill A Johnson (Resigned 21.9.15) L Matthews R Pope (CEO and Accounting Officer) M Rolls (Resigned 19.7.16) B Taylor S Tucker
Senior Management Team:	
. Trust CEO, and Principal Kingsbridge Academy	R Pope
. Principal Dartmouth Academy	T Graham
. Executive Head, Primary	M Rolls
. Director of Finance and Operations	S White
Principal and Registered Office	Balkwill Road Kingsbridge Devon TQ7 1PL
Company Registration Number	7451553(England and Wales)
Independent Auditor	PKF Francis Clark Sutton Harbour Plymouth, Devon PL4 0RA
Bankers	Lloyds TSB Kingsbridge Devon
Solicitors	Michelmores Woodwater House Pynes Hill Exeter EX2 5WR

# **Academies South West**

## **Trustees' Report**

Year Ended 31 August 2016

The trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2016. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates six academies, comprising a secondary with sixth form (Kingsbridge Community College), an all-through academy comprising primary, secondary and sixth form (Dartmouth Academy, and 4 primary academies (Blackawton Primary School, Stoke Fleming Primary School, East Allington Primary School and Kingswear Primary School) serving a catchment area in the South Hams, Devon. It has a pupil capacity of 2,928 and had a roll of 2,243 in the school census in May 2016.

## **Structure, Governance and Management**

### **Constitution**

The Multi-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 Trust.

The trustees are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year 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**

Every trustee or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

### **Principal Activities**

The Trust's object is specifically restricted to the advancement of education for the public benefit in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

### **Method of Recruitment and Appointment or Election of Trustees**

It is accepted that a well-informed, supportive and challenging Trust Board is an essential prerequisite for a successful Multi Academy Trust. The Directors are appointed by Members and may appoint up to 2 from the Local Governing Bodies (1 Primary, 1 Secondary) on a one-year term, 1 Primary Head and 1 Secondary Head on a one-year term, and 7 other Directors on four year terms. In addition, the Chief Executive Officer may be a Director.

The chairman and vice chairman of the Board are elected annually according to the process outlined in the Board's Terms of Reference.

# **Academies South West**

## **Trustees' Report**

Year Ended 31 August 2016

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All new trustees are assigned an experienced trustee mentor to assist them in taking on new responsibilities. They are booked on to essential training courses (e.g. interpreting RAISEonline). We subscribe to the national training and information organisation "The Key" in order to give trustees access to updates in national policy and access to essential documents and policy changes.

### **Organisational Structure**

The structure consists of three levels: The Members, the Trustees and the Local Governing Bodies.

The Members of the Trust comprise the signatories of the Memorandum, including the Chair of the Board. The Members meet annually to determine the strategic direction of the Trust and review progress against the strategic objectives of the Board.

The Board operates in accordance with documented terms of reference and its role is to effectively scrutinise operations and standards in all schools, with the aim of delegating as much of the day-to-day operation of each Academy to LGBs within the framework of delegation. A minimum of 3 Board meetings are scheduled annually to oversee finance, educational standards, safeguarding and other matters.

Individual local governing bodies (LGBs) take responsibility for all matters delegated by the Board including proposing the budget to the Board for approval and to be informed of higher level scrutiny of management accounts and identification of risks. Individual LGBs focus on safeguarding, achievement and school improvement with how these focus areas are administered and/or delegated to each LGB.

The Chief Executive Officer has the executive responsibility for implementing the Trust Board policies and delivering on the Objects of the Articles of Association. The Trust Business Manager leads Finance, Information Technology, Facilities Management, Catering and Administration. In accordance with the Academy Financial Handbook, the Directors appointed the CEO as the Accounting Officer and the Trust Business Manager as the Principal Finance Officer.

### **Arrangements for setting pay and remuneration of key management personnel**

All senior managers follow an annual appraisal process as set out in the Performance Management Policy. This involves setting targets for the year and then a review process to assess achievement. This then leads to a pay recommendation which is put for scrutiny and approval to a Remuneration Committee, made up of Directors from the Board.

The Trust does not operate a bonus scheme. Performance Management is carried out by that person's line manager; in the case of the Principal, Governors are also involved; in the case of the CEO, this is carried out by the Chair of the Board and other Directors.

### **Connected Organisations, including Related Party Relationships**

Kingsbridge Academy is a designated National Teaching School entitling it to lead the training and professional development for staff. As a National Teaching School, Kingsbridge Academy works with Ivybridge Community College and the University of Exeter to lead an alliance of secondary, primary and special schools in the South West in order to raise standards for all students. Teaching Schools will help to develop new approaches to initial teacher training, promote professional development for staff, nurture future school leaders and help support schools that are in challenging circumstances.

# Academies South West

## Trustees' Report

Year Ended 31 August 2016

During the academic year, the Principal was seconded for half his time as Chair of the National College for Teaching and Leadership. Kingsbridge Academy has received full remuneration from the Department for Education in recompense for this time.

Kingsbridge Academy is also a founding member of Leading Schools South West, which is a not for profit organisation comprising seven schools in the South West and Southern Education Leadership Trust a charitable not for profit company specialising in school leadership. Leading Schools South West has been licensed by the National College of School Leaders to deliver modular leadership programmes. The CEO chairs the Board of Leading Schools South West.

Three registered charities (note 13) organised by parents, staff and other members of the community have as their object raising funds for particular academies within the Trust.

## Objectives and Activities

### Objects and Aims

The principal object and activity of the charitable company is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age.

Under the banner "excellence together", we are a relentlessly aspirational community of schools. By working together, we give all our students an inspirational education that looks out across the world, enabling them to seize opportunities now and in the future. We are outstanding in all we do.

### Our aims and aspirations

We build trust through:

Integrity	- we do what we say we will do
Respect	- for each school's individuality
Deed	- our actions have impact

So that our students enjoy the very best education, we are:

Collaborative	- because we are stronger together
Courageous	- in challenging each other to do better
Resilient	- we do not give up on the quest for excellence

## Objectives, Strategies and Activities

By capitalising on our collective strength and resources, we:

- Raise the academic achievement and personal growth of all our students.
- Improve the quality of teaching and learning by providing better opportunities for staff to create new knowledge and develop skills.
- Provide better support services at improved value for money to increase resources for teaching and learning.
- Recruit and retain higher quality staff by offering opportunities across the group.
- Support and hold each academy to account through stronger governance.
- Build a cohesive identity rooted in the unique identity of each academy.

# **Academies South West**

## **Trustees' Report**

Year Ended 31 August 2016

### **Public Benefit**

The Trustees have ensured through review and monitoring of the activities of each Academy within its Trust that the primary objective of the Academy Trust to provide education for the public benefit has been met.

### **Strategic Report**

#### **Achievements and Performance**

GCSE results at both Kingsbridge Academy and Dartmouth Academy were the best ever achieved in either school. This is particularly pleasing as Dartmouth made a dramatic improvement from the results in summer 2015 following which they were placed in Special Measures. For example, GCSE 5 A\* to C rose from 33% to 51%. This is also very pleasing in that the provision of support by Kingsbridge Academy not only helped to stimulate the rise in results in Dartmouth, but a rise in their own results as well. KS5 results were again outstanding at Kingsbridge, repeating last year's success.

At Primary level, results were more mixed. Progress at KS2 in Dartmouth was much stronger than previously, a very encouraging improvement. Results at Blackawton were very good, as were Kingswear. Stoke Fleming showed good levels of progress, whereas East Allington was below expectation; very small numbers at East Allington meant that individual students each counted for a very large percentage of the final outcome.

#### **Risk Management**

The Trustees use the Risk Register as defined in the Academy Financial Handbook to evaluate strategic and reputational, operational, compliance, and financial risks to which the Academy Trust is exposed and have ensured that the management structure, systems and controls are in place to manage this risks, as well as insurance to cover financial loss and legal exposure.

The Board review risks through the reporting provided by the Senior Management Team and the Audit Committee.

#### **Going Concern**

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

#### **Key Financial Performance Indicators**

The key financial performance indicator for the Trust is the adherence to the financial budget set at the beginning of the year. Excluding any generated funds, all income for the Academy is Government or Local Authority funded and therefore the income of the Academy is largely a given.

An expenditure budget is set at the beginning of the year, taking into consideration the level of Government funding. The Trustees have reviewed detailed capital and revenue expenditure reports compared to expenditure budgets, which confirms that the processes and procedures in place for controlling expenditure are acceptable.

# Academies South West

## Trustees' Report

Year Ended 31 August 2016

### Financial Review

The Trust held fund balances at 31 August 2016 of £28,992,000 comprising £27,782,000 of restricted funds and £1,210,000 of unrestricted funds. A pension reserve deficit on the Local Government Pension Scheme of £6,433,000 is included in the restricted funds balance.

In accordance with the Funding Agreement, the principal source of general funding with which to finance the operations of the Academy Trust, is the Department for Education. £183,000 of general funding was spent on capital items.

The Trust spent £346,000 on fixed assets. £73,000 of this was spent on buildings, which included the completion of works funded by the Condition Improvement programme (£17,000), the development of a Forest School at Blackawton (£29,000, funded by the Big Lottery Fund and Tesco), along with essential refurbishment works at Dartmouth and Kingsbridge academies.

The expenditure on IT included was part of a planned replacement programme, expenditure in the year predominantly at Kingsbridge Academy (£94,000) and Dartmouth Academy (£31,000).

### Principal Risks and Uncertainties

The principal risk facing the Trust is the future level of Government Funding. This risk is managed by careful control over budgeted expenditure which ensures that a deficit does not arise for the year, combined with a prudent reserves policy.

### Reserves Policy

A reserve of £200,000 is held within the unrestricted funds to provide protection against unforeseen financial risk. Of the funds balances held at 31<sup>st</sup> August 2016 the following provisions were in place:

£622,000 is held in a specifically planned replacement fund to ensure that key facilities and equipment can be sustained and replaced. This fund comprises £420,000 IT, £120,000 All Weather Pitch playing surface replacement, £30,000 essential building maintenance, and £52,000 to replacement of vehicles, maintenance and catering equipment.

£353,000 is specifically allocated to support revenue spending plans in 2016-18, split £238,000 in Kingsbridge Academy and £115,000 (a specific transition grant from the EFA to support restructuring) in Dartmouth Academy.

£29,000 of local authority grant funding has been received to provide a redundancy reserve for nursery outreach staff (£14,000) and the implementation of a pupil referral unit (£15,000).

The remaining restricted (excluding the LA & Other Grant carried forward balance of £238,000) and unrestricted funds of £516,000 is held to support the future stability of the trust in the face of falling education funding and challenges with respect to maintaining the roll.

### Plans for Future Periods

The Trust is engaging with discussions with the Templer Academy Schools Trust with a view to merging from January 1<sup>st</sup> 2017. This will create an organisation of sufficient scale to be able to drive exciting programmes of staff development across the Trust, the ability to expand initial teacher training and offer a variety of placements, stronger governance to be able to provide challenge to individual schools, and the ability to share leadership expertise across the schools. The four Primary Schools within ASW are working closely with Dartmouth Primary on staff development and cross school moderation which will lead to an improvement in standards.



# Academies South West

Trustees' Report

Year Ended 31 August 2016

## 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 governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report was approved by order of the Board on 12<sup>th</sup> December 2016 and signed on its behalf by:



.....  
**Simon Gotch**  
**Chair**

# Academies South West

## Governance Statement

Year Ended 31 August 2016

### Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Academies South West 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 trustees have delegated the day-to-day responsibility to the CEO, 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 Academies South West and Secretary of State for Education. He is also responsible for reporting to the trustees any material weaknesses or breakdown 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 full Trust Board has formally met 6 times during the year. Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
D Arnold (Chairman)	3	3
L Evans	6	6
J Fothergill	5	6
L Matthews	6	6
R Pope	6	6
M Rolls	6	6
B Taylor	6	6
S Tucker	6	6
S Gotch	5	6

### Review of Value for Money

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

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. The accounting officer for the academy trust has delivered improved value for money during the year by:

### Improving Educational Results

- GCSE results at Kingsbridge Academy were the best ever achieved, 79% of students gaining at least 5 GCSEs graded A\* to C, including English & Maths. 85% achieved at least 3 levels of progress in all subjects, and 59% achieved 4 levels of progress. KS5 results were again outstanding at Kingsbridge, repeating last year's success.

# Academies South West

## Governance Statement

### Year Ended 31 August 2016

- Dartmouth Academy also achieved the best ever GCSE results. The percentage of students gaining at least 5 GCSEs graded A\* to rose significantly from 33% to 51%. This is particularly pleasing as Dartmouth made a dramatic improvement from the results in summer 2015 following which they were placed in Special Measures.
- This is very pleasing in that the collaboration across the Trust not only helped to stimulate the rise in results in Dartmouth, but a rise in their own results as well.
- The Trust is still engaged in a programme of intensive staff development implementing its teaching for learning strategy which it believes will continue to drive improvement. This has been reorganised at Kingsbridge Community College so that it follows a more personalised approach; following an analysis of gaps in staff expertise, training sessions are organised in order to fill areas of need on a triad model. The four primary schools have collectively organised their meeting schedule in order to facilitate joint planning and development in order to raise the skill level of all staff to that of the best. Dartmouth Academy is in most need. Staff have been paired up with appropriate staff in Kingsbridge Community College, and senior staff are attending Dartmouth in order to run particular training sessions.

### Management of Financial Resources to support teaching & learning

- The exam results at Dartmouth and Kingsbridge clearly show excellent value for money. This has been achieved despite the national financial austerity by rigorously reducing costs (e.g. by driving savings through procurement) rationalising back office functions, and ensuring lean curriculum structures and lean leadership teams.
- A further programme of staff restructuring has been completed at Dartmouth Academy, securing additional savings in leadership and management, refining the inherited structure when the sponsorship of Dartmouth transferred to Academies South West in September 2014
- The Trust has been able to use its wider programmes and initiatives to generate income, through the development of educational consultancy as well as the continued development of community use of the Trust facilities.
- The Primary Schools have been driving costs lower through restructuring of staff and organisation in response to changing pupil rolls.
- Innovative marketing campaigns have also been used to maximise student roll in the schools against a context of an increasingly competitive "market" with respect to total available pool of students.
- The Trust is supported by centralised service team comprising finance, IT, facilities management, catering, administration, procurement and marketing, creating economy of scale resulting from the sharing of resources, coupled with providing all academies in the trust with higher levels of expertise, benefiting financial management and the support of teaching and learning.

# **Academies South West**

## Governance Statement

Year Ended 31 August 2016

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Academies South West for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The trustees have 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 is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees through the work of the audit committee.

### **The Risk and Control Framework**

The 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 trustees;
- regular reviews by the Director assigned to Finance, and the wider Board 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 work of the internal audit team.

# Academies South West

## Governance Statement

Year Ended 31 August 2016

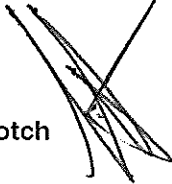
### Review of Effectiveness

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

- regular update meetings with the Director of Finance & Operations, setting of budgets, and detailed review of management information;
- the requirement of the Director of Finance & Operations to provide detailed financial reports to the Board
- review of the reports of the audit committee which have not given rise to any internal control weaknesses.

Approved by order of the Board on 12<sup>th</sup> December 2016 and signed on its behalf by:

**Simon Gotch**  
Chair



**Roger Pope**  
Accounting Officer



## **Academies South West**

### Statement on Regularity, Propriety and Compliance

Year Ended 31 August 2016

As accounting officer of Academies South West I have considered my responsibility to notify the trust Board and the Education Funding Agency of material irregularity, impropriety and noncompliance with EFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



**Roger Pope**  
**Accounting Officer**

# Academies South West

## Statement of Trustees' Responsibilities

Year Ended 31 August 2016

The trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

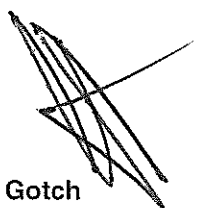
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015-16;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order the Board on 12<sup>th</sup> December 2016 and signed on its behalf by:



**Simon Gotch**  
Chair

## **Academies South West**

### **Independent Auditor's Report on the Financial Statements to the Members of Academies South West**

Year Ended 31 August 2016

We have audited the financial statements of Academies South West for the year ended 31 August 2016 which comprises the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and reflects the requirements of SORP 2015 and FRS102. The financial statements have been prepared under the Academies Accounts Direction 2015 to 2016 issued by the EFA.

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

#### **Respective Responsibilities of Trustees and Auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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, and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency;
- have been prepared in accordance with the requirements of the Companies Act 2006.



## Academies South West

Independent Auditor's Report on the Financial Statements to the Members of  
Academies South West

Year Ended 31 August 2016

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

In our opinion the information given by the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

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

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

D Leslie

D Leslie (Senior Statutory Auditor)  
For and on behalf of  
PKF Francis Clark, Statutory Auditor  
North Quay House  
Plymouth  
PL4 0RA

13 Dec '16

## **Academies South West**

### **Independent Reporting Accountant's Assurance Report on Regularity to Academies South West and the Education Funding Agency**

**Year Ended 31 August 2016**

In accordance with the terms of our engagement letter dated 10<sup>th</sup> November 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Academies South West during the year to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Academy Trusts funding agreement with the Secretary of State for Education 20<sup>th</sup> December 2010 and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 year to 31 August 2016 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 Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- inspection and review of documentation providing evidence of governance procedures
- evaluation of the system of internal controls for authorisation and approval
- performing substantive tests on relevant transactions

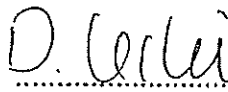
## Academies South West

Independent Reporting Accountant's Assurance Report on Regularity to Academies  
South West and the Education Funding Agency

Year Ended 31 August 2016

### 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 year from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....

Date : 13 Dec '16 .....

D Leslie

For and on behalf of PKF Francis Clark, Chartered Accountants  
North Quay House, Sutton Harbour, PLYMOUTH, Devon, PL4 0RA

## Academies South West

Statement of Financial Activities for the year ended 31 August 2016

(Including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
<b>Income &amp; endowments from:</b>						
Donations and capital grants	2	52	-	107	159	585
Transfer from local authority on Conversion		-	-	-	-	(287)
Transfer from Local authority of Leasehold		-	-	-	-	10,062
Transfer from academy trust		-	-	-	-	(742)
Charitable Activities						
Funding for the Academy's educational operations	5	756	12,921	-	13,677	14,045
Other Trading Activities	3	267	150	-	417	342
Investments	4	7	-	-	7	8
<b>Total</b>		<b>1,082</b>	<b>13,071</b>	<b>107</b>	<b>14,260</b>	<b>24,013</b>
<b>Expenditure on:</b>						
Raising funds	6	21	-	-	21	33
Charitable activities:						
Academy's educational operations	7	675	13,184	1,358	15,217	15,677
<b>Total</b>	6	<b>696</b>	<b>13,184</b>	<b>1,358</b>	<b>15,238</b>	<b>15,710</b>
<b>Net (expenditure)/income before transfers</b>		<b>386</b>	<b>(113)</b>	<b>(1,251)</b>	<b>(978)</b>	<b>8,303</b>
Gross transfers between funds	19	(46)	(255)	301	-	-
<b>Net (expenditure)/income for the year</b>		<b>340</b>	<b>(368)</b>	<b>(950)</b>	<b>(978)</b>	<b>8,303</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses) /gains on defined benefit pension schemes	19,28	-	(2,401)	-	(2,401)	3
<b>Net movement in funds</b>		<b>340</b>	<b>(2,769)</b>	<b>(950)</b>	<b>(3,379)</b>	<b>8,306</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2015		870	(2,908)	34,409	32,371	24,065
<b>Funds carried forward at 31 August 2016</b>		<b>1,210</b>	<b>(5,677)</b>	<b>33,459</b>	<b>28,992</b>	<b>32,371</b>

## Academies South West

Statement of Financial Activities for the year ended 31 August 2015

(Including Income and Expenditure Account)

The statement on this page provides the detailed comparatives for the year ended 31 August 2015.

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
<b>Income &amp; endowments from:</b>					
Donations and capital grants		142	25	35	585
Transfer from local authority on Conversion		148	(435)	-	(287)
Transfer from Local authority of Leasehold		-	-	10,062	10,062
Transfer from academy trust		55	(1,137)	340	(742)
<b>Charitable Activities</b>					
Funding for the Academy's educational operations		727	13,318	383	14,045
Other Trading Activities		216	126	-	342
Investments		8	-	-	8
<b>Total</b>		<b>1,296</b>	<b>11,897</b>	<b>10,820</b>	<b>24,013</b>
<b>Expenditure on:</b>					
Raising funds		33	-	-	33
<b>Charitable activities:</b>					
Academy's educational operations		704	13,279	1,694	15,677
<b>Total</b>		<b>737</b>	<b>13,279</b>	<b>1,694</b>	<b>15,710</b>
<b>Net income before transfers</b>		<b>559</b>	<b>(1,382)</b>	<b>9,126</b>	<b>8,303</b>
Gross transfers between funds		(205)	(172)	377	-
<b>Net income for the year</b>		<b>354</b>	<b>(1,554)</b>	<b>9,503</b>	<b>8,303</b>
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes		-	3	-	3
<b>Net movement in funds</b>		<b>354</b>	<b>(1,551)</b>	<b>9,503</b>	<b>8,306</b>
<b>Reconciliation of funds</b>					
Funds brought forward at 1 September 2014		516	(1,357)	24,906	24,065
<b>Funds carried forward at 31 August 2015</b>		<b>870</b>	<b>(2,908)</b>	<b>34,409</b>	<b>32,371</b>

# Academies South West

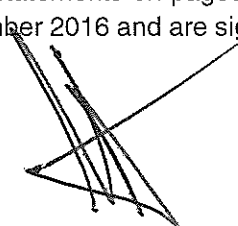
Balance Sheet as at 31 August 2016

Registration number 7451553

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Intangible assets	13		27		-
Tangible assets	14		33,432		34,409
<b>Current assets</b>					
Stock	15	84		71	
Debtors	16	560		591	
Cash at bank and in hand		<u>2,343</u>		<u>2,409</u>	
		2,987		3,071	
<b>Creditors: Amounts falling due within one year</b>	17	<u>(942)</u>		<u>(1,322)</u>	
<b>Net current assets</b>			2,045		1,749
<b>Totals assets less current liabilities</b>			<u>35,504</u>		<u>36,158</u>
<b>Creditors: Amounts falling due after more than one year</b>	18		(79)		(75)
<b>Net assets excluding pension liability</b>			<u>35,425</u>		<u>36,083</u>
Pension scheme liability			<u>(6,433)</u>		<u>(3,712)</u>
<b>Total net assets</b>			<u><u>28,992</u></u>		<u><u>32,371</u></u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset funds	19		33,459		34,409
General funds	19		756		804
Pension Reserve	19		<u>(6,433)</u>		<u>(3,712)</u>
<b>Total restricted funds</b>			<u>27,782</u>		<u>31,501</u>
<b>Unrestricted Funds</b>	19		<u>1,210</u>		<u>870</u>
			<u>1,210</u>		<u>870</u>
<b>Total funds</b>			<u><u>28,992</u></u>		<u><u>32,371</u></u>

The financial statements on pages 18 to 43 were approved by the Trustees, and authorised for issue on 12<sup>th</sup> December 2016 and are signed on their behalf by:

Simon Gotch  
Chair



## Academies South West

### Statement of Cash Flows for the year ended 31 August 2016

	Notes	<b>2016</b> £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	22	<b>230</b>	1,767
Cash flows from investing activities	24	<b>(296)</b>	(369)
Cash flows from financing activities	23	-	-
<b>Change in cash and cash equivalents in the reporting period</b>	25	<b>(66)</b>	1,398
Cash and cash equivalents as 1 September 2015		<b>2,409</b>	1,011
<b>Cash and cash equivalents as 31 August 2016</b>		<b>2,343</b>	2,409

# Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

## 1. Statement of Accounting Policies

### Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS102, 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 (FRS102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

Academies South West meets the definition of a public benefit entity under FRS102. These financial statements are the first financial statements of Academies South West prepared in accordance with FRS102.

### Going Concern

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

### 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.

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

- **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 the receipt is probable and the amount can be reliably measured.

- **Donations**

Donations are recognised on a receivable basis where 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 goods have been provided or on completion of the service.

### 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



## Academies South West

### Notes to the Financial Statements for the year ended 31 August 2016

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 allocated on the portion of the asset's use.

- **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.

All resources expended are inclusive of irrecoverable VAT.

#### Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost, and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life. The only intangible assets owned by the Trust are computer software for which the expected useful life coincides with the terms of the license.

#### Tangible Fixed Assets

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

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

Computer equipment	20%
Plant and equipment	33%
Fixtures and fittings	25%
Motor Vehicles	33%

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

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

# Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

## 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.

## Stock

Stocks of catering provisions, cleaning consumables, and stationary are valued at cost.

## 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.

## 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 28, 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 and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. 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 on other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

## Fund Accounting

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

## **Academies South West**

### Notes to the Financial Statements for the year ended 31 August 2016

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and other 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 Funding Agency.

#### **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28 will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### **Agency Arrangements**

The academy trust acts as agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 30.

# Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

## 2 Donations and capital grants

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Capital funds	-	-	45	45	10,760
Devolved Formula Capital allocations	-	-	62	62	60
Other donations	52	-	-	52	42
Other funds	-	-	-	-	125
Transfer from local authority on conversion	-	-	-	-	(287)
Transfer from academy trust	-	-	-	-	(1,082)
	<u>52</u>	<u>-</u>	<u>107</u>	<u>159</u>	<u>9,618</u>
<b>2015 Total</b>	<u>345</u>	<u>(1,547)</u>	<u>10,820</u>	<u>9,618</u>	

## 3 Other Trading Activities

	Unrestricted Funds £000	Restricted General Funds £000	Total 2016 £000	Total 2015 £000
Educational lecturing/consultancy	164	-	164	119
Community & Letting income	48	-	48	46
Miscellaneous income	55	-	55	51
Student Transport Income	-	36	36	29
Preschool Income	-	71	71	43
Student contributions	-	43	43	54
	<u>267</u>	<u>150</u>	<u>417</u>	<u>342</u>
<b>2015 Total</b>	<u>216</u>	<u>126</u>	<u>342</u>	

## 4 Investment Income

	Unrestricted Funds £000	Restricted General Funds £000	Total 2016 £000	Total 2015 £000
Interest on short term deposits	7	-	7	8
	<u>7</u>	<u>-</u>	<u>7</u>	<u>8</u>

# Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

## 5 Funding for Academy's educational operations

	Unrestricted Funds	Restricted General Funds	Total 2016	Total 2015
	£000	£000	£000	£000
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG)	-	11,226	11,226	11,599
Start Up Grants	-	142	142	104
Other DfE / EFA grants	-	541	541	484
	<u>-</u>	<u>11,909</u>	<u>11,909</u>	<u>12,187</u>
<b>Other Government grants</b>				
SEN from LA	-	139	139	197
Other Funds from LA	-	380	380	369
Other Income	-	171	171	219
	<u>-</u>	<u>690</u>	<u>690</u>	<u>785</u>
<b>Other Income</b>				
Catering Income	756	-	756	727
Other Income	-	322	322	346
	<u>756</u>	<u>322</u>	<u>1,078</u>	<u>1,073</u>
	<u>756</u>	<u>12,921</u>	<u>13,677</u>	<u>14,045</u>
<b>2015 Total</b>	<u>727</u>	<u>13,318</u>	<u>14,045</u>	

## 6 Expenditure

	Staff Costs	Non Pay Expenditure		Total 2016	Total 2015
	£000	Premises £000	Other Costs £000	£000	£000
Expenditure on raising funds			21	21	33
Academy's educational operations					
Direct costs	8,722	-	1,325	10,047	9,731
Allocated support costs	1,773	2,013	1,303	5,089	5,494
Redundancy costs	81	-	-	81	452
	<u>10,576</u>	<u>2,013</u>	<u>2,649</u>	<u>15,238</u>	<u>15,710</u>
<b>2015 totals</b>	<u>10,715</u>	<u>2,000</u>	<u>2,995</u>	<u>15,710</u>	

# Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

Net Income/(expenditure) for the year includes:

	2016	2015
	£000	£000
Fees payable to auditor - audit	10	10
Fees payable to auditor - other services	3	2
Depreciation	1,315	1,694
(Gain)/Loss on disposal of fixed assets	1	-
Amortisation of intangible fixed assets	45	-
Operating Leases – plant and machinery	50	48
	<u>1,424</u>	<u>1,754</u>

## 7 Charitable Activities

	Restricted General Funds £000	Total 2016 £000	Total 2015 £000
Direct Costs – educational operations	10,105	10,105	9,981
Support Costs – educational operations	5,112	5,112	5,696
	<u>15,217</u>	<u>15,217</u>	<u>15,677</u>

## Analysis of support costs

	Educational Operations £000	Total 2016 £000	Total 2015 £000
Support Staff Costs	1,796	1,796	2,024
Depreciation	1,315	1,315	1,694
Technology Costs	114	114	228
Premises Costs	698	698	679
Other Support Costs	1,162	1,162	1,015
Governance Costs	27	27	56
<b>Total Support Costs</b>	<u>5,112</u>	<u>5,112</u>	<u>5,696</u>

## Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

### 8 Staff costs

Staff costs during the period were:	<b>2016</b>	2015
	<b>£000</b>	£000
Wages and salaries	8,176	8,154
Social security costs	623	563
Pension costs	1,412	1,312
	<u>10,211</u>	<u>10,029</u>
Supply teacher costs	284	163
Redundancy costs	81	452
	<u>10,576</u>	<u>10,644</u>

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

	<b>2016</b>	2015
	<b>No.</b>	No.
Teachers	161	171
Education support	141	130
Administration and support	115	109
Management	14	15
	<u>276</u>	<u>271</u>

### Higher Paid Staff

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

	<b>2016</b>	2015
	<b>No.</b>	No.
£60,001 - £70,000	5	3
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,000 - £110,000	-	1
£110,000 - £120,000	-	-
£120,000 - £130,000	-	-
£130,000 - £140,000	-	-
£140,000 - £150,000	-	1
£150,000 - £160,000	1	-

Of the above employees, 5 participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these employees amounted to £69,724

# Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

## Key management personnel

The key management personnel of the academy trust comprise the trustees, the senior management team listed on page 1, and the leadership teams of each academy in the Trust. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,091,751 (2015 £992,860).

## 9 Central Services

The academy trust has provided the following central services to its academies during the year:

- human resources
- financial, accounting and procurement services
- legal services
- management of the catering operation
- facilities management
- IT services
- communications and marketing
- educational support services

The staff and related costs with respect to the provision of these services is allocated to the individual academies in the trust according to affordability, shared based on core pupil funding as a proportion of the total core pupil funding for the trust.

The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
Kingsbridge Academy	391	379
Dartmouth Academy	183	182
Blackawton Primary School	26	30
Stoke Fleming Primary School	30	24
East Allington Primary School	15	13
Kingswear Primary School	13	11
	<u>658</u>	<u>639</u>

## 10 Related Parties Transactions - Trustees' remuneration and expenses

Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO, Principal and Trust staff and not in respect of their services as trustees. Local governors did not receive any payments from the Trust in respect of their role as governors. The value of the trustees' remuneration and other benefits was as follows:

R Pope (CEO and principal):

Remuneration £150,000-£160,000 (2015: £140,000-£150,000)

Employers pension contributions £25,000-£30,000 (2015: 20,000-£25,000)

For eleven months of 2015-16 the CEO was seconded to the role of Chairman, National College for Teaching & Leadership for which the Department of Education paid the Trust £87,000.



# Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

M Rolls (principal):

Remuneration £65,000-£70,000 (2015: £65,000-£70,000)  
Employers pension contributions £10,000-£15,000 (2014: £5000-£10,000)

## 11 Governors' and Officers' Insurance

The Trust has registered Dartmouth Academy and the four primary academies with the Risk Protection Arrangement programme administered by the Department of Education; the cost is not separately identifiable under the Risk Protection Arrangement. The cost of this insurance is included in the total insurance cost.

## 12 Connected Charities

Parents and friends of some of the academies in the trust have registered charitable operations with the purpose of raising funds for the academy trust.

Name of registered charity	Friends of Stoke Fleming £000	Friends of Blackawton Primary School £000	Kingsbridge Community College PTFA £000
<b>Cash</b>	<u>4</u>	<u>6</u>	<u>27</u>
Income for the year to 31.8.16	5	3	18
Expenditure for the year to 31.8.16	<u>5</u>	<u>3</u>	<u>2</u>
<b>Annual surplus</b>	<u>0</u>	<u>0</u>	<u>16</u>

## 13 Intangible Fixed Assets

	Computer Software £000	Total £000
<b>Cost</b>		
At 1 September 2015	-	-
Additions	<u>72</u>	<u>72</u>
At 31 August 2016	<u>72</u>	<u>72</u>
<b>Depreciation</b>		
At 1 September 2015	-	-
Charged in year	<u>45</u>	<u>45</u>
At 31 August 2016	<u>45</u>	<u>45</u>
<b>Net book values</b>		
At 31 August 2016	<u>27</u>	<u>27</u>
At 31 August 2015	<u>-</u>	<u>-</u>

## Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

### 14 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Computer Equipment £000	Plant & Equipment £000	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
<b>Cost</b>						
At 1 September 2015	38,270	1,268	461	208	29	40,236
Additions	73	137	72	56	8	346
Disposals	-	-	-	-	(10)	(10)
At 31 August 2016	<u>38,343</u>	<u>1,405</u>	<u>533</u>	<u>264</u>	<u>27</u>	<u>40,572</u>
<b>Depreciation</b>						
At 1 September 2015	4,758	589	371	95	14	5,827
Charged in year	907	267	78	57	6	1,315
Disposals	-	-	-	-	(2)	(2)
At 31 August 2016	<u>5,665</u>	<u>856</u>	<u>449</u>	<u>152</u>	<u>18</u>	<u>7,140</u>
<b>Net book values</b>						
At 31 August 2016	<u>32,678</u>	<u>549</u>	<u>84</u>	<u>112</u>	<u>9</u>	<u>33,432</u>
At 31 August 2015	<u>32,512</u>	<u>679</u>	<u>90</u>	<u>113</u>	<u>15</u>	<u>34,409</u>

### 15 Stock

	2016 £000	2015 £000
Stationery Supplies	45	42
Cleaning Supplies	6	6
Catering Supplies	29	20
Other	4	3
Total Stock	<u>84</u>	<u>71</u>

### 16 Debtors

	2016 £000	2015 £000
Trade debtors	89	55
Prepayments	233	245
Other debtors	39	86
Grant and other income	92	114
VAT recoverable	107	91
	<u>560</u>	<u>591</u>

## Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

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

	2016	2015
	£000	£000
Trade creditors	315	245
Other taxation and social security	186	189
Other creditors	192	210
Accruals and deferred income	249	678
Capital expenditure	-	-
	<u>942</u>	<u>1,322</u>

### Deferred income

	2016	2015
	£000	£000
Brought forward	161	221
Resources deferred in the year	138	161
Amounts released from previous years	(161)	(221)
Deferred Income at 31 August 2016	<u>138</u>	<u>161</u>

Deferred Income includes rates reimbursements from EFA (£46,000), devolved formula capital (£36,000), Universal Infant Free School Meal funding (£40,000).

### 18 Creditors: amounts falling due after more than one year

	2016	2015
	£000	£000
EFA Improvement Loan	<u>79</u>	<u>75</u>

# Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

## 19 Funds

	Balance at 1 September 2015	Income	Expenditure	Gains, Losses and Transfers	Balance at 31 August 2016
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	350	11,227	(11,196)	(244)	137
Start Up Grants	-	141	(26)	-	115
Other DfE/EFA grants	241	541	(534)	(11)	237
LEA and other grants	213	690	(636)	-	267
Other General Funds	-	472	(472)	-	-
	<b>804</b>	<b>13,071</b>	<b>(12,864)</b>	<b>(255)</b>	<b>756</b>
<b>Pension Fund Reserve</b>	<b>(3,712)</b>	<b>-</b>	<b>(320)</b>	<b>(2,401)</b>	<b>(6,433)</b>
<b>Restricted fixed asset funds</b>					
Fixed Asset Fund	34,409	28	(1,313)	308	33,432
Intangible Fixed Asset Fund	-	-	(45)	72	27
DfE/EFA capital grants	-	79	-	(79)	-
	<b>34,409</b>	<b>107</b>	<b>(1,358)</b>	<b>301</b>	<b>33,459</b>
<b>Total restricted funds</b>	<b>31,501</b>	<b>13,178</b>	<b>(14,542)</b>	<b>(2,355)</b>	<b>27,782</b>
<b>Unrestricted funds</b>					
Unrestricted funds	870	1,082	(696)	(46)	1,210
<b>Total unrestricted funds</b>	<b>870</b>	<b>1,082</b>	<b>(696)</b>	<b>(46)</b>	<b>1,210</b>
<b>Total funds</b>	<b>32,371</b>	<b>14,260</b>	<b>(15,238)</b>	<b>(2,401)</b>	<b>28,992</b>

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

### Restricted General Funds

The General Annual Grant (GAG) is applied in strict accordance with the terms of the Model Fund Agreement executed on the 20<sup>th</sup> December 2010, and varied to re-state the terms to form a multi academy trust on the 29<sup>th</sup> August 2014, which prescribes that this funding is used to cover the normal running costs of the Academy. Under the Funding Agreement there are no limits on the amount of GAG which can be carried forward.

## **Academies South West**

### Notes to the Financial Statements for the year ended 31 August 2016

Start-up grants received in year of £141,000 relate to transition funding to support the staffing restructuring of Dartmouth Academy. £115,000 of this is carried forward to support restructuring in 2016-17.

Other DfE and EFA Grants includes £413,000 Pupil Premium which is used by the Trust to raise attainment in pupils from low income families which has been spent during the year; also included is Universal Infant Free School Meal funding of £76,000. £53,000 was received and spent in year in respect to a Department of Education funded programme to introduce post doctorate graduates into teaching.

LEA and other grants income includes £139,000 funding to support specific provisions for pupils with special educational needs, £198,000 preschool childcare, and £64,000 to support community nursery outreach support. In addition, £38,000 of grants to support local area based learning from the local learning community is included. The carried forward includes £14,000 received to hold as a redundancy reserve for nursery outreach staff and £15,000 with which to set up a primary pupil referral unit, both grants received in year.

Other General Funds represents contributions from students £43,000, preschool income from parents £71,000, student transport £36,000, and £322,000 relating to school trips, all spent during the year.

The Pension Fund Reserve deficit represents the net shortfall in funds in the Local Government Pension Scheme in relation to employees past and present.

The DfE and EFA capital grants represents funding specifically provided to support capital expenditures on fixed assets. The Fixed Asset Fund represents the current value of all fixed assets owned by the Trust.

#### **Unrestricted Funds**

Unrestricted Funds can be applied at the discretion of the Trustees. Funds were generated during the year from the catering operations £756,000, rental of academy premises and general community use £49,000 to community groups, fees for consultancy to other educational institutions including that related to Teaching School designation £164,000. Donations included a £17,000 bequest, and £19,000 from the old boy's association of Kingsbridge Academy.

#### **Transfers**

The net transfer from the General Annual Grant, Other General Funds and the Unrestricted Funds to the Restricted Fixed Asset fund represents expenditure from these funds on fixed assets, offset by a transfer from the Pension Fund to cover financing and service costs included in the allocated support costs and transfers from unrestricted reserves to cover restricted fund expenditure.

## Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

### Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total £000</b>
Kingsbridge Academy	1,410
Dartmouth Academy	383
Blackawton Primary Academy	123
Stoke Fleming Primary Academy	23
East Allington Primary Academy	(82)
Kingswear Primary Academy	103
Central Services	6
<b>Total before fixed assets and pension reserve</b>	<b><u>1,966</u></b>
Restricted fixed asset fund	33,459
Pension reserve	(6,433)
<b>Total</b>	<b><u>28,992</u></b>

Stoke Fleming Primary Academy and East Allington Primary Academy carry forward deficits. Prior to converting to academy status, the four primary schools were run by the Local Authority under a single budget. The Trust whilst recognising the individual surpluses and deficits of the component primary academies (not including the pension deficit effect) is supporting the necessary provision of primary education in these communities recognising a degree of financial offset. Generally, the Trust is promoting the success of all of the academies to attract more parents and students, including the provision of breakfast and after school care.

### Analysis of academies by cost

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

	<b>Teaching and Educational Support Staff Costs</b>	<b>Other Support Staff Costs</b>	<b>Educational Supplies</b>	<b>Other Costs (excluding depreciation)</b>	<b>Total</b>
	£000	£000	£000	£000	£000
Kingsbridge Academy	4,992	610	191	2,136	7,929
Dartmouth Academy	2,183	298	75	866	3,422
Blackawton Primary Academy	491	51	15	133	690
Stoke Fleming Primary Academy	540	62	11	156	769
East Allington Primary Academy	295	40	7	84	426
Kingswear Primary Academy	223	29	7	67	326
Central Services	57	526	-	(585)	(2)
<b>Academy Trust</b>	<b><u>8,781</u></b>	<b><u>1,616</u></b>	<b><u>306</u></b>	<b><u>2,857</u></b>	<b><u>13,560</u></b>

## Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

### 20 Analysis of net assets between funds

Fund balances at 31 August 2016  
are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	33,432	33,432
Intangible assets	-	-	27	27
Current assets	1,210	1,777	-	2,987
Current liabilities	-	(942)	-	(942)
Noncurrent liabilities	-	(79)	-	(79)
Pension scheme liability	-	(6,433)	-	(6,433)
<b>Total net assets</b>	<b>1,210</b>	<b>(5,677)</b>	<b>33,459</b>	<b>28,992</b>

### 21 Operating Leases

At 31 August 2016 the total of Academy Trust's future minimum lease  
payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts due within one year	43	49
Amounts due between two and five years	33	70
Amounts due after five years	-	-
	<b>76</b>	<b>119</b>

## Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

	2016	2015
	£000	£000
<b>22 Reconciliation of net (expenditure)/income to net cash inflow from operating activities</b>		
Net (expenditure)/income	(978)	8,374
Amortisation	45	-
Depreciation (note 14)	1,315	1,694
Capital grants from DfE and other capital income	(107)	(10,820)
Capital grants from DfE brought forward	-	-
Interest receivable (note 4)	(7)	(8)
Defined benefit pension scheme obligation inherited	-	1,572
Defined benefit pension scheme cost less contributions payable (note 28)	177	276
Defined benefit pension scheme finance costs (Note 28)	143	-
Increase in stocks	(13)	(18)
Decrease in debtors	31	156
(Decrease)/increase in creditors	(376)	541
<b>Net cash inflow from operating activities</b>	<b>230</b>	<b>1,767</b>
<b>23 Cash flows from financing activities</b>		
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
<b>Net cash provided by/(used on) financing activities</b>	<b>-</b>	<b>-</b>
<b>24 Cash flows from investing activities</b>		
Dividends, interest and rents from investments	7	8
Purchase of tangible fixed assets less disposals	(346)	(796)
Purchase of intangible fixed assets	(72)	-
Netbook value of tangible fixed asset disposal	8	-
Capital grants from DfE/YPLA	79	383
Capital funding received from local authority and others	28	35
Capital Funding Received	-	10,402
Assets transferred from local authority	-	(10,061)
Assets transferred from academy trust	-	(340)
<b>Net cash provided by / (used in) investing activities</b>	<b>(296)</b>	<b>(369)</b>
<b>25 Analysis of cash and cash equivalents</b>		
	<b>At 31</b>	<b>At 31</b>
	<b>August</b>	<b>August</b>
	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Cash in hand</b>	<b>2,343</b>	<b>2,409</b>
Notice deposits (less than 3 months)	-	-
<b>Total cash and cash equivalents</b>	<b>2,343</b>	<b>2,409</b>



## **Academies South West**

### Notes to the Financial Statements for the year ended 31 August 2016

#### **26 Contingent Liabilities**

There are no contingent liabilities.

#### **27 Members' Liability**

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

#### **28 Pension and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2013.

Contributions amounting to £150,710 (2015 £142,790) were payable to the schemes at 31 August 2016 and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and lecturers 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.

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

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of the future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with notional investments held at valuation date) of £176,600 million, giving a past service deficit of £14,900 million

## Academies South West

### Notes to the Financial Statements for the year ended 31 August 2016

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The employer's pension costs paid to TPS in the period amounted to £906,000 (2015 £790,000)

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

Under the definitions set out in FRS102, 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 contribution made for the year ended 31 August 2016 was £384,006 (2015 £368,635), of which employer's contributions totalled £275,566 (2015 £265,599) and employees' contributions totalled £108,440 (2015 £103,036). The agreed contribution rates for future years is 14.8% per cent for employers and variable per cent for employees. Due to the scheme being in deficit lump sum amounts of £71,026 (2015 £67,326) were paid into the scheme in the year.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
Rate of increase in salaries	4.1%	4.4%
Rate of increase for pensions in payment / inflation	2.3%	2.6%
Discount rate for scheme liabilities	2.2%	4.0%
Inflation assumption (CPI)	2.3%	2.6%

## Academies South West

### Notes to the Financial Statements for the year ended 31 August 2016

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.9	22.8
Females	26.2	26.1
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	28.6	28.4

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
UK Equities	1,046	876
Overseas Equities	1,462	1,138
Gilts	136	175
Other bonds	422	379
Property	173	106
Infrastructure	606	528
Cash	73	82
Alternative Assets	244	63
Other assets	113	174
<b>Total market value of assets</b>	<b><u>4,275</u></b>	<b><u>3,521</u></b>

The actual return on scheme assets was £269,000. (2014, £144,000)

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

	2016 £000	2015 £000
Current service cost	533	658
Net interest cost	141	137
Benefit changes, losses on curtailments and settlements	-	-
<b>Total operating charge</b>	<b><u>674</u></b>	<b><u>795</u></b>

## Academies South West

Notes to the Financial Statements for the year ended 31 August 2016

Changes in the present value of defined benefit obligations were as follows:

	2016	2015
	£000	£000
<b>At 1 September</b>	<b>7,233</b>	<b>6,532</b>
Current service cost	533	516
Interest cost	287	269
Employee and other employer contributions	111	104
Liabilities assumed/(extinguished) on settlements	-	97
Actuarial (gain)/loss	2,759	(145)
Benefits paid	(215)	(230)
Plan introductions, benefit changes, curtailments and settlements		90
<b>At 31 August</b>	<b>10,708</b>	<b>7,233</b>

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

	2016	2015
	£000	£000
<b>At 1 September</b>	<b>3,521</b>	<b>3,216</b>
Interest Income	146	132
Return on plan assets (excluding net interest on the net defined pension liability)	356	(143)
Actuarial gain/(loss)	-	-
Employer contributions	356	397
Employee and other employer contributions	111	104
Benefits paid	(215)	(230)
Plan introductions, benefit changes, curtailments and settlements		45
<b>At 31 August</b>	<b>4,275</b>	<b>3,521</b>

### 29 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Academies South West prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Academies South West for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005 and therefore the date of transition was 1st September 2014.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and

## Academies South West

### Notes to the Financial Statements for the year ended 31 August 2016

accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

As part of the transition to FRS102, comparative figures would have been restated to reflect the adjustments made, except to the extent that the trustees have taken advantage of the exemptions to retrospective application referred to above. In the case of this Academy Trust no adjustments have been deemed necessary.

For the purposes of completeness and clarity, reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/ (expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

#### Reconciliation of total funds

	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP	24,065	32,371
Total funds reported under FRS 102	24,065	32,371

#### Reconciliation of net income/(expenditure)

	Amount £000
Net income/(expenditure) previously reported under UK GAAP	8,306
Net movement in funds reported under FRS 102	8,306

#### Change in recognition of LGPS interest cost

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £71,000 and increase the credit/debit in other recognised gains and losses in the SOFA by an equivalent amount.

#### 30 Related Party Transactions

There are no related party transactions for the year ending 31 August 2016.

#### 31 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period 31 August 2016 the trust received £43,000 and distributed £34,000 from the fund. An amount of £35,000 relating to undistributed funds repayable to EFA are netted with other grant income receivable from EFA, and included in debtors.