

By Brook Valley Academy Trust

**By Brook Valley Academy Trust
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Period 4 April 2012 to 31 August 2013

**Company Registration Number:
08020467 (England and Wales)**

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By Brook Valley Academy Trust

Reference and administrative details

Trustees

R Dutton

Appointed 04/04/12 (Chair until 12/09/13)

I Workman

Appointed 04/04/12 (Vice Chair until 12/09/13)

I Banister

Appointed as a member 25/01/13
(Trustee and Chair from 12/09/13)

Y Towl

Appointed 16/05/12
(Vice Chair from 12/09/13)

B Ball

Appointed 04/04/12
(Headteacher/ex officio Governor)

N Warn

Appointed 04/04/12

S Evans

Appointed 11/07/12

D Henshall

Appointed 04/04/12

J Philpott

Appointed 04/04/12
Resigned 11/07/12

Members

O Upton

Appointed 04/04/12

L Selman

Appointed 04/04/12
Left 17/07/13

V Oxley

Appointed 11/07/12
Resigned 26/07/13

H Schoeman

Appointed 04/04/12
Resigned 29/04/13

By Brook Valley Academy Trust

**Reference and administrative details
(continued)**

J Crookall

Appointed 04/04/12

Resigned 23/04/12

A Turner

Appointed 04/04/12

Resigned 24/09/12

Secretary

A Salih (until 10/04/13)

A Contardi (from 03/06/13)

Senior Leadership Team

B Ball (Headteacher)

D Henshall

J Jardim

Registered Office

The Street

Yatton Keynell

Chippenham

Wiltshire

SN14 7BA

Company Registration Number

08020467 (England and Wales)

Auditors

Monahans

38-42 Newport Street

Swindon

SN1 3DR

Bankers

Lloyds TSB

29 High Street

Chippenham

SN15 3HA

By Brook Valley Academy Trust

**Reference and administrative details
(continued)**

Solicitors

Blake Lapthorn
Seacourt Tower
West Way
Oxford
OX2 0FB

Surveyors

CMS Bath Ltd
45-49 High Street
Corsham
SN13 0EZ

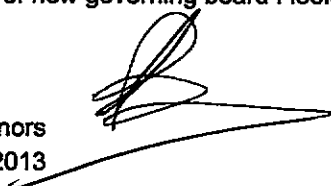
Chairman's Report

For the period ended 31st August 2013

This my first Governors report for By Brook Valley Academy Trust and in fact the first as an Academy trust after our transfer from the local authority in April 2012. The period since conversion has been eventful and positive for the school, some of the key highlights of our first year as an Academy are as follow:-

- Bob Dutton stepped down as Chairman after 10 years on the Governing body. Bob has been instrumental in moving the school forward and has provided strong support for Bev Ball since her appointment. The Trustees and Governors of By Brook Valley School wish to put on record our thanks for his hard work and time commitment over the period.
- The change to Academy status has meant a new governance structure free from LEA control. The Trustees and Governors are ultimately responsible for ensuring By Brook Valley Academy Trust is effectively managed and provides a safe and happy environment for the children to make good progress in the Foundation and Primary stages of the educational life.
- The challenge for both Trustees and Governors has been in understanding what is required of them and what their responsibilities are to all the stakeholders of By Brook Valley School. A number of changes have taken place with both the Trustees and Governors, since conversion and this means we now have a significant number of new Governors who have less than 12 months experience, this has stretched the effectiveness of the Governing board. The Trustees and Governors would like to record their thanks to Bev Ball and her AHT's for the work they have done in helping the new Governors settle into role.
- The School Business Manager Allison Sallih left at Easter 2013, Alison was instrumental in helping the school grow and in managing the conversion to an Academy. A new appointment was made and Angelo Contardi joined the school in June 2013, Angelo is settling into his new role and the Academy trust looks forward to working with Angelo over the next few years
- We were awarded funding by the DFE for a new classroom extension in April 2013; the contract was awarded to Oakland Construction who started on site in August 2013 with a planned completion date of the end of February 2014. The additional classroom will grow the new school numbers to 210 pupils from September 2014 and is an exciting development in the school's history as for the first time each class will have its own dedicated space.
- We are fortunate to have a great band of parents who are involved in FOBBVS and provide fund raising events for the school, in the last school year they raised over £10,000 towards improvements to the school. The trustees and governors wish to thank Tracey Goodall and her team for all the great work and we look forward to working with you this year.
- In some ways it's a been a difficult year, with staff changes, conversion to an Academy and the School Business Manager leaving however in all that time the school has continued to run very effectively led by Bev Ball, her AHT's and the rest of the teaching and non-teaching staff. The Trustees and Governing body would like to thank everyone involved for their hard work, diligence and overall contribution to the school and as the new Chairman of new governing board I look forward to another successful year.

Ian Banister
Chair of Governors
4th November 2013



Principal's Report

For the period ended 31st August 2013

School Organisation

In September 2012 we opened a seventh class to accommodate our growing number on roll. During the school year an additional 10 children joined the school, in years other than reception, taking our total to 183 pupils.

School Leadership

A new assistant Head was appointed to the school in September 2012, with line management responsibility for teaching and learning in FS2 and Key Stage 1. This complements the role of our other Assistant Head who has responsibility across Key Stage 2. The senior leadership team now consists of Head and two Assistant Heads.

Attainment

Attainment continues to be good throughout the school. The school ensures accuracy of all teacher assessments through cluster and /or LA moderation. This includes baseline assessments on entry into the foundation Phase. All staff have professional development to maximise outcomes for children.

July 2013 School Overview of Attainment

End of Foundation Stage Attainment:

77% children achieved a good level of development (or above) in all Prime areas and in Literacy and Maths

Key Stage 1 and 2 Attainment

PERCENTAGE OF PUPILS AT EACH LEVEL (% may not total 100 due to rounding)

READING

Year	NOR	P8	1C	1B	1A	2C	2B	2A	3C	3B	3A	4C	4B	4A	5C	5B	5A
1	30	3	10	13	33	13	13	13									
2	26			4	8	11	15	35	23	4							
3	28					4		14	25	14	43						
4	24						4			4	4	29	33	25			
5	22							5		5	5	14	9	27	32	5	
6	22							5		5		18		14	23	14	18

WRITING

Year	NOR	P6	1C	1B	1A	2C	2B	2A	3C	3B	3A	4C	4B	4A	5C	5B	5A	6
1	30		3	23	23	43	7											
2	26	4			12	8	42	23	12									
3	28						25	21	25	21	4		4					
4	24							4	8	8	42	17	21					
5	22						5		5	9	14	18	27	23				
6	22								5	5	9	9	9	27	18	9	5	5

Principal's Report (continued)

MATHS

Year	NOR	P8	1C	1B	1A	2C	2B	2A	3C	3B	3A	4C	4B	4A	5C	5B	5A	6
1	30		3	13	60	23												
2	26	4		4	4	4	35	35	15									
3	28					4	4	21	39	21	11							
4	24								8	17	33	17	8	17				
5	22							5			18	23	18	5	27	5		
6	22							5		5	5	9	18	9	14	9	9	18

Parent Partnership

During 2012-13 three Parent Forums were held. As a result of feedback and suggestions from parents we have:

- Introduced 'Stay and Play' each term.
- Opened our doors after school each Friday for 'show and tell'
- Re-introduced specialist music provision and maintained sports coaching
- Developed the class pages of our website. Teachers now report weekly on successes of the week, their learning foci for the next week and celebrate individual achievements within their class.

From September 2013 we will also:

- Introduce termly Attainment and Progress reports for parents.

Our priorities for 2013-14 include:

- Extend the building to provide permanent classrooms for all seven of our classes and provide adequate office space to support the admin team in working efficiently and effectively.
- Further challenge KS1 pupils to make even more progress against their starting points especially in Maths
- Further improve the quality of teaching and learning across the school. This will be achieved through the development of a mentoring and support scheme using in school and external expertise to support each individual teacher's to achieve outstanding practice.
- Review our curriculum. This will include integrating the new primary curriculum whilst retaining a creative and rigorous approach to learning in all areas.
- Develop spirituality across the curriculum.
- Improve our provision for children with SEN by appointing a Special Needs co-ordinator without a class teaching responsibility. This will also further develop leadership capacity.

Bev Ball
Headteacher
7th November 2013



Trustees' Report

The trustees present their annual report together with the audited financial statements of the Academy trust (Academy) for the period ended 31st August 2013.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity, incorporated on 4th April 2012 and converted on 1st May 2012. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The trustees of By Brook Valley Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as By Brook Valley Academy Trust.

Details of the trustees who served throughout the period except as noted are included in the Reference and Administrative Details Page.

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

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring while on Academy business. The insurance policy provides cover up to £5,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Trustees

Governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire.

The Chair and Vice Chair are elected by the Governing Body, annually, at the first meeting of the year, from within their own number.

The Governors who were in office at 31st August 2013 and served throughout the period, except where shown are listed in the Reference and Administrative Details section.

During the period under review the governors held xx meetings. The training and induction provided for new Governors is dependent on their existing experience. Where necessary induction training is provided on charity and educational, legal and financial matters.

All new Governors are given a tour of the school and the opportunity to meet staff and pupils. All Governors are provided with copies of policies, procedures, minutes, accounts. Budget, plans, and other documents that they will require to undertake their role as Governors. Induction tends to be informal and is tailored specifically to the individual.

Organisational Structure

The organisational structure of the Academy Trust consists of four levels:

- Trustees (Directors)
- Members (Governors)
- Senior Leadership Team
- School Staff

The aim of this structure is to devolve responsibility and encourage involvement in decision making at all levels.

Trustees' Report (continued)

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the school by the use of budgets and making major decisions about the direction of the school, capital expenditure and senior staff appointments.

The Senior Leadership Team consists of the Headteacher and two Assistant Headteachers. These managers control the school at an executive level, implementing the policies laid down by the Governors, and reporting back to them. The Headteacher is responsible for appointment of staff, though all senior appointments also require the approval of the Governing Body. The Headteacher, assisted by the School Business Manager, is responsible for authorisation of expenditure within agreed budgets.

Risk Management

The Governing Body has assessed the major risks to which the charitable company is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the school, and its Finances. This has led to the implementation of a number of systems, operational procedures and internal financial controls in order to minimise risk.

Where significant financial risk still remains they have ensured that they have adequate insurance cover. They are satisfied that these systems are consistent with the guidelines issued by the Charities Commission. The school has an effective system of internal financial controls and this is explained in more detail in the Statement on the system of internal financial control.

Trustees' Report (continued)

Objectives and Activities

Objects and Aims

The Principle object and activity of the Charitable Company, as outlined in the Trusts' Articles of Association, is the operation of the By Brook Valley CofE Primary School 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 a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Funding Agreement) and in having regard to the advice of the Diocesan Board of Education.

Aims, Activities, Achievements and Performances

The Aims and Activities and Achievements and Performance for 2012/13 are summarised in the Principal's Report above.

Public Benefit

The trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the Academy.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy 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 Accounting Policies note of the financial statements.

Financial Review

Most of the Academy's income is obtained from the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31st August 2013 are shown as restricted funds in the statement of financial activities.

The results for the period include an exceptional item within incoming resources, £2,607,000 being the net "donation" of the school buildings and other assets from the predecessor school, less the inherited deficit on the Local Government Pension Scheme (please see notes to the Financial Statements).

In the period, total income of £1,443,000 was received – excluding the transfer on conversion – and £965,000 expenditure incurred.

Financial Objectives

The Academy's financial objectives are

- To ensure best value in respect of financial decisions, and
- To ensure that all resources are used to promote pupil achievement

Risk Management Objectives and Policies

The Governors understand and have complied with their duty and have identified and reviewed the risks to which the Academy is likely to be exposed. They have ensured that appropriate controls are in place to provide reasonable assurance against fraud and error.

Trustees' Report (continued)

The Major Risks to which the Academy is likely to be exposed have been assessed, in particular those relating to teaching and learning, the provision of facilities, and all other operational aspects of the school and its finances. The Governors continue to monitor internal systems to assess risk faced by the school, both in operational (eg Health and Safety, Teaching and Learning, Behaviour and School Trips) and in relation to the control of Finances.

Principle Risks and Uncertainties

A Risk Register is in place, which is subject to an annual review. In addition, a Business Continuity Plan is being developed. The highest risk items are identified and control procedures agreed by the Governing Body.

The Academy has an effective and robust system of internal controls in place working to the guidance of the Academies Financial Handbook including the following policies:

- Finance Manual (containing all policies relating to control of income and expenditure and procurement)
- Best Value Statement
- Depreciation Policy
- Write off of debt/disposal of equipment Policy

A Management Accounts report is provided to the Full Governing Body each month. The Finance Committee meets at least once per term to discuss the schools financial position in depth and, in turn, the Finance Committee briefs the Full Governing Body at the subsequent Trustees Meeting. The Governing Body has appointed a Responsible Officer, whose role is described in the Risk and Control Framework below.

A system is in place for backing up school data – this is being reviewed at present to ensure it is as robust as possible as part of the review of the Business Continuity Plan. There is also a Fixed Asset Register and separate inventory for non-capital assets. These are reviewed on a regular basis.

Health and Safety inspections are carried out termly and Health & Safety risk assessments are carried out annually and reviewed regularly. Reports are submitted to the Finance and Premises Committee regularly.

The Governing Body strives to ensure that all Academy financial transactions and educational responsibilities are managed within stringent guidelines as set by all relevant authorities (eg DFE, EFA).

Reserves Policy

The governors aim to maintain free reserves to ensure that there is sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. As at 31st August 2013, the Academy had free reserves (total funds less the amount held in fixed assets and restricted funds) is £110,197.

Investment Policy

As a substantial proportion of reserves are currently committed to the completion of the classroom extension, it is not considered appropriate to invest reserves. However, on completion of the project and following a full cash flow forecast, the reserves will be reassessed and, if appropriate, a policy for investment will be put in place by the governing body.

By Brook Valley Academy Trust

Trustees' Report (continued)

Plans for Future Periods

The plans for future periods are outlined in the Principal's report (above). The Academy will continue to maintain the high levels of performance of its pupils at all levels.

Funds held as Custodian Trustee on behalf of others

There are currently no funds held as Custodian Trustee or on the behalf of others.

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.

Approved by order of the board of trustees on 28th November 2013 and signed on its behalf by:



.....
Mr Ian Banister
Chair of Governors

Governance Statement on the System of Internal Financial Control

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that By Brook 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 Headteacher, 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 By Brook 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

Committee structure and attendance information for 2012/13 is summarised below. Specific challenges and how these were addressed are detailed in the Chairman's Report.

Governor	Category	Appointed	Left	Meetings attended	Committee 31/08/2013
Bev Ball	Trustee	01/05/12		6 of 6	Leadership & Management Finance & Premises Teaching & Learning Foundation & Ethos Staffing & HR
Ian Banister*	Trustee	24/01/13		3 of 3	Staffing & HR
Bob Dutton	Trustee	01/05/12		6 of 6	Leadership & Management Finance & Premises
Sarah Evans	Trustee	11/07/12		5 of 5	Foundation & Ethos
Debs Henshall	Trustee	01/05/12		6 of 6	Teaching & Learning
Velma Oxley	Member	11/07/12	26/07/13	3 of 5	Staffing & HR
Jonathan Philpot	Trustee	01/05/12	11/07/12	1 of 2	
Hilda Schoeman	Member	01/05/12	29/04/13	2 of 4	
Lisa Selman	Member	01/05/12		3 of 6	
Yvonne Towl	Trustee	16/05/12		6 of 6	Teaching & Learning
Ann Turner	Member		24/09/12	0 of 2	
Owen Upton	Member	01/05/12		3 of 6	
Nigel Warn	Trustee	01/05/12		6 of 6	Staffing & HR
Ian Workman	Trustee	01/05/12		4 of 6	Leadership & Management Finance & Premises

Governance Statement (continued)

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's 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 By Brook Valley Academy Trust for the period ended 31st August 2013 and up to the date of approval of the annual report and financial statements.

The Risk and Control Framework

The Academy'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 Governing Body
- Regular reviews by the Finance & Premises 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 (including asset purchasing or capital investment) guidelines
- Delegation of authority and segregation of duties and
- Identification and management of risks

In addition, the governors have considered the guidance for public listed companies contained within the Turnbull Report and have adopted these guidelines as best practice. Accordingly they have set policies on internal controls and compiled a risk register which covers the following:

- The type of risks the Academy faces
- The level of risks which they regard as acceptable
- The likelihood of risks materialising
- The Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise
- The costs of operating particular controls relative to the benefits obtained
- Embedded the control system into the Academy's operations so that it becomes part of the culture of the Academy
- Developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- Included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being taken

Governance Statement (continued)

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mr R Dutton, a trustee, as Responsible Officer (RO). The RO's role includes giving advice on financial matters. The Academy also purchases the Responsible Officer service from the local authority. This consists of the provision of an independent audit service to perform a range of checks on the Academy's financial systems. These are compiled in a report which is fed back to the governing body on the operation of the systems of financial control and on the discharge of the governing body's financial responsibilities. The RO sets the agenda and the scope of these checks in liaison with the Local Authority appointed officer.

Review of Effectiveness

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

- The work of the RO and the independent LA appointed officer provided by the RO service
- The work of the School Business Manager who has responsibility for developing and maintaining the internal control framework
- The recommendations following the audit of the school's Financial Management and Governance Self-assessment carried out by the Education Funding Agency in April 2013
- The recommendations and comments made by the auditors of the Academy's financial statements in their management letter and reports

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

This report was approved by order of the board of trustees on 28th November 2013 and signed on its behalf by:


.....
Mr Ian Danister
Chair of Governors


.....
Mrs Bev Ball
Accounting Officer

By Brook Valley Academy Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of the By Brook Valley Academy Trust I have considered my responsibility to notify the Academy trust board of trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

[Signature]

A handwritten signature in black ink, appearing to read 'B.M. Ball', written over a horizontal line.

Mrs Bev Ball
Accounting officer

Statement of Trustees' Responsibilities

The trustees (who act as governors of By Brook Valley Academy Trust and are also 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 applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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.

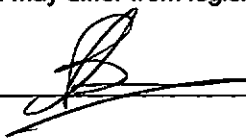
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

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.

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.

[Signature]



Mr Ian Banister
Chair of Governors

Independent Auditor's Report to the Members of By Brook Valley Academy Trust

We have audited the financial statements of By Brook Valley Academy Trust for the period ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 academy trust'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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust'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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2013, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

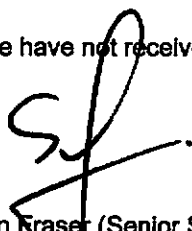
By Brook Valley Academy Trust

Independent Auditor's Report (continued)

Matters on which we are required to report by exception

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

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



Steven Fraser (Senior Statutory Auditor)
Monahans Chartered Accountants
Statutory Auditors
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

Date: 16th December 2013

Independent Reporting Accountant's Assurance Report on Regularity to By Brook Valley Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by By Brook Valley Academy Trust during the period ended 31 August 2013 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 By Brook Valley Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the By Brook Valley Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the By Brook Valley Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of By Brook Valley Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of By Brook Valley Academy Trust's funding agreement with the Secretary of State for Education dated 1 May 2012 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2013. 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 ended 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

In planning and conducting our work we had due regard to professional guidance, including the Academies Accounts Direction 2013 and the ICAEW Assurance Sourcebook. The work undertaken to draw to our conclusion, includes, but is not limited to:

- Enquiry of senior management and the Academy's Governors.
- Inspection and review of the accounting records, meeting minutes, prior year regularity report, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls
- Review of the results of the Academy's process of independent checking of financial controls, systems, transactions and risks

Independent Reporting Accountant's Assurance Report on Regularity (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 May 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Monahans Chartered Accountants
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

Date: 16th December 2013

Statement of Financial Activities for the period ended 31 August 2013
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Period 1 May 2012 - 31 August 2013 £000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	5	-	8	13
Transfer from local authority on conversion	29	66	(21)	2,562	2,607
Activities for generating funds	3	30	-	-	30
Investment income	4	-	-	-	-
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	5	44	881	475	1,400
Total incoming resources		145	860	3,045	4,050
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income		-	-	-	-
Fundraising trading		-	-	-	-
<i>Charitable activities:</i>					
Academy's educational operations	6	31	861	56	948
Governance costs	8	-	17	-	17
Total resources expended	6	31	878	56	965
Net incoming/(outgoing) resources before transfers		114	(18)	2,989	3,085
Gross transfers between funds	16	(4)	(1)	5	-
Net income/(expenditure) for the year		110	(19)	2,994	3,085
Other recognised gains and losses					
Actuarial (losses)/gains on defined benefit pension schemes	16, 26	-	(14)	-	(14)
Net movement in funds		110	(33)	2,994	3,071
Reconciliation of funds					
Funds carried forward at 31 August 2013		110	(33)	2,994	3,071


All of the Academy's activities derive from continuing operations.

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

Balance sheet as at 31 August 2013

	Notes	2013 £000	2013 £000
Fixed assets			
Tangible assets	12		2,606
Current assets			
Stock	13	2	
Debtors	14	343	
Cash at bank and in hand		223	
		<u>568</u>	
Creditors: Amounts falling due within one year	15	(70)	
		<u></u>	
Net current assets			<u>498</u>
Total assets less current liabilities			<u>3,104</u>
Pension scheme liability	26		(33)
Net assets including pension liability			<u>3,071</u>
Funds of the academy:			
Restricted funds			
Fixed asset fund(s)	16		2,994
General fund(s)	16		-
Pension reserve	16		(33)
Total restricted funds			<u>2,961</u>
Unrestricted funds	16		110
Total funds			<u>3,071</u>

The financial statements on pages 23 to 44 were approved by the trustees, and authorised for issue on 28th November 2013 and are signed on their behalf by:



Mr Ian Banister
[Chair of trustees]

Company Limited by Guarantee
 Registration Number 08020467

By Brook Valley Academy Trust

Cash Flow Statement for the period ended 31 August 2013

	Notes	2013 £000
Net cash inflow from operating activities	20	(224)
Returns on investments and servicing of finance	21	-
Capital expenditure	22	383
Cash transferred on conversion to an academy trust	29	64
(Decrease)/Increase in cash in the year	23	<u>223</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 31 August 2013		<u>223</u>

Notes to the Financial Statements for the period ended 31 August 2013

1 Accounting Policies

Basis of Preparation

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

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 Academy to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

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

- **Grants receivable**

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

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

- **Donations**

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

- **Other income**

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

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

1 Accounting Policies (continued)

- **Donated Services and Gifts In Kind**

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

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Conversion to an Academy

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 By Brook Valley Church of England Primary School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value 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 By Brook Valley Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The leasehold land and buildings (being the school building) was transferred to the academy on a 125 year lease from Wiltshire Council. The property has been included at insurance valuation. Other assets on transfer have been valued at cost when purchased shortly prior to the formation of the academy.

Further details of the transaction are set out in note 29.

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy'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:

Long leasehold buildings	50 years
Property improvements	10 years
Fixtures, fittings and equipment	3 years
ICT equipment	3 years

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.

The leasehold land and buildings (being the school building) was transferred to the academy on a 125 year lease from Wiltshire Council. The property has been included at insurance valuation. Other assets on transfer have been valued at cost when purchased shortly prior to the formation of the academy.

Leased Assets

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

Stock

Stock consists of purchased goods for resale including uniforms as well as other items held for future use. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Taxation

The Academy 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 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.

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

1 Accounting Policies (continued)

Pensions Benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

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

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

2 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total Period 1 May 2012 - 31 August 2013 £000
Other donations	5	8	13
	<u>5</u>	<u>8</u>	<u>13</u>

3 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total Period 1 May 2012 - 31 August 2013 £000
Hire of facilities	5	-	5
Consultancy	19	-	19
Other income	6	-	6
	<u>30</u>	<u>-</u>	<u>30</u>

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total Period 1 May 2012 - 31 August 2013 £000
Short term deposits	-	-	-
	-	-	-

5 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total Period 1 May 2012 - 31 August 2013 £000
DfE/EFA grants			
General Annual Grant (GAG)	-	845	845
Capital Grants	-	475	475
Other DfE/EFA grants	-	8	8
	-	1,328	1,328
Other Government grants			
Local authority grants	-	6	6
Special educational projects	-	8	8
	-	14	14
Other Income			
Student placement	-	7	7
Afterschool club	37	-	37
School trips	-	7	7
Other income	7	-	7
	44	14	58
	44	1,356	1,400

6 Resources Expended

	Non Pay Expenditure			Total Period 1 May 2012 - 31 August 2013 £000
	Staff Costs £000	Premises £000	Other Costs £000	
Costs of generating voluntary income	-	-	-	-
Costs of activities for generating funds	-	-	-	-
Academy's educational operations				
Direct costs	594	52	48	694
Allocated support costs	110	75	69	254
	704	127	117	948
Governance costs	-	-	17	17
	704	127	134	965

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

6 Resources Expended (continued)

Period 1 May
2012 - 31
August 2013
£000

Incoming/outgoing resources for the year include:

Operating leases	-
Fees payable to auditor	
Audit	5
Other services	4
Depreciation	56
Profit/(loss) on disposal of fixed assets	-

7 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total Period 1 May 2012 - 31 August 2013 £000
Direct costs			
Teaching and educational support staff costs	-	594	594
Depreciation	-	52	52
Educational supplies	4	18	22
Educational trips	-	11	11
Educational technology	-	6	6
Staff development	-	8	8
Educational consultancy	-	1	1
Other direct costs	-	-	-
	<u>4</u>	<u>690</u>	<u>694</u>
Allocation supported costs			
Support staff costs	24	86	110
Depreciation	-	4	4
Technology costs	-	26	26
Recruitment and support	-	10	10
Maintenance of premises and equipment	-	21	21
Cleaning	-	21	21
Rent & rates	-	5	5
Energy costs	-	14	14
Insurance	-	14	14
Security and transport	-	-	-
Catering	2	3	5
Bank interest and charges	-	-	-
Other support costs	1	23	24
	<u>27</u>	<u>227</u>	<u>254</u>
	<u>31</u>	<u>917</u>	<u>948</u>

Notes to the Financial Statements for the period ended 31 August 2013 (continued)**8 Governance Costs**

	Unrestricted Funds £000	Restricted Funds £000	Total Period 1 May 2012 - 31 August 2013 £000
Legal and professional fees	-	8	8
Auditor's remuneration			
• Audit of financial statements	-	5	5
• Other audit costs	-	4	4
	<u>-</u>	<u>17</u>	<u>17</u>

9 Staff Costs

Period 1 May
2012 - 31 August
2013
£000

Staff costs during the period were:

Wages and salaries	562
Social security costs	35
Pension costs	85
	<u>682</u>
Supply teacher costs	22
Compensation payments	-
	<u>704</u>

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2013 Number	2013 Full-time equivalent
Charitable Activities		
Teachers	7	6
Administration and support	14	7
Management	3	3
	<u>24</u>	<u>16</u>

No employee earned more than £60,000 in annualised emoluments.

Notes to the Financial Statements for the period ended 31 August 2013 (continued)**10 Related Party Transactions - Trustees' Remuneration and Expenses**

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal 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:

	For the 16 month period 1 May 2012 – 31 August 2013		
	Gross salary	Employers pension contribution	Total
B Ball (principal and governor):	£75k - £80k	£10k - £15k	£85k - £90k
D Hensall (staff governor):	£35k - £40k	£5k - £10k	£45k - £50k

During the Period 1 May 2012 - 31 August 2013, travel and subsistence expenses totalling £nil were reimbursed to trustees.

Related party transactions involving the trustees are set out in note 27.

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period 1 May 2012 - 31 August 2013 was £1,000. The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Property Improvements £000	Assets under construction £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost						
Transfer on conversion	2,561	-	-	-	1	2,562
Additions	-	9	81	8	2	100
At 31 August 2013	2,561	9	81	8	3	2,662
Depreciation						
Charged in year	52	-	-	2	2	56
At 31 August 2013	52	-	-	2	2	56
Net book values						
At 31 August 2013	2,509	9	81	6	1	2,606

Included in Leasehold land and buildings is land of £601,000 which is not depreciated.

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

13 Stock

	2013 £000
Clothing	1
Oil	1
	<u>2</u>

14 Debtors

	2013 £000
Trade debtors	3
VAT recoverable	-
Other debtors	-
Prepayments and accrued income	340
	<u>343</u>

15 Creditors: amounts falling due within one year

	2013 £000
Trade creditors	3
Taxation and social security	9
Other creditors	-
Accruals and deferred income	58
	<u>70</u>

Deferred income

	2013 £000
Resources deferred in the year	1
Deferred income at 31 August 2013	<u>1</u>

Deferred income represents amounts received in advance for school trips taking place in the 2013/14 school year.

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

16 Funds

	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2013 £000
Restricted general funds				
General Annual Grant (GAG)	845	(844)	(1)	-
Other DfE/EFA grants	8	(8)	-	-
Other restricted grants/income	28	(28)	-	-
	881	(880)	(1)	-
Pension reserve	(21)	2	(14)	(33)
	860	(878)	(15)	(33)
Restricted fixed asset funds				
DfE/EFA capital grants	475	-	-	475
Fixed assets on conversion	2,562	(53)	-	2,509
Capital expenditure from GAG	-	(1)	5	4
Other capital grants/donations	8	(2)	-	6
	3,045	(56)	5	2,994
Total restricted funds	3,905	(934)	(10)	2,961
Unrestricted funds	145	(31)	(4)	110
Total funds	4,050	(965)	(14)	3,071

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

General Annual Grant – the GAG is applied in strict accordance with the terms of the Model Funding Agreement. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

Other DfE/EFA grants – these include the pupil premium which is used to assist pupils from low income families, and the grant to cover the cost of preparing Whole of Government Accounts.

Other restricted grants/income – these include the special educational needs funding from Wiltshire Council, and other smaller restricted income streams.

Pension reserve – this deficit represents the net shortfall in funds in the Local Government Pension Scheme in relation to employees past and present.

DfE/EFA capital grants - this represents funding specifically provided to support capital expenditure on fixed assets.

Other capital grants/donations – this represents the donation received for the purchase of fixed assets.

Fixed assets on conversion – this represents the value of land, buildings and other assets transferred from the Local Authority to the academy on conversion less depreciation.

Capital expenditure from GAG – this represents the cost less depreciation of assets purchased from the GAG.

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

16 Funds (continued)

The following transfers have been made in the period:

£5,000 transferred from the 'GAG' to 'Capital expenditure from GAG' being the cost of capital additions in the period funded by the GAG.

£4,000 transferred from unrestricted funds to the GAG to cover the GAG deficit.

17 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	2,606	2,606
Current assets	110	33	425	568
Current liabilities	-	(33)	(37)	(70)
Pension scheme liability	-	(33)	-	(33)
Total net assets	110	(33)	2,994	3,071

18 Capital commitments

	2013 £000
Contracted for, but not provided in the financial statements	458

19 Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	2013 £000
Land and buildings	
Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring in over five years	-
Other	
Expiring within one year	-
Expiring within two and five years inclusive	1
Expiring in over five years	-
	1

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

20 Reconciliation of net income to net cash inflow from operating activities

	2013 £000
Net income	3,085
Depreciation (note 12)	56
Capital grants from DfE/EFA and other capital income	(483)
Non cash assets on conversion	(2,544)
Cash on conversion	(64)
Interest receivable (note 4)	-
FRS 17 pension cost less contributions payable (note 26)	(3)
FRS 17 pension finance income (note 26)	4
(Increase)/decrease in stocks	(2)
(Increase)/decrease in debtors	(343)
Increase/(decrease) in creditors	70
Net cash inflow from operating activities	(224)

21 Returns on investments and servicing of finance

	2013 £000
Interest received	-
Net cash inflow from returns on investment and servicing of finance	-

22 Capital expenditure and financial investment

	2013 £000
Purchase of tangible fixed assets	(100)
Capital grants from DfE/EFA and other capital income	483
Net cash outflow from capital expenditure and financial investment	383

23 Analysis of changes in net funds

	Cash flows £000	At 31 August 2013 £000
Cash in hand and at bank	223	223
	<u>223</u>	<u>223</u>

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

24 Contingent Liabilities

The academy is looking to terminate the agreement with the pre school which occupies the academy's mobile classroom to use it as their own classroom. However the transportation and installation of the mobile classroom was funded partly by Wiltshire Council who were granted monies from the DfE as part of their Extended Services scheme. The DfE may look to clawback some of this grant. If this happens the council may look to recoup any clawback from the academy. The potential liability is £32,000. The matter is in its early stages and the academy, DfE and the council are currently corresponding on the matter.

25 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

26 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 The Wiltshire Pension Fund. Both are defined-benefit schemes.

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

There were no outstanding or prepaid contributions at the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership.

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

26 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

26 Pension and similar obligations (continued)

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period 1 May 2012 - 31 August 2013 was £39,000, of which employer's contributions totalled £30,000 and employees' contributions totalled £9,000. The agreed contribution rates for future years are 18.3% for employers and 5.5-7.5% for employees.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Principal Actuarial Assumptions

**At 31
August
2013**

Rate of increase in salaries	5.1%*
Rate of increase for pensions in payment / inflation	2.8%
Discount rate for scheme liabilities	4.6%
Inflation assumption (CPI)	2.0%

*Salary increases are assumed to be 1% p.a. until 31 March 2015 reverting to the long term assumption shown thereafter.

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

**At 31
August
2013**

<i>Retiring today</i>	
Males	21.3 years
Females	23.6 years
<i>Retiring in 20 years</i>	
Males	23.3 years
Females	25.5 years

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

26 Pension and similar obligations (continued)
Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £000
Equities	6.6%	73
Bonds	4.1%	15
Property	4.7%	10
Cash	3.6%	3
Total market value of assets		<u>101</u>
Present value of scheme liabilities		
- Funded		(134)
Surplus/(deficit) in the scheme		<u>(33)</u>

The expected return on assets is based on the long-term future expected investment return for each asset class.

The actual return on scheme assets was £10,000.

Amounts recognised in the statement of financial activities

	2013 £000
Current service cost (net of employee contributions)	27
Past service cost	-
Total operating charge	<u>27</u>
Analysis of pension finance income / (costs)	
Expected return on pension scheme assets	5
Interest on pension liabilities	(9)
Pension finance income / (costs)	<u>(4)</u>

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £14,000 loss.

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

	2013 £000
Transfer on conversion	73
Current service cost	27
Interest cost	6
Employee contributions	9
Actuarial (gain)/loss	19
At 31 August	134

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

	2013 £000
Transfer on conversion	52
Expected return on assets	5
Actuarial gain/(loss)	5
Employer contributions	30
Employee contributions	9
At 31 August	101

The estimated value of employer contributions for the year ended 31 August 2014 is £20,000.

Notes to the Financial Statements for the period ended 31 August 2013 (continued)

27 Related Party Transactions

B Ball, the head teacher and governor, received £3,000 in the period for consultancy services provided to other schools. The full amount is in accruals at 31 August 2013.

28 Events after the balance sheet date

None

29 Conversion to an Academy Trust

On 4 April 2012 the By Brook Valley Church of England Primary School (the predecessor school) converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to By Brook Valley Academy Trust from the Wiltshire Council Local Authority for £nil consideration.

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

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets				
Freehold / leasehold land and buildings	-	-	2,561	2,561
Other tangible fixed assets	-	-	1	1
Budget surplus / (deficit) on LA funds	64	-	-	64
Budget surplus / (deficit) on other school funds	-	-	-	-
LGPS pension surplus / (deficit)	-	(21)	-	(21)
Borrowing obligations	-	-	-	-
Other identified assets and liabilities	2	-	-	2
Net assets / (liabilities)	66	(21)	2,562	2,607

The above net assets/liabilities include £64,000 that were transferred as cash.

The leasehold land and buildings have been transferred to the academy on a 125 year lease from Wiltshire Council.