Stour Valley Educational Trust Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2017

Company Registration Number:
07226557 (England and Wales)

Stour Valley Educational Trust Limited
Annual Report and Financial Statements
Year Ended 31 August 2017

CONTENTS

	Page No.
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	7
Statement on Regularity, Propriety and Compliance	11
Statement of Trustees' Responsibilities	12
Independent Auditor's Report to the Members	13
Independent Reporting Accountant's Assurance Report on Regularity	15
Statement of Financial Activities incorporating Income & Expenditure Account	16
Balance Sheet	17
Statement of Cash Flows	18
Notes to the Financial Statements, incorporating:	
Accounting Policies	19
Other Notes to the Financial Statements	23

Stour Valley Educational Trust Limited

Reference and Administrative Details

Year Ended 31 August 2017

Members	K Haisman	
	D J Blake	
	R M Smith	
	G Brown	(resigned 31 March 2017)
	P J Hurrell	(resigned 31 March 2017)
	P Stanbury-Jones	(appointed 1 April 2017)
	S Ash	(appointed 1 April 2017)
Trustees	K Haisman	Chair
	R M Smith	Vice Chair
	D J Blake	(resigned 31 March 2017)
	G Brown	
	C G Hawkins	
	C Inchley	Ex-Officio
	S A Nicoll	
	P Stanbury-Jones	(resigned 31 March 2017)
	L Goldsmith	(appointed 9 December 2016)
	S Goldsmith	(appointed 9 December 2016)
	P J Hurrell	Parent Trustee
	G A Lovejoy	Parent Trustee (resigned 31 August 2017)
	K J Terry	Staff Trustee
Senior Management	Head Teacher (Stour Valley):	C Inchley (Accounting Officer)
	Head Teacher (Clare Primary):	R Loader
	Deputy Head (Stour Valley)	C Bank
	Assistant Head Teacher (Stour Valley)	B Collins
	School Business Manager:	S Benson
Principal and Registered Office	Cavendish Road Clare SUDBURY CO10 8PJ	
Company Registration Number	07226557	
Independent Auditor	Ensors Accountants LLP Cardinal House 46 St Nicholas Street Ipswich Suffolk IP1 1TT	
Bankers	Lloyds TSB 30 Market Street Sudbury CO10 2EL	
Solicitors	Browne Jacobson LLP Castle Meadow Road Nottingham NG2 1BJ	

Stour Valley Educational Trust Limited

Trustees' Report

Year Ended 31 August 2017

The Trustees present their Annual Report together with the audited financial statements and auditor's report of the Academy Trust for the period from 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report including a Strategic Report under company law.

The Trust now consists of two schools: Stour Valley Community School is a secondary school for pupils age11-16 with 577 students on roll at the end of the year. Clare Community Primary School, with 194 students on roll, converted to academy status during the year and joined the Trust on 1 April 2017, following a period of time under the control of an Interim Executive Board appointed by Suffolk County Council.

The principal activity of Stour Valley Educational Trust Limited is to advance, for the public benefit, education in Clare and the surrounding area by establishing, maintaining and operating schools offering a broad curriculum.

Structure, Governance and Management

Constitution
Stour Valley Educational Trust Limited is a company limited by guarantee with no share capital (registration No. 07226557) and is an exempt charity. It is not required to be registered with the Charity Commission but is, however, subject to the Charity Commissioners' regulatory powers which are monitored by the Secretary of State for Education. The Memorandum and Articles of Association of Stour Valley Educational Trust Limited are the primary governing documents of the Trust.

The Trustees are also the directors of Stour Valley Educational Trust Limited for the purposes of company law.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability
Each member of Stour Valley Educational Trust Limited 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
No indemnities have been given by Trustees during the year.

Method of Recruitment and Appointment or Election of Trustees
As and when new Trustees are required for appointment, consideration is made as to the skills needed to augment the effectiveness of the Board. The Trustees are appointed under the terms of Stour Valley Educational Trust Limited's Articles of Association as follows:

- The number of Trustees shall be not less than three
- Up to eight Trustees (excluding staff, parents, LA, ex officio and co-opted)
- A minimum of two Parent Trustees
- The Local Authority (LA) may appoint an LA Trustee
- The Headteacher as an ex-officio Trustee
- Co-opted Trustees

The Trustees have a breadth of skills which are beneficial to the various sub-committees that support the Board of Trustees. The term of office for all Trustees, except the Headteacher, is four years. The Headteacher's term of office runs parallel with their contract of employment.

Policies and Procedures Adopted for the Induction and Training of Trustees
During the year under review the Trustees held 6 full Trustee meetings and 15 meetings of Board Committees. The training and induction provided for new Trustees will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new Trustees are given a tour of the Academy Trust, and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees and directors of Stour Valley Educational Trust Limited. In addition, the Trust buys in external training programmes. A record of attendance at training sessions is maintained by the Administration Team. As there is normally expected to be only a small number of new Trustees each year induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure
As specified in the Memorandum of Association, Stour Valley Educational Trust Limited is responsible for running Stour Valley Community School and Clare Community Primary School. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academies by the use of budgets and making major decisions about the direction of the Academies, and senior staff appointments. The Trustees are responsible for the monitoring and performance of the Headteachers and Senior Management Team on a regular basis.

The Senior Management Team (SMT) of the Academy Trust are the Head Teachers, the Deputy Head Teacher, the Assistant Head Teacher and the School Business Manager. These managers control the Academies at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Management Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment Boards for posts in the Senior Management Team always contain a Trustee. Spending control is contained within the Senior Management Team.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Headteachers' performance management targets are set by the Chair and Vice Chair of Trustees and the Chair of the HR Committee, and are based in part on the School Development and Improvement Plan with additional personal development targets. The targets are reviewed regularly by the Chair of Trustees. The Headteachers set performance targets for other members of the SMT. All staff in Stour Valley Educational Trust are employed on the terms of the National Pay and Conditions framework. Performance against targets is reviewed for all SMT members within the timelines set down in the framework and salary increases are awarded accordingly, where appropriate. All amendments to key management's pay and remuneration are approved by the appropriate sub-committee and ratified by the Board of Trustees.

Related Parties and Other Connected Charities and Organisations
The Trustees are not aware of any connected organisations or related party transactions during the year other than those disclosed in note 26 to the financial statements. The Trust also receives donated goods and gifts from the Clare Community Primary School's Parents, Teachers and Friends Association which are donated for primary school purposes.

Objectives and Activities

Objects and Aims
The principal objective and activity of Stour Valley Educational Trust Limited is the operation of Stour Valley Community School and Clare Community Primary School to provide education for pupils of different abilities between the ages of 5 to 16.

The objective of the Academy Trust 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 a principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them or 16 to 19 Academies offering a curriculum appropriate to the needs of its students or schools specially organised to make special educational provisions for pupils with Special Educational Needs.

In addition to being governed by its Articles of Association, Stour Valley Educational Trust Limited entered into a Funding Agreement on 27 May 2011 with the Secretary of State for Education. Clare Community Primary School was transferred to the Trust under a Funding Agreement dated 28 March 2017. The Funding Agreements specify, amongst other things, the basis for admitting students to the schools, the catchment area from which the students are drawn, and that the broad and balanced curriculum includes English, Mathematics and Science.

Objectives, Strategies and Activities
The Academy Trust's Vision:
Central to our vision is the belief in the uniqueness of every student, and that every young person has gifts to discover and share with others. We are committed to building brighter futures for our students, our local community and the wider world.

We aim to open students' minds to their full potential so that when they leave us they have a firm foundation on which to build the next phase of their lives, whether that is in further academic study, vocational training or the world of work. We want our students to be happy and confident, but also caring and tolerant. Above all we want them to have a thirst for knowledge and a real enthusiasm for life.

The objectives of the Academy Trust are agreed as:

- To raise the standard of educational achievement of all students
- To improve the effectiveness of the Academy Trust by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with local schools and community groups, and;
- To conduct the Academy Trust's business in accordance with the highest standards of integrity, probity and openness

Public Benefit

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The objective of the Academy Trust is to advance for the public benefit education in Clare and the surrounding area.

Staff and students at both Trust schools regularly engage in community activities in support of local community groups and with local businesses e.g. through:

- the STEM activities which engage with over 20 local firms and 500 students.
- ASDAN students undertaking projects in Clare Castle Country Park
- Forest School in the Country Park
- Singing events at the Luncheon Club for Clare's elderly residents
- Participation in local church and Christmas celebration events
- Use of school halls by local community and sporting groups
- Community use of the swimming pool over the summer months

Strategic report

Achievements and Performance

Stour Valley Community School

The school continued to receive mid-year transfers of students, and was successful at attracting students for the 2017/18 academic year. The number of students on roll as at 1 September 2017 was 577 with the new Year 7 intake being significantly oversubscribed, Mid-year transfers have continued in the autumn term of 2017 with 578 students on roll in November 2017

Key Performance Indicators

Public Examinations were taken by students for the *fourth year in 2017, with a full cohort of 115 students. The Trustees were pleased with the achievement of 66% Grades 4+ in English and Maths, our highest result to date by 8%. Progress 8 (unvalidated) was -0.15 with Attainment 8 at 44.5 points, which was in line with the national average (44.2) and the local average (44.4).*

Clare Community Primary School

Clare Community Primary School became part of the Academy Trust on 1 April 2017 having been managed for the previous two terms by an Interim Executive Board and an Interim Headteacher appointed by Suffolk County Council. Our substantive Headteacher was appointed on 1 April 2017. The Trust has implemented new governance procedures and, following unsatisfactory SATs results, has agreed a major school improvement programme which has been supported by strengthening the senior leadership team.

Major KPI's on which the Trustees receive regular reports include:

- Student numbers.
- Expenditure budgets and cash flow
- Student behaviour
- Reports on progress in teaching and learning
- Evidence of student progress against Fischer Aspire Top 20%data
- Progress towards school targets
- On 26 June 2016 Stour Valley Community School received a short inspection from Ofsted. The inspectors confirmed that the school continues to be a Good school.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason 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.

Principal Risks and Uncertainties

Financial and Risk Management Objectives and Policies

The Trustees have assessed the major risks to which the school is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see pages 8-9) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

The school has a comprehensive set of policies covering inter alia the teaching of the curriculum, the management of school facilities and operational procedures. These policies were reviewed by the relevant committees in the year under review.

Risk Management

During the year the Trustees continued to develop their comprehensive risk management procedures for the Academy Trust. These help to identify and monitor the risks faced by the Academy Trust. The key risk areas identified for inclusion are Strategy, Governance, Skills, Health and Safety, Safeguarding, IT, Business continuity and Financial Reporting and Management related. A point scoring mechanism has been put in place with a greater emphasis directed towards those areas identified as being higher risk.

Financial Review

Stour Valley Educational Trust Limited's accounting period is from 1 September 2016 to 31 August 2017.

Most of the Academy Trust's income was obtained from the Education Funding Agency (EFA), an executive arm of the Department for Education (DfE), in the form of General Annual Grant (GAG) which is the per capita funding required to run the school and deliver the curriculum. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

As central government funding has become tighter and not kept pace with wage inflation it has been necessary to implement still tighter controls over internal cost centres, to keep all expenditure within allocated budgets and seek efficiencies. Unless government funding improves, Trustees are aware that similar challenges will be faced in future years. The Trustees have continued to maintain the curriculum to meet the needs of all ability levels of our student population.

Reserves Policy

The Trustees review the reserve levels monthly. The review takes into account the nature of the income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Trustees will keep the level of reserves under review.

As the Academy Trust is in its early years of operation the Trustees have agreed to aspire to a level of reserves equivalent to one month's expenditure. The Academy Trust currently holds £127,873 of unrestricted reserves and £62,863 of restricted general funds. With reserves currently only at 60% of our target level it is not certain that the aspiration to hold one month's expenditure as reserves will be possible in the near future.

Investment Policy

The Investment policy has been approved by the Finance and Premises Committee. Surplus funds may only be invested in cash deposits with the leading High Street banks for periods which deliver the best financial returns to the Academy Trust while ensuring that the Trust has access to sufficient liquidity to meet all financial obligations when due.

Plans for Future Periods

The Academy Trust is concentrating its efforts on delivering the best possible educational experience. In Stour Valley Community School, given the oversubscription and in-year transfers which the Academy experiences, Trustees have given approval to the Senior Leadership Team to accept a further 5 students in each year group where places are available

The creation of Local Governing Bodies for both Trust schools is planned for January 2018 and work will commence on detailed longer term development plans for both schools. Given the growing student population in junior schools the Trustees will keep under continual review the need to increase the number of buildings on site to cope with anticipated increased demand.

Funds held as Custodian Trustee on behalf of others
The Academy Trust does not hold any funds as Custodian Trustee.

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.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, and signed on the Board's behalf by:

.....
K Haisman
Trustee

.....
R M Smith
Trustee

Date: 14 December 2017

Stour Valley Educational Trust Limited

Governance Statement

Year Ended 31 August 2017

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Stour Valley Educational Trust Limited 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 of Stour Valley Community School, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreement between Stour Valley Educational Trust Limited and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

During the reporting period the Board of Trustees had 13 members including the Headteachers, 1 staff Trustee and 2 parent Trustees. One Trustee resigned during the year due to other commitments. The Deputy Headteacher, the Assistant Headteacher and the School Business Manager are associate Trustees and attend full Trustee meetings.

There are committees covering the key risk management areas of the schools namely:

Community Committee	ceased 9.11.16
Curriculum Committee	renamed Teaching, Learning and Assessment
Finance and Premises Committee	renamed Finance, Property and Risk Assessment
HR Committee	renamed Leadership and Management
Pay Committee	
Student Care and Support Committee	renamed Personal Development, Behaviour and Wellbeing

In addition there is a Chairman's Committee which comprises the chairs of the standing committees.

Committees were renamed during 2017 to align with the Ofsted Inspection Framework. All committees have agreed terms of reference and meet at least once each term. All committees have responsibility for the policies within their remit and they are reviewed in accordance with the stipulations of the Board of Trustees. Attendance at all committees is good and meetings are always quorate.

During 2017/8 it is planned to revise committee structures of the Trust in order to ensure optimum governance of Clare Community Primary Community School and Stour Valley Community School. At that time a further skills audit will be undertaken in the format proposed by the NGA,

Attendance at all meetings in the year was as follows:

Full Board	**Meetings Attended**	**Out of a possible**
K Haisman (Chairman)	6	6
R Smith (Vice Chairman)	6	6
D Blake	2	5
G Brown	3	6
L Goldsmith	4	4
S Goldsmith	3	4
C Hawkins	5	6
P Hurrell	4	6
C Inchley	6	6
G Lovejoy	5	6
S Nicoll	5	6
P Stanbury-Jones	5	5
K Terry	5	6

Community	Meetings Attended	Out of a possible
K Haisman	1	1
P Hurrell (Chairman)	1	1
G Lovejoy	1	1
S Nicoll	1	1
R Smith	1	1

Teaching, Learning and Assessment	Meetings Attended	Out of a possible
G Brown	0	3
K Haisman	2	3
P Hurrell	3	3
C Inchley	3	3
G Lovejoy	2	3
S Nicoll	1	1
R Smith (Chairman)	3	3
K Terry	2	3

Finance, Property and Risk Assessment	Meetings Attended	Out of a possible
K Haisman (Chairman)	3	3
S Goldsmith	2	2
C Hawkins	1	3
C Inchley	3	3
P Stanbury-Jones	1	2
K Terry	1	1

Personal Development, Behaviour and Wellbeing	Meetings Attended	Out of a possible
D J Blake (Chairman to 31 March 2017)	2	2
L Goldsmith (Chairman from 1 April 2017)	2	2
C Inchley	3	3
S Nicoll	3	3
P Stanbury-Jones (Resigned 31 March 2017)	2	2

Pay	Meetings Attended	Out of a possible
K Haisman	0	2
D Blake (Chairman to 31 March 2017)	1	1
L Goldsmith (Chairman from 1 April 2017)	1	1
C Inchley	2	2
S Nicoll	2	2
P Stanbury-Jones (resigned 31 March 2017)	1	2

Student Care and Support	Meetings Attended	Out of a possible
D Blake (Resigned 31 March 2017)	2	2
G Brown (Chairman)	3	3
C Hawkins	3	3
R Loader	1	1
R Smith	1	1

Review of Value for Money

The accounting officer 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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by implementing a robust Performance Management system to ensure staff salaries are based on individual performance and student outcomes, with an annual review of staffing requirements being approved by the appropriate sub-committees and ratified by the Board of Trustees. All expenditure is reviewed annually to identify cost savings and benchmarking strategies are used to identify areas where further value for money can be achieved. Contracts are revisited annually by the Finance and Premises Committee as part of their internal controls.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Academy Trust'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 Stour Valley Educational Trust Limited for the year ended 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

Capacity to Handle Risk

The Board of Trustee's has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk Management schedule is reviewed termly by the Senior Leadership Team with any changes to assessments being brought to the attention of the Finance and Premises Committee. Ownership of an individual risk section lies with a member of the Senior Leadership Team. The site manager and department heads have day-to-day responsibility for risk awareness, avoidance, management and student training. SLT members are responsible for ensuring that staff training is provided and certification achieved where appropriate. Particular attention is paid to the sharing of best practice between the Technology and Science faculties within their joint STEM activities.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Finance and 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 (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed an external finance expert as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis the RO, reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

Review of Effectiveness

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

- Regular meetings between the Chair of the Finance, Property and Risk Management Committee, the School Business Manager and the Headteachers to review financial reports and risk issues raised in the previous week.
- Termly reports by the School Business Manager to the Finance, Property and Risk Management Committee
- One-to-one discussions each term between the RO and the Chair of the Finance, Property and Risk Management Committee to enable concerns to be raised directly with a senior Trustee.
- The RO provides written reports each term directly to the full Trustees Meeting and is called to the meeting by Trustees as necessary.
- There are annual reviews of the effectiveness of all policies by the relevant committee and a whole risk assessment has been completed, reviewed and approved by the Finance, Property and Risk Management Committee.

The Accounting Officer will be advised of the implications of the result of their review of the system of internal control by the Finance, Property and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system will be put in place.

Approved by order of the Board of Trustees on 14 December 2017 ....and signed on its behalf by:

K Haisman
Trustee

pp C Inchley
Accounting Officer

Stour Valley Educational Trust Limited

Statement on Regularity, Propriety and Compliance

Year Ended 31 August 2017

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

I confirm that I and the Academy Trust 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 agreements and the Academies Financial Handbook 2016.

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

C Inchley
Accounting Officer

Stour Valley Educational Trust Limited

Statement of Trustees' Responsibilities

Year Ended 31 August 2017

The Trustees (who act as governors of Stour Valley Educational Trust Limited and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report and Director's Report) and the financial statements in accordance with 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 the incoming resources and application of resources, including its income and expenditure. 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 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 and Skills Funding Agency and Department for Education 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 of the members of Board of Trustees on 14 December 2017 and signed on its behalf by:

.....

K Haisman
Chair

Opinion

We have audited the financial statements of Stour Valley Educational Trust Limited (the 'Academy Trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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 the Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 12, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

H Rumsey

Helen Rumsey FCA – Senior Statutory Auditor

Date 18/12/17

For and on behalf of:
Ensors Accountants LLP
Cardinal House
46 St Nicholas Street
Ipswich
IP1 1TT

Stour Valley Educational Trust Limited

Independent Reporting Accountant's Assurance Report on Regularity to Stour Valley Educational Trust Limited and the Education and Skills Funding Agency

Year Ended 31 August 2017

In accordance with the terms of our engagement letter dated 21 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Stour Valley Educational Trust Limited during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Stour Valley Educational Trust Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Stour Valley Educational Trust Limited's funding agreements with the Secretary of State for Education dated May 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Ensors Accountants LLP

Reporting Accountant

Date 18/12/17

For and on behalf of:
Ensors Accountants LLP
Cardinal House
46 St Nicholas Street
Ipswich
IP1 1TT

Stour Valley Educational Trust Limited

Statement of Financial Activities (including Income and Expenditure Account)

Year Ended 31 August 2017

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	**Total 2017 £**	**Total 2016 £**
Income and Endowments from:						
Donations and Capital Grants	2	-	843	19,447	**20,290**	**40,680**
Transfer from local authority on conversion	27	21,638	(77,570)	2,458,371	**2,402,439**	-
Charitable Activities:						
Funding for the Academy Trust's educational operations	5	7,882	3,276,213	-	**3,284,095**	**2,823,121**
Other Trading Activities	3	29,957	25,827	-	**55,784**	**51,167**
Investments	4	551	-	-	**551**	**1,895**
Other	6	-	95,892	-	**95,892**	**86,259**
Total		60,028	3,321,205	2,477,818	**5,859,051**	**3,003,122**
Expenditure on:						
Raising Funds		873	951	-	**1,824**	**7,623**
Charitable Activities:						
Academy Trust's educational operations	8	12,492	3,449,335	204,622	**3,666,449**	**3,186,950**
Total	7	13,365	3,450,286	204,622	**3,668,273**	**3,194,573**
Net income/ (expenditure)		46,663	(129,081)	2,273,196	**2,190,778**	**(191,451)**
Transfers between funds	17	-	(16,232)	16,232	-	-
Net income/(expenditure) for the year		46,663	(145,313)	2,289,428	**2,190,778**	**(191,451)**
Other recognised gains and losses						
Actuarial gains/ (losses) on defined benefit pension schemes	25	-	370,000	-	**370,000**	**(257,000)**
Net movement in funds		46,663	224,687	2,289,428	**2,560,778**	**(448,451)**
Reconciliation of Funds:						
Total funds brought forward	17	81,210	(450,824)	6,700,379	**6,330,765**	**6,779,216**
Funds carried forward	17	127,873	(226,137)	8,989,807	**8,891,543**	**6,330,765**

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the period.

Stour Valley Educational Trust Limited

Balance Sheet

As at 31 August 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	13		2,078		-
Tangible assets	14		8,987,729		6,700,379
Current assets					
Debtors	15	24,810		24,037	
Cash at bank and in hand		256,871		166,375	
		281,681		190,412	
Current liabilities					
Creditors: Amounts falling due within one year	16	(90,945)		(82,026)	
Net current assets			190,736		108,386
Net assets excluding pension liability			9,180,543		6,808,765
Defined benefit pension scheme liability	25		(289,000)		(478,000)
Net assets including pension liability			8,891,543		6,330,765
Funds of the Academy Trust:					
Restricted funds					
Fixed asset funds	17		8,989,807		6,700,379
General funds	17		62,863		27,176
Pension reserve	17		(289,000)		(478,000)
			8,763,670		6,249,555
Unrestricted funds					
General fund	17		127,873		81,210
Total funds			8,891,543		6,330,765

The financial statements on pages 16 to 35 were approved by the Trustees, and authorised for issue on 14 December 2017 and are signed on their behalf by:

K Haisman
Trustee

R M Smith
Trustee

Company Limited by Guarantee
Registration Number: 07226557

Stour Valley Educational Trust Limited

Statement of Cash Flows

Year Ended 31 August 2017

	Notes	2017 £	2016 £
Cash transferred on conversion	27	26,068	-
Cash flows from Operating Activities			
Net cash provided by/ (used in) operating activities	20	80,109	79,302
Cash flows from investing activities	21	(15,681)	(170,840)
Change in cash and cash equivalents in the reporting period		90,496	(91,538)
Cash and cash equivalents at 1 September 2016	22	166,375	257,913
Cash and cash equivalents at 31 August 2017	22	256,871	166,375

1 Statement of Accounting Policies

General Information and Basis of Preparation

Stour Valley Educational Trust Limited is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details on page 1 of these financial statements. The nature of the Academy Trust's operations and principal activities are set out in the Trustees' Report on page 2.

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

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

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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of authorisation for issue 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.

Per the Statement of Financial Activities the Academy Trust has negative restricted general reserves of £226,137. This is due to the pension reserve of £289,000, which is payable out of future annual income and therefore does not cause any issues for the going concern of the Academy Trust.

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 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 meeting any performance-related conditions there is no unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

  General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

- ***Donations***

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

1 Statement of Accounting Policies (continued)

Income (continued)

- ***Donated Services and Gifts in Kind***

  The value of donated services and gifts in kind provided to the Academy Trust is 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 Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

- ***Transfer on conversion***

  Where assets are received by the Academy Trust on conversion to an Academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion. The basis of measurement for transferred premises is the valuation amount of the premises at fair value.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the proportion 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 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, as follows:

Purchased computer software	3 years straight line

1 Accounting Policies (continued)

Tangible Fixed Assets

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

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful life, as follows:

Long leasehold land and buildings	50 / 51 years straight line
Computer equipment	3 years straight line
Furniture, fixtures and equipment	3 years straight line
Catering equipment	5 years straight line

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.

Conversion to an Academy Trust

The conversion of Clare Community Primary School from a state maintained school to the Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Clare Community Primary School to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 27.

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.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1 Accounting Policies (continued)

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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 Part 11, Chapter 3 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.

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 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and Department for Education. Restricted general funds also include the funds associated with the Local Government Pension Scheme FRS 102 pension liability as detailed per note 25.

1 Accounting Policies (continued)

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.

Critical accounting estimates and assumptions
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 value of leasehold land and buildings is determined by independent valuation experts using the depreciated replacement cost method. The fair value of the property is included within the accounts and depreciated in line with accounting policy.

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 25, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital Grants	-	19,447	19,447	-
Donated fixed assets	-	-	-	31,500
General donations	-	843	843	1,680
Transport donations	-	-	-	7,500
	-	20,290	20,290	40,680

Income from donations and capital grants was £20,290 (2016: £40,680) of which the whole amount was attributable in both years to restricted funds; £843 (2016: £9,180) was attributable to restricted general funds and £19,447 (2016: £31,500) was attributable to restricted fixed asset funds.

3 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Hire of facilities	5,066	-	5,066	6,066
Rental income	6,480	-	6,480	6,630
Department income	-	25,827	25,827	18,537
Productions income	2,467	-	2,467	572
Solar PV income	5,040	-	5,040	2,377
Other income	10,904	-	10,904	16,985
	29,957	25,827	55,784	51,167

Income from other trading activities was £55,784 (2016: £51,167) of which £29,957 (2016: £51,167) was attributable to unrestricted funds and £25,827 (2016: £nil) was attributable to restricted general funds.

4 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Short term deposits	551	-	551	1,895

Investment income was £551 (2016: £1,895); the whole amount was attributable to unrestricted funds in the current and previous year.

5 Funding for Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	2,934,920	2,934,920	2,566,637
ESFA Start Up Grants	-	-	-	13,905
Other DfE/ESFA grants	-	185,858	185,858	126,977
	-	3,120,778	3,120,778	2,707,519
Other Government grants				
Local authority grants	-	90,576	90,576	20,570
Other				
Trips Funds	-	46,500	46,500	85,072
Catering Income	7,882	5,108	12,990	-
Big Lottery Grant	-	9,960	9,960	9,960
Other Grants	-	3,291	3,291	-
	7,882	64,859	72,741	95,032
	7,882	3,276,213	3,284,095	2,823,121

Funding for the Academy Trust's educational operations was £3,284,095 (2016: £2,823,121) of which £7,882 (2016: £nil) was attributable to unrestricted funds and £3,276,213 (2016: £2,823,121) was attributable to restricted general funds.

6 Other

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Other incoming resources				
Transport	-	77,076	77,076	65,970
Uniform	-	683	683	471
Music Fees	-	18,133	18,133	19,818
	-	95,892	95,892	86,259

Other income was £95,892 (2016: £86,259); the whole amount was attributable to restricted general funds in the current and previous year.

7 Expenditure

	Staff Costs	Non Pay Expenditure: Premises	Non Pay Expenditure: Other Costs	Total 2017	Total 2016
	£	£	£	£	£
Expenditure on raising funds	-	-	1,824	1,824	7,623
Academy Trust's educational operations -					
Direct costs	2,386,818	-	276,896	2,663,714	2,381,602
Allocated support costs	358,516	154,778	489,441	1,002,735	805,348
	2,745,334	154,778	768,161	3,668,273	3,194,573

Expenditure on raising funds was £1,824 (2016: £7,623) of which £873 (2016: £nil) was attributable to unrestricted funds and £951 (2016: £7,623) was attributable to restricted general funds.

Expenditure on the Academy Trust's educational operations was £3,666,449 (2016: £3,186,950) of which £12,492 (2016: £11,079) was attributable to unrestricted funds, £3,350,335 (2016: £2,876,278) to restricted general funds, £99,000 (2016: £113,000) to restricted pension funds and £204,622 (2016: £178,969) to restricted fixed asset funds.

	2017	2016
	£	£
Net income/ expenditure for the year includes:		
Operating leases - other	19,095	18,319
Fees payable to auditor		
Audit	8,200	5,950
Other services	2,825	3,305
Depreciation and amortisation	204,500	178,969
Amortisation	122	-

8 Charitable activities

	Total 2017	Total 2016
	£	£
Direct costs – educational operations	2,663,714	2,381,602
Support costs – educational operations	1,002,735	805,348
	3,666,449	3,186,950

Analysis of support costs -	Educational Operations	Total 2017	Total 2016
	£	£	£
Support staff costs	358,516	358,516	270,993
Depreciation and amortisation	204,622	204,622	178,969
Premises costs	154,778	154,778	109,980
Other support costs	240,656	240,656	225,048
Governance costs	44,163	44,163	20,358
Total support costs	1,002,735	1,002,735	805,348

9 Staff Costs

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	2,094,287	1,876,490
Social security costs	204,462	160,770
Operating costs of defined benefit pension schemes	446,585	345,041
	2,745,334	2,382,301

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

	2017 Number	2017 Full-time equivalent	2016 Number	2016 Full-time equivalent
Charitable Activities				
Teachers	41	41	40	38
Administration and support	35	28	27	19
Management	3	3	2	2
	79	72	69	59

Higher paid staff

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

	2017	2016
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
	2	2

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £350,641 (2016: £352,566).

10 Central Services

No central services were provided by the Academy Trust to its academies during the period and no central charges arose.

11 Related Party Transactions - Trustees' Remuneration and Expenses

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

C Inchley – Headteacher and Trustee		
Remuneration	£80,000 - £85,000	(2016: £75,000 - £80,000)
Employers' pension contributions	£10,000 - £15,000	(2016: £10,000 - £15,000)
K J Terry – Staff Trustee		
Remuneration	£40,000 - £45,000	(2016: £40,000 - £45,000)
Employers' pension contributions	£5,000 - £10,000	(2016: £5,000 - £10,000)

During the year ended 31 August 2017, £1,673 (2016: £nil) was reimbursed to 6 Trustees/ members for travel, subsistence and curriculum expenses. Related party transactions involving the Trustees are set out in note 26.

12 Trustees' and Officers' Insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

13 Intangible fixed assets

	Computer Software £	Total £
Cost		
At 1 September 2016	-	-
Additions	2,200	2,200
At 31 August 2017	2,200	2,200
Amortisation		
At 1 September 2016	-	-
Charged in period	122	122
At 31 August 2017	122	122
Carrying amount		
At 31 August 2016	-	-
At 31 August 2017	2,078	2,078

14 Tangible Fixed Assets

	Leasehold Land and Buildings £	Furniture, Fixtures & Equipment £	Computer Equipment £	Total £
Cost				
At 1 September 2016	6,795,699	222,043	431,372	7,449,114
Transfer on conversion	2,446,145	-	12,226	2,458,371
Additions	-	7,556	25,923	33,479
Disposals	-	-	-	-
At 31 August 2017	9,241,844	229,599	469,521	9,940,964
Depreciation				
At 1 September 2016	294,480	48,727	405,528	748,735
Charge for the year	155,899	32,085	16,516	204,500
Disposals	-	-	-	-
At 31 August 2017	450,379	80,812	422,044	953,235
Net book values				
At 31 August 2017	8,791,465	148,787	47,477	8,987,729
At 31 August 2016	6,501,219	173,316	25,844	6,700,379

On 1 September 2011 the Academy Trust entered into an agreement to operate from the Clare Middle School site owned by Suffolk County Council (SCC). The Academy Trust had a licence to occupy this site until the building and refurbishment phase was complete. The work was completed on 30 June 2014 and SCC granted the Academy Trust a 125 year lease on 1 July 2014 for the land and buildings. In the opinion of the members the substance of the position at 31 August 2014 was that the Academy Trust had control over the land and buildings and substantially all the significant risks and rewards associated with ownership had been transferred to the Academy Trust. As such the land and buildings have been recognised in the financial statements at their fair value at the date of conversion of £6,795,699.

In addition to the above, on 31 March 2017 the Academy Trust entered into an agreement to operate from the Clare Community Primary School site. A 125 year lease from 1 April 2017 is in place; in the opinion of the members this also substantially gives the Academy Trust control over the land and buildings and substantially all the significant risks and rewards associated with ownership. As such the land and buildings have been recognised in the financial statements at their fair value at the date of conversion of £2,446,145.

15 Debtors

	2017 £	2016 £
Trade debtors	3,687	4,259
Prepayments	5,790	12,117
VAT recoverable	15,333	7,661
	24,810	24,037

16 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	70	289
Other taxation and social security	59,304	48,827
Other creditors	17,221	13,680
Accruals	14,350	19,230
	90,945	82,026

17 Funds

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains and Losses £	Transfers £	Balance at 31 August 2017 £
Restricted general funds						
General Annual Grant (GAG)	-	2,934,920	(2,895,164)	-	-	39,756
Other DfE/ESFA grants	2,999	185,858	(188,857)	-	-	-
Other grants	-	93,868	(65,234)	-	(16,232)	12,402
Transport fund	14,264	77,076	(86,727)	-	-	4,613
Trips fund	7,020	50,930	(56,099)	-	-	1,851
Other amounts	2,893	60,553	(59,205)	-	-	4,241
	27,176	3,403,205	(3,351,286)	-	(16,232)	62,863
Pension reserve	(478,000)	(82,000)	(99,000)	370,000	-	(289,000)
	(450,824)	3,321,205	(3,450,286)	370,000	(16,232)	(226,137)
Restricted fixed asset funds						
Donations	26,119	-	(11,189)	-	-	14,930
DfE/ ESFA Capital Grants	-	19,447	(3,042)	-	(4,995)	11,410
GAG funded assets	173,042	-	(30,369)	-	-	142,673
Assets purchased from grants	-	-	(1,413)	-	21,227	19,814
Gifted assets on conversion	6,501,218	2,458,371	(158,609)	-	-	8,800,980
	6,700,379	2,477,818	(204,622)	-	16,232	8,989,807
Total restricted funds	6,249,555	5,799,023	(3,654,908)	370,000	-	8,763,670
Unrestricted funds	81,210	60,028	(13,365)	-	-	127,873
Total funds	6,330,765	5,859,051	(3,668,273)	370,000	-	8,891,543

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

The General Annual Grant (GAG) is used for the normal running costs of the Academy Trust.

Other ESFA grants are various specific grants provided to the Academy Trust from the ESFA.

Other restricted funds include income and expenditure on trips and transport.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

An amount of £21,227 was transferred from other grants to 'assets purchased from grants' in respect of fixed assets purchased from the conversion grant given during the year upon the transfer of Clare Community Primary School.

A transfer of £4,995 occurred from the Fixed Asset fund from DfE/ ESFA capital grants to restricted general funds in respect of the proportion of the Devolved formula grant used on revenue items during the year.

17 Funds (continued)

Total funds analysis by Academy

Fund balances at 31 August 2017 were allocated as follows:

	2017 £	2016 £
Stour Valley Community School	153,927	108,386
Clare Community Primary School	36,809	-
Total before fixed assets and pension reserve	190,736	108,386
Restricted fixed asset fund	8,989,807	6,700,379
Pension reserve	(289,000)	(478,000)
Total	8,891,543	6,330,765

Total cost analysis by Academy Trust

Expenditure incurred by each Academy Trust during the period was as follows:

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excl Depn) £	Total 2017 £	Total 2016 £
Stour Valley Community School	2,138,418	343,284	189,878	471,674	3,143,254	3,015,604
Clare Community Primary School	248,400	15,232	14,850	51,917	330,399	-
Academy Trust	2,386,818	358,516	204,728	523,591	3,473,653	3,015,604

18 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Intangible fixed assets	-	-	2,078	2,078
Tangible fixed assets	-	-	8,987,729	8,987,729
Current assets	130,748	150,933	-	281,681
Current liabilities	(2,875)	(88,070)	-	(90,945)
Pension scheme liability	-	(289,000)	-	(289,000)
Total net assets	127,873	(226,137)	8,989,807	8,891,543

19 Financial commitments

Operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts due within one year	11,723	12,894
Amounts due between one and five years	42,313	53,609
Amounts due after five years	-	-

20 Reconciliation of net income/(expenditure) to net cash provided by/(used in) operating activities

	2017 £	2016 £
Net income/(expenditure) for the reporting period	2,190,778	(191,451)
Amortisation (note 13)	122	-
Depreciation (note 14)	204,500	178,969
Interest receivable (note 4)	(551)	(1,895)
Capital grants from DfE and other capital income	(19,447)	(31,500)
Fixed assets inherited from local authority	(2,458,371)	-
Cash transferred from local authority	(26,068)	-
Defined benefit pension scheme inherited from local authority	82,000	-
Defined benefit pension scheme cost less contributions payable (note 25)	88,000	33,000
Defined benefit pension scheme finance cost (note 25)	11,000	8,000
(Increase) /Decrease in debtors	(773)	79,357
(Increase in creditors	8,919	4,822
Net cash provided by operating activities	80,109	79,302

21 Cash flows from investing activities

	2017 £	2016 £
Interest received	551	1,895
Purchase of tangible fixed assets	(33,479)	(204,235)
Purchase of intangible fixed assets	(2,200)	-
Capital donations and grants	19,447	31,500
Net cash (used in) investing activities	(15,681)	(170,840)

22 Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	256,871	166,375

23 Contingent Liabilities

As per the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreements, whether as a result of the Secretary of State or the Academy Trust serving notice, the Academy Trust shall repay to the Secretary of State sums determined by reference to :

(a) the value at that time of the Academy Trust's site and premises and other assets held for the purpose of the Academy Trust, and
(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreements.

24 Members' Liability

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

25 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013

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

Teachers' Pension Scheme

Introduction
The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

The pension costs paid to TPS in the period amounted to £263,299 (2016: £250,358).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

25 Pension and similar obligations (Continued)

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 2017 was £122,368 (2016: £94,683), of which employer's contributions totalled £95,286 (2016: £72,191), and employees' contributions totalled £27,082 (2016: £22,422). The agreed contribution rates for employers in future years are:

Year ended 31 March 2018 – 19.9%
Year ended 31 March 2019 – 20.9%
Year ended 31 March 2020 – 21.7%

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

Principal Actuarial Assumptions	**At 31 August 2017**	**At 31 August 2016**
Rate of increase in salaries	2.7%	4.1%
Rate of increase for pensions in payment	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.1%
Inflation assumption (CPI)	2.4%	2.1%

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 2017	**At 31 August 2016**
Retiring today		
Males	21.9	22.4
Females	24.4	24.4
Retiring in 20 years		
Males	23.9	24.3
Females	26.4	26.9

Sensitivity analysis	**At 31 August 2017 £**	**At 31 August 2016 £**
Stour Valley Community School -		
0.5% decrease in Real Discount Rate	160,000	184,000
0.5% increase in the Salary Increase Rate	26,000	64,000
0.5% increase in the Pension Increase Rate	132,000	114,000
Clare Community Primary School -		
0.5% decrease in Real Discount Rate	28,000	N/A
0.5% increase in the Salary Increase Rate	3,000	N/A
0.5% increase in the Pension Increase Rate	25,000	N/A

25 Pension and similar obligations (Continued)

Local Government Pension Scheme (Continued)

The Academy Trust's share of the liability in the scheme was:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equity instruments	(196,000)	(330,000)
Debt instruments	(61,000)	(96,000)
Property	(29,000)	(48,000)
Cash	(3,000)	(4,000)
Total market value of liability	(289,000)	(478,000)

The actual return on scheme assets was 8.3% (2016: 10.5%) for Stour Valley Community School and 0.8% (2016: N/A) for Clare Community Primary School.

Amounts recognised in the statement of financial activities	2017 £	2016 £
Current service cost (net of employee contributions)	(184,000)	(105,000)
Net interest cost	(11,000)	(8,000)
Total operating charge	(195,000)	(113,000)

Changes in the present value of defined benefit obligations were as follows:	2017 £	2016 £
At 1 September 2016	1,114,000	635,000
Upon conversion	208,000	-
Current service cost	184,000	105,000
Interest cost	27,000	27,000
Employee contributions	27,000	22,000
Actuarial (gains)/loss	(200,000)	325,000
Benefits paid	(1,000)	-
At 31 August 2017	1,359,000	1,114,000

Changes in the fair value of Academy Trust's share of scheme assets:	2017 £	2016 £
At 1 September 2016	636,000	455,000
Upon conversion	126,000	-
Interest income	16,000	19,000
Return on assets excluding amounts included in net interest	-	-
Actuarial gains	170,000	68,000
Employer contributions	96,000	72,000
Employee contributions	27,000	22,000
Assets distributed on settlements	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
Benefits paid	(1,000)	-
At 31 August 2017	1,070,000	636,000

26 Related Party Transactions

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

During the year donations of £2,690 (2016: £6,303) were given to the Academy Trust by 3 (2016:3) Trustees/ Members and their related interests. During the year the following related party transactions were made –

- A purchase of £944 (2016: £nil) was made from a company owned by the Husband of G Lovejoy (Trustee). This expenditure was for the supply and installation of new signage for Clare Community Primary School upon converting to the Multi Academy Trust. This transaction was reviewed and carried out at cost, enabling the Academy Trust to achieve value for money when compared to a similar service provided by another party.

- During the year purchases of £46 (2016: £6) were made from a company owned by the Husband of S Benson (Key management personnel). This transaction was reviewed and carried out at cost, enabling the Academy Trust to achieve value for money when compared to a similar service provided by another party.

- A purchase of £10 (2016: £20) was made from a charity of which S Benson is a Trustee. This expenditure relates to the hire of Clare Park Centre for the Year 7 Humanities trip to use as a base for their day in the town and park. This was a nominal fee to cover expenses and lower than the average community letting charge.

27 Conversion to an Academy Trust

On 1 April 2017 Clare Community Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Stour Valley Educational Trust Limited from the Suffolk County Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net gain in the Statement of Financial Activities as Transfer from local authority on conversion.

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible fixed assets				
Leasehold land and buildings	-	-	2,446,145	2,446,145
Other tangible fixed assets	-	-	12,226	12,226
LGPS pension (deficit)	-	(82,000)	-	(82,000)
Other identified assets and liabilities	21,638	4,430	-	26,068
Net assets	21,638	(77,570)	2,458,371	2,402,439

The land and buildings were transferred to the Academy Trust by granting a 125 year lease from Suffolk County Council at a peppercorn rent.

Other tangible fixed assets were inherited by the Academy Trust at fair value.

Other identified assets related to an amount of cash which was transferred over to the Academy Trust, of which part of the amount represented trip deposits for a trip which took place after the conversion date.