

Coastal Academies Trust
(A company limited by guarantee)

(formerly Dane Court Grammar and King Ethelbert School Trust)

Directors' report and financial statements

For the year ended 31 August 2014

Coastal Academies Trust
(A company limited by guarantee)

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Coastal Academies Trust
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Reference and administrative details of the Company, its directors and advisers
For the year ended 31 August 2014

Members	Dr. V. Austin Mr. R.M. Copper Mr. N. Hudson Mr. P. Rodd
Trustees	Dr. V. Austin, Chair of Directors ¹ Mr. N. Hudson, Vice Chair of Directors ¹ Mr. P.J. Luxmoore, Executive Headteacher ¹ Mr. R. Curtis, Chair of Audit Committee (appointed 24 March 2014) ² Mrs. T. Bennett (appointed 30 September 2013, resigned 25 November 2013) Mrs. K. Brinkman (resigned 25 November 2013) ¹ Mr. P. Clark (appointed 30 September 2013, resigned 25 November 2013) Mr. R.H. Copper Mrs. K. Cowell (resigned 25 November 2013) Mr. D.J. Ellis (resigned 25 November 2013) ¹ Mrs. P.A. Godden (resigned 25 November 2013) Mr. N.P. Gould (resigned 25 November 2013) Mr. J.M. Lycett (resigned 25 November 2013) ¹ Mr. P. Manning, Associate governor ² Mrs. C. Murray (appointed 21 January 2014) Mr. P. Rodd Mrs. E. Taker (resigned 25 November 2013) Mrs. T. Wilson (resigned 25 November 2013) Mr. A. Wood (resigned 25 November 2013) Mrs. S.E. Wright (resigned 25 November 2013)
	¹ Member of the Finance Committee ² Member of the Audit Committee
Company registered number	07552665
Company secretary	Mr. R. Saffery
Senior management team	Mr. P.J. Luxmoore, Executive Headteacher - Dane Court Grammar School and King Ethelbert School Ms. M. Wolloshin, Head of School - Dane Court Grammar School until 13 April 2014 Mr. A. Fowler, Head of School - Dane Court Grammar School from 22 April 2014 Ms. K. Greig, Headteacher - King Ethelbert School Mrs. J. Troth, Headteacher - Cliftonville Primary School
Principal and registered office	King Ethelbert School Canterbury Road Birchington Kent CT7 9BL
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Registered Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ

Coastal Academies Trust
(A company limited by guarantee)

Directors' report
For the year ended 31 August 2014

The Directors present their annual report, together with the audited financial statements of Coastal Academies Trust (the Company) for the year ended 31 August 2014.

The Directors confirm that the annual report and financial statements of the Company comply with the current statutory requirements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Coastal Academies Trust (CAT) is a company limited by guarantee and is an exempt charity. The Company's articles of association are the primary governing document. Funding for educational activities is governed by a master funding agreement between the Company and the Secretary of State for Education.

The Company changed its name from Dane Court Grammar and King Ethelbert School Trust to Coastal Academies Trust Ltd on 31 January 2014, and then, on 4 March 2014, changed the name again, dropping the Ltd, to Coastal Academies Trust.

Members

The initial Members of the Company were the signatories to the Memorandum of Association. Subsequent Members of the Company shall comprise the Chairman of the Directors, the vice Chairman of the Directors and any person appointed under Article 16 of the Articles of Association. Membership terminates automatically pursuant to Article 15d when any Member, also being a Director, ceases to be a Director.

Members' Liability

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

Directors

All Members of the Company are also Directors. Other Directors hold their office as the Chairman of the Governing Body of Cliftonville Primary School (Claudine Murray) and elected as Directors by existing Members and Directors (Robin Curtis, former Headteacher of Dane Court Grammar School and Paul Luxmoore, Executive Headteacher of Dane Court Grammar School and King Ethelbert School).

The Directors are also the Trustees for the purpose of charity law.

Directors' Indemnities

Coastal Academies Trust maintains liability insurance for Directors which gives appropriate cover for any legal action brought against them. The Company has also granted indemnities to each of its Directors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the Members, Directors and other officers may incur to third parties in the course of acting on the Company's behalf.

Method of Recruitment and Appointment or Election of Directors

The Articles of Association require the appointment of at least three Directors to the Company. There is no maximum number of Directors. Members may appoint up to eight Directors (Article 46a) and one Director (Article 46b) through such process as they may determine. The Chairman of each Local Governing Body is automatically registered as a Director (Article 46d). The Directors may also appoint up to three Co-opted Directors (Article 58)

Procedures Adopted for the Induction and Training of Directors and Trustees

Training and induction is tailored to new Directors and Trustees as appropriate to their requirements and previous experience. The Company Directors and, where appropriate Trustees, have access to policies, procedures, minutes, budgets, accounts and other relevant plans and documents that they need to fulfil their role.

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Directors' report (continued)
For the year ended 31 August 2014

Directors' Term of Office

The term of office for any Director shall be four years save that:

- a) the term of office may be shorter than four year for any Director appointed by Members under Article 46(a) if the Members determine this at the time of appointment of such a Director; or
- b) in the case of a Director appointed by the Directors pursuant to Articles 46(b) or 58, the Directors determine that this at the time of the appointment of such a Director.

Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Organisational Structure

The Directors have delegated the day to day governance of each academy to a Local Governing Body, established as a sub-committee of the Company Board. In the case of Dane Court Grammar School and King Ethelbert School, this has been a single group since the two schools federated in 2009. The Headteacher / Principal or Head of School from each academy attends Board meetings, but does not vote.

Currently, Hartsdown Academy and The Ellington Hereson School are guest members of CAT and their Chairman of Governors and Headteachers attend meetings. Hartsdown is actively seeking permission from the DfE to join CAT, following a resolution from both the CAT Board and the Hartsdown Governing Body to do so. The Ellington Hereson School has already been granted an Academy Order by the Secretary of State, to be sponsored by CAT. The timing of its conversion still depends on negotiations between the DfE and Kent County Council about funding.

Connected organisations, including related parties

The Dane Court voluntary fund and the Cliftonville voluntary fund, in existence to benefit the schools and its' students, are under the control of the Company and so have been included within these financial statements.

There is also a Dane Court Grammar School Parents Association (charity number 1023394) and a Cliftonville Primary School Parent Teacher Association (charity number 1036939).

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objective of the Company is the advancement of education for the public benefit through the operation of a group of academies.

The Company's accounts for 2014 include the operation of 3 academies, Cliftonville Primary School (transferred on 1st December, 2013), Dane Court Grammar School and King Ethelbert School (both previously The Dane Court Grammar and King Ethelbert School Trust).

Objectives, Strategies and Activities

The principle objective of CAT is to provide an outstanding education for students between the ages of 3 and 19. A more detailed summary is provided in each school prospectus or on each school's website.

In accordance with the articles of association the Company has adopted a "Scheme of Government" (Master Funding Agreement) approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the schools and that the curriculum should comply with the substance of the national curriculum.

The major outcomes for the year included raising the achievement of all students, improving the quality of teaching and maintaining a positive ethos.

Public Benefit

The Company is state funded and strives to promote and support the advancement of education within Thanet. Each school has its' own admissions criteria as set out in the Master Funding Agreement; Dane Court Grammar School selects students aged 11 to 19 who have passed the Kent Test; King Ethelbert School is a non-selective 11 to 16 school; Cliftonville Primary School admits children aged 3 to 11. For all the schools the catchment area can vary but is determined by each school's admission criteria. The Company plays an active role in the local community including sporting activities, fund raising for charities and much more. The trust buildings and land are often available for community use outside of school hours.

The Directors acknowledge the duty in Section 4 of the Charities Act 2011 to have regard to the general and specific guidance on public benefit issued by the Charities Commission. We have referred to this guidance when reviewing our aims, strategy and plans for the future. All activities undertaken by the Company are for the public benefit.

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Directors' report (continued)
For the year ended 31 August 2014

STRATEGIC REPORT

Achievements and Performance

Dane Court Grammar School

	%5xA*-C+E+M	%A*+A	%5xA*+A	%Expected	%better than
KS4	90	43	42	85	47
	%IBDP pass	Ave IBDP score		%IBCC pass	
KS5	92	32		92	

King Ethelbert School

	%5xA*-C+E+M	%Expected En+Ma	%better than En+Ma
KS4	63	75	34.5
	%IBCC pass		
KS5	100		

Cliftonville Primary School

	Combined L4+	%Expected+ reading	%Expected+writing	%Expected+ Maths
Year 6	71.3	88	96	88
	Ave Pts reading	Ave points writing	Ave points Maths	
Year 2	16.1	13.7	15.7	
Year 1	71% met standard			

Key Performance Indicators

The Company closely monitors the exam results at Key Stage 4, Key Stage 5 and assessed performance at Key Stage 2. Actual performance by academy is documented on each academy's website.

Each school aims to continue to recruit and retain students at their full published admission numbers. Dane Court Grammar School, King Ethelbert School and Cliftonville Primary School were all oversubscribed in 2013. There is a planned expansion of Cliftonville Primary School from 3 to 4 forms of entry.

Staffing costs should be restricted to less than 85% of the General Annual Grant income in any one year unless there are mitigating and reasonable circumstances for exceeding this limit. Examples of such circumstances could be an increasing roll where the funding for such students may be lagged or undertaking services in-house because of greater efficiency. The Company's staffing costs have been kept within this restriction.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason it has adopted the going concern basis to prepare these accounts.

Financial Review

The Company's principle income comes from the Education Funding Agency in the form of recurring grants for particular purposes. These grants and the relevant associated expenditure are shown under restricted funds in the Statement of Financial Activities.

Cliftonville Primary School joined the Company during the year and its land and buildings were valued at £5.6 million. New assets brought into use in the Company for the first time, and identifiable improvements to existing assets, are capitalised at fair value or cost with an equivalent sum transferred to the restricted fixed asset fund. Fixed assets, other than freehold land, are depreciated over their expected useful lives and this charge is applied against the restricted fixed asset fund.

During the year to 31 August 2014 the Company received £17.9 million in restricted funds comprising £12.7 million of recurring grants for its charitable activities, £4.9 million of assets and liabilities inherited from Cliftonville Primary School at the point of conversion to an academy and £313,000 of other restricted income.

In addition some £427,000 unrestricted income was received principally from voluntary income retained in Cliftonville Primary School at the point of conversion to an academy plus income from hire of facilities and lettings and catering activities.

Expenditure amounted to £14.3 million in total. Of this total some £14 million was attributable to the Company's charitable activities in undertaking educational operations together with governance costs. The balance of the expenditure was through the unrestricted funds.

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Directors' report (continued)
For the year ended 31 August 2014

This resulted in net incoming resources of £4 million before actuarial movements on defined benefit schemes. The actuarial gain on the Local Government Pension Scheme (LGPS) of £94,000, part of a total increase in the pension liability of £895,000, resulted in an overall net increase in funds of £4.1 million.

It should be noted that this surplus arises after depreciation of £965,000, a non-cash movement on the restricted fixed asset fund to write down capital items, most of which comprises the depreciation on the schools buildings inherited on conversion. A net surplus of £4.98 million had been achieved before depreciation and pension liability movement.

At the end of August 2014 the net book value of fixed assets amounted to £41.2 million (2013: £36.4 million). These assets, which predominantly comprise land and buildings, are used exclusively for educational operations and the associated support services to students in the academies.

The Company makes contributions to the teachers' pension scheme (TPS) on behalf of teaching staff in the academies. The TPS is a contributory scheme to which teachers are automatically enrolled but it is not compulsory. It is a national scheme managed by the Department for Education. Assets and liabilities are not assigned to individual employers. For staff members other than teachers the Company makes contributions to the LGPS. In the LGPS the assets and liabilities held within the scheme are subject to an actuarial valuation on a triennial basis and are attributable to individual employers. The Company balance sheet contains the net pension scheme deficit in respect of current employees. The existence of a deficit does not mean an immediate liability will become payable. The purpose of the actuarial valuation is to determine the contribution rate for the employer that over the long term will match liabilities and assets. The LGPS has been the subject of a number of amendments in recent years and from April 2014 the scheme bases pension entitlement upon career average earnings and provides for revised employee and employer contributions.

Reserves Policy

The Directors review the reserve levels of the Company annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Directors have determined that the appropriate level of free cash should be equivalent to four weeks expenditure, approximately £400,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial and risk management objectives and policies

The Company uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to maintain finance for the Company's operations.

The existence of these financial instruments exposes the Company to liquidity risk and cash flow interest risk.

Liquidity risk – the Company manages its' cash resources, including sufficient working capital, so that it's bank ledger balance is available to the finance team for monitoring at all times and is always taken into account when making payments.

Interest rate risk – the Company has used risk free managed investments to maximise interest on income wherever possible and shall continue to do so.

The Company has recently established an Audit Committee to which the management of financial and operational risk is delegated.

Investment Policy

All schools in the Company only invest money in accounts to which no risk of loss is attached. Speculative investments are not made.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company monitors the principle risks and has drawn up risk registers which are regularly reviewed. In particular the principal financial risk is that future public funding will not rise in line with the cost base giving rise to potential unsustainable deficits within the Company. This risk is mitigated by careful budget planning and where possible securing additional resources to supplement government funding. The principal operational risk to the Company is that academic performance and attainment does not meet expectations of the regulator over time. This risk is mitigated by active results and data monitoring.

EQUAL OPPORTUNITIES

It is the Company's policy to recognise that equal opportunities should be an integral part of good practice within the workplace. The Company aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

DISABLED PERSONS

The policy of the Company is to support recruitment and retention of students and employees with disabilities. The academy trust does this by making reasonable adjustment to the physical environment where possible, by making support services available and through training and career development.

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Directors' report (continued)
For the year ended 31 August 2014

PLANS FOR FUTURE PERIODS

CAT is a group of schools in the Thanet area that have joined together as a company to provide an excellent education for young people in this area.

A. CAT is

1. A partnership of equals, with each member school accepting collective responsibility for the education of all students in the Trust.
2. A system of governance and shared leadership that will guarantee excellent educational progress for all students.
3. A mechanism for providing support for each other in order to improve continuously the quality of education provided, through collaboration and the sharing of good practice and ideas.

B. CAT will

1. Seek to contribute to the social and economic development of the region through the provision of high quality education.
2. Collaborate openly with other trusts and groups of schools that also seek to share good practice, as well as furthering the life chances of its students by building relationships with the wider community.
3. Maintain the individual character of each school, including their financial independence, whilst reporting as a single company.

ACTION PLAN 2014 – 2016

Objective	Method	Success Criteria
1. Ensure that governance in each school is effective in driving progress.	<ol style="list-style-type: none"> 1. Require each LGB to report on their scrutiny of each school's improvement plans via Chair of LGB. 2. Recruit high quality members of LGBs, capable of providing challenge. 	Reports indicate very effective level of challenge in each school and student outcomes provide evidence of effective governance
2. Ensure that every student in CAT schools makes expected or better than expected progress.	<ol style="list-style-type: none"> 1. Require each school to focus their leadership structure on progress. 2. Receive regular reports from member schools on student progress in the form of a CAT generated data dashboard. 3. Deploy independent consultants to check validity of each school's reports. 	Member schools make at least the national average for expected and better than expected progress.
3. Provide a forum for open collaboration between member schools, to ensure that good practice is evaluated and shared.	<ol style="list-style-type: none"> 1. Identify areas of excellent practice and disseminate. 2. Identify areas of weakness and use CAT members to provide improvement. 	Board meetings used to report strategies for improvement and showcase good practice.
4. Recruit, develop and retain high quality staff.	<ol style="list-style-type: none"> 1. Provide good opportunities for development of all staff across CAT schools, as well as leadership training for those with potential, including secondments. 2. Provide effective succession planning for school leadership. 	Leaders in each school engaged in giving and receiving training and a supply of good quality leaders provided from CAT schools.

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Directors' report (continued)
For the year ended 31 August 2014

Objective	Method	Success Criteria
5. Ensure that the curriculum offer and delivery in each school is suitable to meet the needs of all students and statutory requirements.	<ol style="list-style-type: none"> 1. Provide a forum for sharing and developing curriculum practice. 2. Provide an environment for experimentation and innovation. 3. Use the Thanet Data Pack to identify employment trends. 	Attendance and engagement in each school improves, with exclusions down and fewer NEETs.
6. Ensure that each school is financially viable.	<ol style="list-style-type: none"> 1. Receive the Audit Report and take appropriate action. 2. Scrutinise each school's annual budget. 	Each member school is financially viable.
7. Ensure that the CAT brand is known and understood in the wider community.	<ol style="list-style-type: none"> 1. Create a website and brand. 2. Commission media reports that are relevant to CAT. 3. Take advantage of opportunities to advocate the benefits of CAT. 	Website and brand developed.
8. Develop capacity to provide support to local schools.	<ol style="list-style-type: none"> 1. Support other local schools in order to share practice, develop leadership and strengthen educational opportunities for children. 	Support given as appropriate to other local schools.
9. Ensure that CAT remains outlook looking, engaging with the Local Authority, DfE, Kent Association of Headteachers, other multi academy trusts, teaching schools and collaborations, in order to develop the education provided to students in CAT schools.	<ol style="list-style-type: none"> 1. Ensure representation on KAH and maintain effective dialogue with the LA and DfE, through visits and membership of representative bodies. 2. Ensure that Board meetings are used to discuss educational strategy, informed by national and local bodies. 	<p>At least one headteacher on KAH.</p> <p>Regular communication with LA and DfE.</p> <p>Board meetings used regularly for discussion.</p>

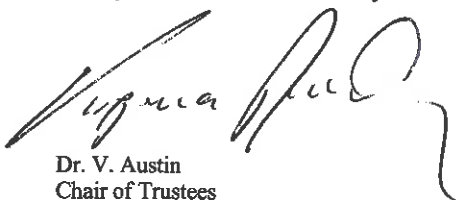
AUDITORS


In so far as the Directors are aware:

- There is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any audit information and to establish that the auditor is aware of that information.

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and a resolution to appoint them will be proposed at the annual general meeting.

This report, incorporating the Strategic report, was approved by order of the Board of Directors on 1 December 2014 and signed on the board's behalf by:


 Dr. V. Austin
 Chair of Trustees


 Mr. P.J. Luxmoore
 Accounting Officer

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Governance Statement

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Executive Headteacher of Dane Court Grammar and King Ethelbert School, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Coastal Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Directors' responsibilities statement.

Prior to 1 December 2013 the Company name was Dane Court Grammar and King Ethelbert School Trust and consisted of these two schools only. The Board of Directors - which became a Local Governing Body after 1 December 2013 - has formally met twice during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Trustee	Meetings attended	Out of a possible
Dr. V. Austin, Chair of Directors	2	2
Mr. N. Hudson, Vice Chair of Directors	2	2
Mr. P.J. Luxmoore, Executive Headteacher	2	2
Mrs. T. Bennett	2	2
Mrs. K. Brinkman	2	2
Mr. P. Clark	2	2
Mr. R.H. Copper	1	2
Mrs. K. Cowell	2	2
Mr. D.J. Ellis	2	2
Mrs. P.A. Godden	1	2
Mr. N.P. Gould	2	2
Mr. J.M. Lycett	2	2
Mr. P. Manning, Associate governor	2	2
Mr. P. Rodd	1	2
Mrs. E. Taker	2	2
Mrs. T. Wilson	2	2
Mr. A. Wood	2	2
Mrs. S.E. Wright	2	2

Governance reviews:

King Ethelbert School was inspected by Ofsted in June 2014. As a part of that inspection, Ofsted scrutinised the quality of governance provided by meeting with members of the Trust. Ofsted found that the quality of governance was good.

Ofsted wrote "governance of the school is a strength. The governors are experienced and well equipped to carry out their statutory duties, which they do effectively".

It is anticipated that both Cliftonville Primary School and Dane Court Grammar School will be inspected by Ofsted during the course of the academic year 2014-15 and that, during this process, Ofsted will comment of the quality of governance provided by the Trust in these two schools.

When Cliftonville Primary School joined the Company on 1 December 2013 the Company name was changed from Dane Court Grammar and King Ethelbert School Trust to Coastal Academies Trust. A Coastal Academies Trust Board (the Board of Directors) was established comprising of the existing Company members. Claudine Murray, the Chairman of the Cliftonville Primary School Local Governing Body, was registered as a Director under Article 46d of the Articles of Association. Paul Luxmoore, the Executive Headteacher of Dane Court Grammar School and King Ethelbert School – who is also the Accounting Officer for the Company – was appointed as a Director pursuant to Article 46b of the Articles of Association.

Robin Curtis was appointed as a Director pursuant to Articles 47 and 58 of the Articles of Association and was appointed Chairman of the newly-formed Audit Committee.

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Governance Statement (continued)

The Board of Directors has formally met three times during the year.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Dr. V. Austin, Chair of Directors	3	3
Mr. N. Hudson, Vice Chair of Directors	3	3
Mr. P.J. Luxmoore, Executive Headteacher	3	3
Mr. R. Curtis, Chair of Audit Committee	1	2
Mr. R.H. Copper	2	3
Mrs. C. Murray	3	3
Mr. P. Rodd	2	3

The Finance Committee of Dane Court Grammar School and King Ethelbert School and the Resources Committee of Cliftonville Primary School are sub-committees of the main Board of Directors. Their purpose is to assist the decision making of the Directors by enabling more detailed consideration to be given to the best means of fulfilling the Directors' responsibility to ensure sound financial management.

Attendance at meetings in the year was as follows:

Trustee/Local Governor	Meetings attended	Out of a possible
Dr. V. Austin *	4	4
Mr. N. Hudson, Committee Chair *	4	4
Mr. P.J. Luxmoore *	4	4
Mrs. K. Brinkman *	3	4
Mr. D.J. Ellis *	4	4
Mr. J.M. Lycett *	3	4
Mrs. S.E. Wright *	4	4
Mr. S. Clements **	1	2
Mrs. A. Crittenden **	2	2
Mrs. A. Jewell **	2	2
Rev. J. Richardson, Committee Chair **	2	2
Mr. H. Scobie **	2	2
Mr. C. Stallwood **	1	2
Mrs. P. Standen **	2	2

* Finance Committee of Dane Court Grammar School and King Ethelbert School

** Resources Committee of Cliftonville Primary School

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Company 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 Coastal Academies Trust for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

An Audit Committee has been established as a sub-committee of the main Board of Directors. Its purpose is to supervise and review the management of risk. The Audit Committee met once during the year and comprises the following members, who all attended:

Robin Curtis (Director, Chairman)
Sandra Wood (Trustee)
Paul Manning (Trustee)

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Company's significant risks, that has been in place for the year 1

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Governance Statement (continued)

September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Finance/Resources Committee of each school 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 Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed UHY Hacker Young, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Company's financial systems. On a quarterly basis, the auditors report to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

During the year ended 31 August 2014 the risks to internal control have been fully delivered in line with the requirements of the Education Funding Agency.

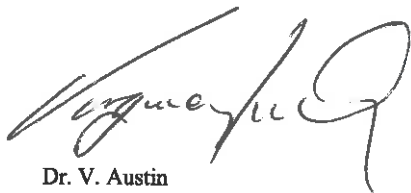
Review of Effectiveness

As Accounting Officer, the Executive Headteacher of Dane Court Grammar and King Ethelbert School has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Board of Directors on 1 December 2014 and signed on its behalf, by:



Dr. V. Austin
Chairman of the Board



Mr. P.J. Luxmoore
Accounting Officer

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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Coastal Academies Trust I have considered my responsibility to notify the Company Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Company and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the Company Board of Directors are able to identify any material, irregular or improper use of funds by the Company, or material non-compliance with the terms and conditions of funding under the Company's funding agreement and the Academies Financial Handbook (2013).

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 Directors and EFA.



Mr. P.J. Luxmoore
Accounting Officer

Date: 1 December 2014

Coastal Academies Trust
(A company limited by guarantee)

Directors' responsibilities statement
For the year ended 31 August 2014

The Directors (who act as governors of the Coastal Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

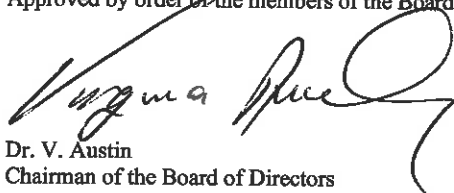
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's websites. 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 the Board of Directors on 1 December 2014 and signed on its behalf by:



Dr. V. Austin
Chairman of the Board of Directors

Coastal Academies Trust
(A company limited by guarantee)

Independent auditors' report to the Board of Directors of Coastal Academies Trust

We have audited the financial statements of Coastal Academies Trust for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the directors of the charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable Company's affairs as at 31 August 2014 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 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Coastal Academies Trust
(A company limited by guarantee)

Independent auditors' report to the Board of Directors of Coastal Academies Trust

Matters on which we are required to report by exception

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

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

UHY Kent LLP

Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Registered Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date:

18 December 2014

Coastal Academies Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Coastal Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 21 August 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Coastal Academies Trust during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Coastal Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Coastal Academies Trust's funding agreement with the Secretary of State for Education dated 23 March 2011, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Company's income and expenditure.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales.

In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of the Coastal Academies Trust for the year ended 31 August 2014 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Coastal Academies Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Coastal Academies Trust and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Kent LLP

Allan Hickie Bsc FCA
for and on behalf of

UHY Kent LLP
Chartered Accountants
Registered Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: *18 December 2014*

Coastal Academies Trust
(A company limited by guarantee)

Statement of financial activities
(incorporating Income and expenditure account and statement of total recognised gains and losses)
For the year ended 31 August 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Incoming resources						
Incoming resources from generated funds:						
Net donation inherited on conversion	2	100,037	(806,000)	-	(705,963)	-
Fixed assets inherited on conversion	2	-	-	5,654,600	5,654,600	-
Voluntary income	2	46,371	-	-	46,371	115,357
Activities for generating funds	3	256,151	313,336	-	569,487	754,407
Investment income	4	23,989	-	-	23,989	36,461
Incoming resources from charitable activities:						
Funding for the academy trust's educational operations	5	-	12,626,158	76,299	12,702,457	10,471,743
Total incoming resources		426,548	12,133,494	5,730,899	18,290,941	11,377,968
Resources expended						
Costs of activities for generating funds	6	211,151	323,159	-	534,310	557,062
Charitable activities:						
Academy trust's educational operations	7	55,376	12,425,364	965,304	13,446,044	10,872,282
Governance costs	8	-	294,739	-	294,739	240,089
Total resources expended	6	266,527	13,043,262	965,304	14,275,093	11,669,433
Net incoming / (outgoing) resources before transfers		160,021	(909,768)	4,765,595	4,015,848	(291,465)
Transfers between Funds	18	(29,714)	(42,600)	72,314	-	-
Net income / (expenditure) for the year		130,307	(952,368)	4,837,909	4,015,848	(291,465)
Actuarial gains and losses on defined benefit pension schemes	26	-	94,000	-	94,000	(58,000)
Net movement in funds for the year		130,307	(858,368)	4,837,909	4,109,848	(349,465)
<i>Total funds at 1 September 2013</i>	18	<i>941,433</i>	<i>(1,387,095)</i>	<i>36,407,272</i>	<i>35,961,610</i>	<i>36,311,075</i>
Total funds at 31 August 2014		1,071,740	(2,245,463)	41,245,181	40,071,458	35,961,610

The academy trust's activities derive from a combination of continuing operations and acquisitions in the current year and further details are provided in note 23.

The Statement of Financial Activities includes all gains and losses recognised in the year.

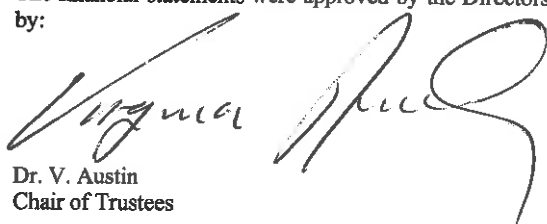
The notes on pages 20 to 38 form part of these financial statements.

Coastal Academies Trust
(A company limited by guarantee)
Registered number: 07552665

Balance sheet
As at 31 August 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	13		41,245,181		36,407,272
Current assets					
Stocks	14	13,310		13,750	
Debtors	15	374,760		262,813	
Cash at bank and in hand		2,184,632		2,198,070	
			2,572,702	2,474,633	
Creditors: amounts falling due within one year	16	(766,025)		(849,445)	
Net current assets			1,806,677		1,625,188
Total assets less current liabilities			43,051,858		38,032,460
Creditors: amounts falling due after more than one year	17		(15,400)		(850)
Net assets excluding pension scheme liability			43,036,458		38,031,610
Pension scheme liabilities	26		(2,965,000)		(2,070,000)
Net assets including pension scheme liability			40,071,458		35,961,610
Funds of the academy					
Restricted funds :					
Restricted funds	18	719,537		682,905	
Restricted fixed asset funds	18	41,245,181		36,407,272	
Restricted funds excluding pension liability		41,964,718		37,090,177	
Pension reserve		(2,965,000)		(2,070,000)	
Total restricted funds			38,999,718		35,020,177
Unrestricted funds	18		1,071,740		941,433
Total funds			40,071,458		35,961,610

The financial statements were approved by the Directors, and authorised for issue, on 1 December 2014 and are signed on their behalf, by:



Dr. V. Austin
Chair of Trustees

The notes on pages 20 to 38 form part of these financial statements.

Coastal Academies Trust
(A company limited by guarantee)

Cash flow statement
For the year ended 31 August 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	20	(96,485)	(324,752)
Returns on investments and servicing of finance	21	23,989	36,461
Capital expenditure and financial investment	21	(74,114)	(73,351)
Cash transferred on conversion to an academy trust	20&23	133,172	-
Decrease in cash in the year		<u>(13,438)</u>	<u>(361,642)</u>

Reconciliation of net cash flow to movement in net funds
For the year ended 31 August 2014

		2014 £	2013 £
Decrease in cash in the year		(13,438)	(361,642)
Movement in net funds in the year	22	(13,438)	(361,642)
Net funds at 1 September 2013		2,198,070	2,559,712
Net funds at 31 August 2014		<u>2,184,632</u>	<u>2,198,070</u>

The notes on pages 20 to 38 form part of these financial statements.

Coastal Academies Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

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

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the Company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

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

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

1.4 Resources expended

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

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

Charitable activities are costs incurred in the Company's educational operations.

Governance costs include the costs attributable to the Company's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Coastal Academies Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

1. Accounting policies (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

Individual assets costing more than £2,000 and bulk purchases costing more than £5,000 are capitalised.

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 are 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 Company's depreciation policy.

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.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	=	2% straight line
Motor vehicles	-	20% reducing balance
Fixtures, fittings and equipment	-	25%
Computer equipment and software	-	33.33%

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Taxation

The Company 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 Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Coastal Academies Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

1. Accounting policies (continued)

1.10 Pensions

Retirement benefits to employees of the Company are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Company.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

2. Voluntary income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Net donation inherited on conversion	100,037	(806,000)	(705,963)	-
Fixed assets inherited on conversion	-	5,654,600	5,654,600	-
	<u>100,037</u>	<u>4,848,600</u>	<u>4,948,637</u>	<u>-</u>
Other donations	46,371	-	46,371	115,357
	<u>146,408</u>	<u>4,848,600</u>	<u>4,995,008</u>	<u>115,357</u>

Coastal Academies Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

3. Activities for generating funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Income from facilities and services	8,597	-	8,597	9,661
School trips income	-	313,336	313,336	349,743
School uniform sales	33,841	-	33,841	20,925
Catering income	138,124	-	138,124	126,848
Other income	75,589	-	75,589	247,230
	<u>256,151</u>	<u>313,336</u>	<u>569,487</u>	<u>754,407</u>

4. Investment income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Short term deposits	23,989	-	23,989	36,461
	<u>23,989</u>	<u>-</u>	<u>23,989</u>	<u>36,461</u>

5. Funding for Academy's educational operations

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	11,674,744	11,674,744	9,881,392
Other DfE/EFA grants	-	685,924	685,924	458,917
	<u>-</u>	<u>12,360,668</u>	<u>12,360,668</u>	<u>10,340,309</u>
Other government grants				
Local authority grants	-	265,490	265,490	115,232
	<u>-</u>	<u>265,490</u>	<u>265,490</u>	<u>115,232</u>
DfE/EFA capital grants				
Devolved Formula Capital	-	76,299	76,299	16,202
	<u>-</u>	<u>76,299</u>	<u>76,299</u>	<u>16,202</u>
	<u>-</u>	<u>12,702,457</u>	<u>12,702,457</u>	<u>10,471,743</u>

Coastal Academies Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

6. Resources expended

	Staff costs	Non Pay Expenditure		Total	Total
	2014	Premises	Other costs	2014	2013
	£	2014	2014	£	£
		£	£		
Costs of activities for generating funds	106,256	6,448	421,606	534,310	557,062
Academy's educational operations:					
Direct costs	8,914,001	734,838	1,137,913	10,786,752	8,883,447
Allocated support costs	1,076,702	754,351	828,239	2,659,292	1,988,835
	<u>9,990,703</u>	<u>1,489,189</u>	<u>1,966,152</u>	<u>13,446,044</u>	<u>10,872,282</u>
Governance	60,938	32,238	201,563	294,739	240,089
	<u>10,157,897</u>	<u>1,527,875</u>	<u>2,589,321</u>	<u>14,275,093</u>	<u>11,669,433</u>

Coastal Academies Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2014

7. Charitable activities

	Total funds 2014 £	<i>Total funds 2013 £</i>
Direct costs - educational operations		
Wages and salaries	7,423,959	6,037,327
National insurance	531,607	455,046
Pension cost	958,435	818,644
Depreciation	917,039	858,208
Books, apparatus and stationery	443,737	256,666
Examination fees	201,115	177,886
Staff development	113,920	53,003
Educational consultancy	196,940	226,667
	<u>10,786,752</u>	<u>8,883,447</u>
Support costs - educational operations		
Wages and salaries	685,932	551,629
National insurance	136,508	42,249
Pension cost	254,262	185,732
Depreciation	48,265	45,169
Maintenance of premises and equipment	187,470	166,267
Cleaning	130,513	103,328
Rent and rates	126,542	105,444
Heat and light	197,118	187,229
Insurance	63,836	67,692
Security	10,196	7,748
Transport	28,566	20,197
Catering	65,887	33,374
Uniforms	15,100	16,190
Technology costs including managed IT services	142,649	163,181
Bank interest and charges	3,992	2,713
Other support costs	476,938	217,439
Recruitment and support	74,903	68,383
Travel and subsistence	10,615	4,871
	<u>2,659,292</u>	<u>1,988,835</u>
	<u>13,446,044</u>	<u>10,872,282</u>

8. Governance costs

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Auditors' remuneration	-	12,770	12,770	8,700
Auditors' non audit costs	-	8,750	8,750	6,066
Charges for other bought in professional services	-	180,043	180,043	139,738
Allocated occupancy costs	-	32,238	32,238	28,066
Allocated clerical staff costs	-	60,938	60,938	57,519
	<u>-</u>	<u>294,739</u>	<u>294,739</u>	<u>240,089</u>

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9. Net incoming / (outgoing) resources

This is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the academy trust	965,305	903,377
Auditors' remuneration	12,770	8,700
Auditors' remuneration - non-audit	8,750	6,066
Operating lease rentals:		
- plant and machinery	48,260	37,594
	<u>48,260</u>	<u>37,594</u>

10. Staff

a. Staff costs

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	8,078,217	6,561,694
Social security costs	669,713	498,877
Pension costs	1,222,294	1,013,281
	<u>9,970,224</u>	<u>8,073,852</u>
Supply teacher costs	143,573	125,386
Staff restructuring costs	44,100	48,350
	<u>10,157,897</u>	<u>8,247,588</u>

b. Staff severance payments

Included in staff restructuring costs are individual payments made under compromise/severance agreements of £21,100, £16,000, £4,000 and £3,000.

c. Staff numbers

The average number of persons employed by the Company during the year expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Teachers	145	118
Administration and support	88	65
Management	13	12
	<u>246</u>	<u>195</u>

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10. Staff (continued)

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2014	2013
	No.	No.
In the band £ 60,001 - £ 70,000	3	3
In the band £ 80,001 - £ 90,000	2	2
In the band £ 120,001 - £ 130,000	1	1
	<u>6</u>	<u>6</u>

Five of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £55,445 (2013 - £58,546). One other employee participated in the Local Government Pension Scheme. Pension contributions amounted to £13,889 (2013 - £14,621).

11. Directors' remuneration and expenses

The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Directors. Other Directors did not receive any payments from the Company in respect of their role as Directors. The value of Directors' remuneration fell within the following bands:

	2014	2013
	£	£
Mr. P.J. Luxmoore, Executive Headteacher	125,000-130,000	125,000-130,000
Mrs. P.A. Godden	15,000-20,000	15,000-20,000
Mrs. S.E. Wright	45,000-50,000	45,000-50,000
Mr. J.M. Lycett	30,000-35,000	30,000-35,000
Mr. A. Wood	40,000-45,000	-

During the year ended 31 August 2014, travel expenses totalling £1,389 (2013 - £2,575) were reimbursed to 1 Director (2013 - 1).

12. Directors' and officers' insurance

In accordance with normal commercial practice the Company has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,302 (2013 - £1,620). The cost of this insurance is included in the total insurance cost.

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13. Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Computer equipment and software £	Total £
Cost or valuation					
At 1 September 2013	37,810,407	-	501,604	171,426	38,483,437
Additions	32,691	25,675	18,339	73,708	150,413
Disposals	-	-	-	(1,799)	(1,799)
Assets inherited on conversion	5,618,000	-	28,400	8,200	5,654,600
At 31 August 2014	43,461,098	25,675	548,343	251,535	44,286,651
Depreciation					
At 1 September 2013	1,701,050	-	292,286	82,829	2,076,165
Charge for the year	773,514	2,675	130,511	58,605	965,305
At 31 August 2014	2,474,564	2,675	422,797	141,434	3,041,470
Net book value					
At 31 August 2014	40,986,534	23,000	125,546	110,101	41,245,181
<i>At 31 August 2013</i>	<i>36,109,357</i>	<i>-</i>	<i>209,318</i>	<i>88,597</i>	<i>36,407,272</i>

Included in land and buildings is freehold land at valuation of £3,625,843 (2013 - £2,601,843) which is not depreciated.

14. Stocks

	2014 £	2013 £
Clothing	12,000	12,000
Catering	1,310	1,750
	13,310	13,750

15. Debtors

	2014 £	2013 £
Trade debtors	18,185	24,435
Other debtors	73,647	35,950
Prepayments and accrued income	282,928	202,428
	374,760	262,813

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16. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	105,029	72,723
Other taxation and social security	157,181	153,797
Other creditors	25,586	195,192
Accruals and deferred income	478,229	427,733
	<u>766,025</u>	<u>849,445</u>
		£
Deferred income		
Deferred income at 1 September 2013		285,442
Resources deferred during the year		324,785
Amounts released from previous years		<u>(274,327)</u>
Deferred income at 31 August 2014		<u>335,900</u>

Deferred income comprises the following received in advance for the 2014/15 academic year:

	2014	2013
	£	£
Contributions towards trips	105,446	85,380
EFA devolved formula capital	9,657	34,137
EFA insurance grant	-	45,014
EFA rates grant	41,895	40,762
DfE fast track grant	-	40,000
Other	9,819	40,149
EFA sponsorship grant	126,501	-
Universal infant free school meals grant	42,582	-
	<u>335,900</u>	<u>285,442</u>

17. Creditors:
Amounts falling due after more than one year

	2014	2013
	£	£
Accruals and deferred income	<u>15,400</u>	<u>850</u>

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18. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	941,433	426,548	(266,527)	(29,714)	-	1,071,740
Restricted funds						
General Annual Grant (GAG) (note(i))	634,250	11,674,744	(11,743,338)	(23,839)	-	541,817
Other DfE/EFA grants (note(ii))	26,360	672,772	(617,090)	(10,665)	-	71,377
Other government grants (note(iii))	22,295	278,642	(161,181)	(12,418)	-	127,338
School trips (note(v))	-	313,336	(338,653)	4,322	-	(20,995)
Pension reserve (note(iv))	(2,070,000)	(806,000)	(183,000)	-	94,000	(2,965,000)
	(1,387,095)	12,133,494	(13,043,262)	(42,600)	94,000	(2,245,463)
Restricted fixed asset funds (note(vi))						
DfE/EFA capital grants	71,301	76,299	(26,598)	-	-	121,002
Donated asset fund	36,238,358	5,654,600	(899,083)	-	-	40,993,875
Capital expenditure from unrestricted fund	97,613	-	(39,623)	72,314	-	130,304
	36,407,272	5,730,899	(965,304)	72,314	-	41,245,181
Total restricted funds	35,020,177	17,864,393	(14,008,566)	29,714	94,000	38,999,718
Total of funds	35,961,610	18,290,941	(14,275,093)	-	94,000	40,071,458

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

Notes

(i) General Annual Grants must be used for the normal running costs of each individual academy, and hence are shown as a separate restricted fund.

(ii) The Other DfE/EFA grant fund relates to income received from the DfE and EFA, and included Pupil Premium.

(iii) The Other Government grant fund relates to restricted income received from other government bodies and includes money received from Kent County Council.

(iv) The pension reserve relates to the academy trust's share of the deficit of the Local Government Pension Schemes overseen by its Local Authority.

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18. Statement of funds (continued)

(v) The School Trips fund accounts for money received from parents and pupils specifically for educational trips and visits, which is treated as a restricted fund because it was given for a specific purpose.

(vi) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The gross transfer from the unrestricted general fund to the restricted fixed asset fund of £72,314 represents the total capital expenditure incurred out of unrestricted funds during the period.

Under the funding agreement with the Secretary of State, the Company was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Dane Court Grammar School	906,974
King Ethelbert School	647,841
Cliftonville Primary School	236,462
Total before fixed asset fund and pension reserve	<u>1,791,277</u>
Restricted fixed asset fund	41,245,181
Pension reserve	(2,965,000)
Total	<u><u>40,071,458</u></u>

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Dane Court Grammar School	4,558,390	392,986	664,759	732,717	6,348,852
King Ethelbert School	3,054,020	506,766	404,809	688,827	4,654,422
Cliftonville Primary School	1,519,723	136,967	148,308	501,517	2,306,515
	<u>9,132,133</u>	<u>1,036,719</u>	<u>1,217,876</u>	<u>1,923,061</u>	<u><u>13,309,789</u></u>

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19. Analysis of net assets between funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	41,245,181	41,245,181	36,407,272
Current assets	1,071,740	1,500,962	-	2,572,702	2,474,633
Creditors due within one year	-	(766,025)	-	(766,025)	(849,445)
Creditors due in more than one year	-	(15,400)	-	(15,400)	(850)
Pension scheme liability	-	(2,965,000)	-	(2,965,000)	(2,070,000)
	<u>1,071,740</u>	<u>(2,245,463)</u>	<u>41,245,181</u>	<u>40,071,458</u>	<u>35,961,610</u>

20. Net cash flow from operations

	2014 £	2013 £
Net incoming resources before revaluations	4,015,848	(291,465)
Returns on investments and servicing of finance	(23,989)	(36,461)
Cash impact of transfer on conversion	(133,172)	-
Capital grants and other capital income	(5,730,899)	(73,051)
Depreciation of tangible fixed assets	965,305	-
Deficit on disposal of tangible fixed assets	1,799	-
Decrease/(increase) in stocks	440	(292)
Increase in debtors	(158,590)	(6,979)
(Decrease)/increase in creditors	(22,227)	2,496
Inherited pension scheme deficit	806,000	-
FRS 17 pension cost less contributions payable	82,000	24,000
FRS 17 pension finance cost	101,000	57,000
Net cash outflow from operations	<u>(96,485)</u>	<u>(324,752)</u>

21. Analysis of cash flows for headings netted in cash flow statement

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	23,989	36,461
	<u>23,989</u>	<u>36,461</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(150,413)	(89,553)
Capital grants from DfE	76,299	16,202
Net cash outflow capital expenditure	<u>(74,114)</u>	<u>(73,351)</u>

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22. Analysis of changes in net funds

	1 September 2013	Cash flow	Other non-cash changes	31 August 2014
	£	£	£	£
Cash at bank and in hand:	2,198,070	(13,438)	-	2,184,632
Net funds	2,198,070	(13,438)	-	2,184,632

23. Conversion to an academy trust

On 1 December 2013 Cliftonville Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Coastal Academies Trust from Kent County Council for £NIL consideration.

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

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

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	5,618,000	5,618,000
- Other tangible fixed assets	-	-	36,600	36,600
Budget surplus/(deficit) on LA funds	133,172	-	-	133,172
LGPS pension surplus/(deficit)	-	(806,000)	-	(806,000)
Other identified assets and liabilities	(33,135)	-	-	(33,135)
Net assets/(liabilities)	100,037	(806,000)	5,654,600	4,948,637

The above net assets include £133,172 that was transferred as cash.

Due to the transfer of operations and assets and liabilities of Cliftonville Primary School into the academy trust during the year, the trust's activities derive from a mixture of continuing and acquired operations. The split between continuing and acquired operations, using the main headings of the Statement of Financial Activities, is as follows:

	Continuing operations	Acquired operations	2014
	£	£	£
Total incoming resources	10,929,724	7,361,217	18,290,941
Total expended resources	(11,887,163)	(2,387,930)	(14,275,093)
Actuarial gains/(losses) on defined benefit pension scheme	110,000	(16,000)	94,000
Net movement in funds per Statement of Financial Activities	(847,439)	4,957,287	4,109,848

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24. Contingent liabilities

The trust is involved in a legal dispute, and, having lost the initial case, are currently appealing the decision at the High Court.

If the appeal is unsuccessful the trust will have to meet its own legal costs, but also the defendant's costs. It is difficult to estimate the value of the contingent liability, and no further information is included on the grounds that this might prejudice the appeal.

25. Capital commitments

At 31 August 2014 the Company had capital commitments as follows:

	2014	2013
	£	£
Contracted for but not provided in these financial statements	59,000	-

The capital commitment relates to a contract entered into with a supplier to build four new classrooms.

26. Pension commitments

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

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

Contributions amounting to £24,230 were payable to the scheme at 31 August 2014 (2013 - 24,183) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

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26. Pension commitments (continued)

Teachers' Pension Scheme Changes

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

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £388,000, of which employer's contributions totalled £304,000 and employees' contributions totalled £84,000. The agreed contribution rates for future years are 24% for employers and 8% for employees.

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

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26. Pension commitments (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	<i>Expected return at 31 August 2013 %</i>	<i>Fair value at 31 August 2013 £</i>
Equities	6.70	1,943,000	6.60	1,258,000
Bonds	3.60	335,000	4.40	209,000
Property	5.90	290,000	4.60	140,000
Gilts	3.00	36,000	3.50	-
Cash	2.90	121,000	0.50	70,000
Target return portfolio	5.90	123,000	5.00	70,000
Total market value of assets		<u>2,848,000</u>		<u>1,747,000</u>
Present value of scheme liabilities		(5,813,000)		(3,817,000)
Deficit in the scheme		<u>(2,965,000)</u>		<u>(2,070,000)</u>

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(5,813,000)	(3,817,000)
Fair value of scheme assets	<u>2,848,000</u>	<u>1,747,000</u>
Net liability	<u>(2,965,000)</u>	<u>(2,070,000)</u>

The amounts recognised in the Statement of financial activities are as follows:

	2014 £	2013 £
Current service cost	(386,000)	(250,000)
Interest on obligation	(230,000)	(130,000)
Expected return on scheme assets	<u>129,000</u>	<u>73,000</u>
Total	<u>(487,000)</u>	<u>(307,000)</u>
Actual return on scheme assets	<u>218,000</u>	<u>212,000</u>

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26. Pension commitments (continued)

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

	2014 £	2013 £
Opening defined benefit obligation	3,817,000	3,195,000
Current service cost	386,000	250,000
Interest cost	230,000	130,000
Contributions by scheme participants	84,000	60,000
Actuarial loss	175,000	197,000
Benefits paid	(20,000)	(15,000)
Transfer in from new academy	1,141,000	-
	<u>5,813,000</u>	<u>3,817,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,747,000	1,264,000
Expected return on assets	129,000	73,000
Actuarial gain	269,000	139,000
Contributions by employer	304,000	226,000
Contributions by employees	84,000	60,000
Benefits paid	(20,000)	(15,000)
Transfer in from new academy	335,000	-
	<u>2,848,000</u>	<u>1,747,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was a loss of £443,000 (2013 - a loss of £537,000).

The Company expects to contribute £296,000 to its Defined benefit pension scheme in 2015.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %

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

	2014	2013
Retiring today		
Males	22.7	20.1
Females	25.1	24.1
Retiring in 20 years		
Males	24.9	22.1
Females	27.4	26.0

Both the discount rate applied on the defined benefit obligation and the mortality assumption are subject to a degree of subjectivity, and the following sensitivity analysis (shown on a combined basis to include all three schools) indicates the impact of a small change in either the discount rate of mortality assumptions:

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26. Pension commitments (continued)

Adjustment to discount rate:	£ +0.1%	£ 0.0%	£ -0.1%
- Present value of total obligation	5,673,000	5,813,000	5,956,000
- Projected service cost	460,000	472,000	484,000
Adjustment to mortality age rating assumption:	+1 Year	None	-1 Year
- Present value of total obligation	5,615,000	5,813,000	3,960,000
- Projected service cost	456,000	472,000	488,000

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(5,813,000)	(3,817,000)	(3,195,000)
Scheme assets	2,848,000	1,747,000	1,264,000
Deficit	(2,965,000)	(2,070,000)	(1,931,000)
Experience adjustments on scheme liabilities	178,000	-	-
Experience adjustments on scheme assets	269,000	139,000	58,000

27. Operating lease commitments

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

	2014 £	2013 £
Expiry date:		
Within 1 year	5,233	4,276
Between 2 and 5 years	29,714	16,235

28. Related party transactions

Donations of £4,870 (2013 - £6,227) were received from the Dane Court Grammar School Parents Association, a separately registered charity, during the year.

Income of £5,000 (2013 - £188,000) was received and expenditure of £Nil (2013 - £35,060) was incurred in respect of the East Kent Learning Alliance Limited (EKLA), a teaching school alliance of East Kent schools including Dane Court Grammar School and King Ethelbert School.

At the 31 August 2014 EKLA owed the academy trust £1,091 (2013 - the academy trust owed EKLA £171,359).

29. Post balance sheet events

On 1 December 2014, Hartsdown Technology College, Margate, joined the academy trust.

30. Ultimate controlling party

The academy trust is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.