

Cleves Academy Trust

Annual Report and Financial Statements

31 August 2018

Company Limited by Guarantee
Registration Number
07403271 (England and Wales)

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Reference and administrative information

Members	S Foster J Graham D Neville-Davies
Trustees	H Bennett E Calow R Flaherty S Foster (Chair) W Giddens J Graham C Hodges C Jackson E Jones S Matthews A Nelson D Neville-Davies
Company Secretary	M Tytherleigh
Senior Management Team	
Headteacher	C Hodges
Deputy Head	C Smith
Business Manager	E Turner
Registered address	Cleves Academy Trust Oatlands Avenue Weybridge Surrey KT13 9TS
Company registration number	07403271
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers

Lloyds Bank plc
PO Box 1000
Andover
BX1 1LT

Scottish Widows Bank plc
PO Box 12757
Edinburgh
EH3 8JY

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

The trustees of Cleves Academy Trust ('the Academy') present their annual report together with the financial statements of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 31 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later (Charities' SORP 2015).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration number 07403271) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees act as the directors of the charitable company for the purposes of company law.

Members' liability

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

Trustees' indemnities

The Academy has opted into the risk protection arrangement (RPA) for Academy Trusts, which is a mechanism through which the cost of risks that materialise will be covered by government funds. Part of this mechanism protects trustees and officers from claims arising from the negligent acts, errors or omissions occurring whilst on Academy business. The scheme provides cover up to £10,000,000 on any one claim and the cost for the period was included in the total costs paid for the risk protection arrangement (RPA) for Academy Trusts, which were £13,140 (2017 - £14,552).

Principal activities

According to its Articles, the Academy's object is "specifically restricted to the following: to advance for the public benefit education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum".

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities (continued)

In July 2017, the Academy's articles were expanded, to include the following: "to promote for the benefit of the inhabitants of the area in which the Academy is situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants." All of the activities of the Academy and its trustees are directed to the furtherance of these objects.

Trustees

The trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following trustees were in office at the date of signing and served throughout the year except where shown.

Trustee	Appointed/Resigned	Appointing body
A Batchelor	Appointed November 2014/ Resigned February 2018	Staff
H Bennett	Appointed December 2017	Appointed by Members
E Calow	Appointed July 2016	Appointed by Members
N Clarkson	Appointed October 2016 / Resigned October 2017	Parent
R Flaherty	Appointed November 2014	Staff
S Foster	Appointed November 2011	Appointed by Members
W Giddens	Appointed November 2017	Parent
J Graham	Appointed November 2017	Parent
C Hodges	Appointed September 2014	Ex officio: Headteacher
C Jackson	Appointed November 2012 Resigned July 2018	Appointed by Members
E Jones	Appointed December 2013	Appointed by Members
S Matthews	Appointed December 2013	Co-opted
A Nelson	Appointed March 2018	Staff
D Neville-Davies	Appointed October 2013	Appointed by Members
K Taylor	Appointed July 18	Co-opted Trustee
C White	Appointed December 2013 / Resigned December 2017	Parent

Method of recruitment and appointment or election of trustees

The Chair first informally meets people who have expressed interest in governance or who have been asked if they have an interest (sometimes with another trustee present). If the individual and Chair both wish to take things further the prospective trustees' CV is sent to all trustees and the individual is invited to attend a Board meeting to explain their interest in governance at Cleves; answer questions, and observe a Part 1 meeting. A discussion and vote take place as a Part 2 item. Generally, unless there is a specific skill shortage or other need, the Board ask prospective trustees first to join one of its two main committees as associate trustees. During the year there were two associate trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of trustees (continued)

Appointments of trustees are made in accordance with the Articles of Association, para 45ff. The members appoint up to eleven trustees (and no fewer than three) and up to three co-opted trustees are appointed by the trustees. The Board also has a minimum of one staff trustee, appointed following procedures set out in the Academy's Standing Orders, but no more than one third of the total Board may be staff trustees. A minimum of two parent trustees are appointed by secret ballot; and the Headteacher is an ex officio trustee.

Policies and procedures adopted for the induction and training of trustees

A comprehensive set of information about the Academy, including relevant policies, the Articles and the Board of Trustees' Standing Orders is easy to locate in one place on the trustees' area of the school intranet site. Any new trustee (having already had a comprehensive informal conversation with the Chair prior to joining and having attended a trustee meeting), is invited to meet the Chair of the main committee on which they will serve and (if new to the Academy) to meet the Headteacher and to have a tour of the Academy.

All trustees are required to sign Cleves' Code of Practice, which explicitly commits them to undertake all necessary training. The Board of Trustees' Code of Conduct and Standing Orders set out expectations of trustees. "Training needs" is on the first agenda of the year for committees and the trustees. The Chair checks with all new trustees that they were satisfied with their induction. All trustees have to commit to attend Part 1 and Part 2 of "Introduction to Governance" if they had not already done so and otherwise have to attend at least one training course/development event a year. The Academy has a Service Level Agreement with Babcock4S to provide trustee training. The Academy also has membership of the National Governors Association (NGA) and Better Governor (BG) and all trustees receive material from the NGA on wider governance issues. Trustees also share articles/weblinks on an ad hoc basis for training purposes. Training is a standing item on Board of Trustee (BOT) agendas.

Organisational structure

The trustees are responsible for setting overall strategic direction; discussing and adopting an annual budget; monitoring the budget; agreeing a scheme of delegation; appointing auditors and a Responsible Officer; appointing and holding the Headteacher to account for the performance of the Academy; overseeing capital expenditure, and determining senior staff structure and appointments with the Headteacher. The Board has delegated some responsibilities to two main committees - the Children's Achievement and Well-Being and the Resources Committees. There are separate Personnel, Pay and Performance and Admissions committees and arrangements are in place for any necessary ad hoc committees. Three trustees constitute the Headteacher's Pay and Performance Panel. The full Board meets twice termly, as do the two main committees. All meet more frequently if required.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

This is guided by the Academy's Pay Policy. The Headteacher makes recommendations to the Personnel, Pay and Performance (PPP) Committee in July of each year. The Pay Committee then makes the final decision on annual pay awards based on feedback from, and dialogue with, the Headteacher. The Headteacher's objectives are set and performance against these are reviewed separately by a Headteacher's Performance Panel supported by an external School Improvement Partner. This Panel recommends a pay increase to the PPP committee, which decides on any pay increment.

Trade union facility time

There were no employees who were relevant union officials during the period, so there was no time or percentage of the pay bill spent on facility time. There were no paid trade union activities during the year.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of the Cleves Academy Trust to provide education, and a broad and balanced curriculum, for pupils of differing abilities between the ages of 7 and 11 in accordance with its Admissions Policy. The Academy Trust operates in accordance with all relevant provisions of the Schools Admissions Code and the Schools Admissions Appeals Code as they apply at any time to maintained schools.

Cleves' vision statement is:

"Our vision is that all pupils leave Cleves inspired and equipped with the skills, knowledge and emotional well being they need to take on the challenges of a changing and ever more competitive world"

The main objectives of the Academy during the period were:

- ◆ To ensure that every child enjoys high quality education in terms of resourcing, tuition and care;
- ◆ To raise the standard of educational achievement of all pupils, especially those groups of pupils whose progress was weaker, and disadvantaged pupils;
- ◆ To pay special attention to improving pupils' attainment and progress in all subjects, especially maths;
- ◆ To continue to prepare pupils to meet the demands of SATs whilst maintaining and expanding a broad and balanced curriculum;
- ◆ To continue to provide value for money for the funds expended;
- ◆ To comply with all appropriate statutory and curriculum requirements;

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

- ◆ To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness;
- ◆ To continue to manage school expansion to six forms of entry;
- ◆ To use specialist teaching rooms to expand the educational opportunities available;
- ◆ To provide support to a local primary school, which led to a Memorandum of Understanding; and
- ◆ To explore ways to work in even closer partnerships with local infant feeder schools, in accordance with the Memorandum of Understanding.

Public benefit

In setting the Academy's objectives and planning its activities, the Board of Trustees has had due regard to the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

Achievements and performance

With the change in the end of Key Stage assessments in 2016 the 2018 SATs results can be compared to the previous two years but they are not directly comparable to earlier years.

Our pupils on average attained considerably higher than National Average and progress was also higher than National Average. Attainment in 2018 was very similar to the previous year's results. 86% met the achieved expected standard for reading, writing and maths, compared to 89% in 2017.

Our internal school data for years 3, 4 and 5 based on teachers' assessments shows pupils on average are working above the national expectations and making at least good progress.

Key performance indicators

- ◆ To maintain a cash balance equivalent to at least one month's expenditure (excluding fixed assets). **Achieved.**
- ◆ To maintain a solvency ratio (current assets to current liabilities) of at least 2:1. **Achieved.**
- ◆ The total cost of staffing shall not exceed 100% of GAG funding. **Achieved.**
- ◆ At least 75% teaching to be outstanding. **Achieved.**

STRATEGIC REPORT (continued)

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue teaching for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details can be found in the accounting policies.

Financial review

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

A small, but so far consistent, amount of income is derived from lettings and for this year and the prior year some income was earned by the Headteacher and Deputy Headteacher providing support to another school (see note 22). The school's PTA contributes to additional, non-core provisions for the benefit of Cleves' children.

The total income for the year was £3,337,000 (2017 - £5,561,000), of which £2,152,000 (2017 - £2,092,000) is General Annual Grant. The remainder is made up of other ESFA and Government Grants, the unrestricted element generated from donations and parental contributions, lettings and catering. In 2017, there was also a gift-in-kind of £2,316,000 (2018 - £nil) being the donation of a new building. The excess of income over expenditure for the period, excluding the fixed assets fund and the pension reserve was £46,000 (2017 - £79,000).

At 31 August 2018, the Academy had total funds of £9,077,000 (2017 - £9,161,000). This comprised of £8,377,000 (2017 - £8,507,000) of restricted funds and £700,000 (2017 - £654,000) of unrestricted general fund balances. The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £1,046,000 (2017 - £1,168,000) at 31 August 2018.

The results for the period are shown on page 23.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy

The trustees review the reserve levels of the Academy at least annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free reserves should be at least one month's expenditure which approximates to £300,000. The reason for this is to provide sufficient working capital to cover delays between spending and the receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £700,000 (2017 - £654,000). The Academy plans to review future expenditure plans in light of current reserves levels.

Investment policy

The Academy holds no investments. Surplus cash is deposited in UK banks.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees regularly assess the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities, and other operational areas of the Academy and its finances (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. Shortage of classroom teachers is a national concern and in view of the Academy's experiences in a previous year staff are now identified and secured earlier than in previous years. This has proved successful.

In the course of the accounting year the trustees continued to devote some of the Academy's reserves to tackling worn conditions in the Academy. A suitably qualified trustee has carried out regular health and safety audits, with action plans, which are discussed by the Resources Committee.

As funding from central Government is tight, the Academy is careful to maintain its external lettings contracts. Lettings continue to provide additional income and during the reporting period some additional income came from supporting another school.

The school's PTA continues to be very active and successful in organising fundraising events along with the wrap around GAP club provision. We are fully aware that there is risk around the budgeting and income from lettings and from GAP club and therefore we monitor closely in-year changes to lettings which could impact on any allocated expenditure. We take a cautious approach in forecasting these sources of revenue. The school's PTA continues to be very active and successful in organising fundraising events for the benefit of children. We are aware this income too can fluctuate.

PLANS FOR FUTURE PERIODS

Trustees met in September 2018 to review their strategic priorities and to set new ones for coming years.

We shall continue to focus on maths this year, a subject with which children with low prior attainment struggle and we shall also focus on spelling. We will be targeting particular groups of children who need additional support in all subjects, as well as helping more able children. We wish to increase the number of children who reach "greater depth" in each subject at the end of Year 6.

We plan to continue to embed and strengthen our links with our infant feeder schools for the benefit of our children (Manby Lodge and Oatlands School). We shall also continue to provide support to another local school and to identify additional mutually beneficial activities, such as inter-school sports matches and additional provision for groups of children, e.g. most able.

We plan to continue to market our school facilities and letting opportunities to further increase incomes and ensure we remain sustainable.

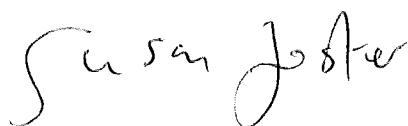
We shall continue to work closely with parents and build on the work of the parents' forum established in 2016.

AUDITOR

In so far as the trustees are aware:

- ♦ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the members of the Board of Trustees on 4 December 2018 and signed on its behalf by:



Susan Foster
Chair of Trustees

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The Board of Trustees formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
A Batchelor	0	3
H Bennett	4	5
N Clarkson	3	4
E Calow	6	6
R Flaherty	6	6
S Foster	6	6
W Giddens	4	5
J Graham	5	5
C Hodges	6	6
C Jackson	4	6
E Jones	6	6
S Matthews	6	6
A Nelson	3	3
D Neville-Davies	6	6
K Taylor	1	1
C White	1	1

Governance reviews

In summer 2017 the trustees commissioned the Academy's new School Improvement Partner to carry out a comprehensive desk audit of governance for them. This report concluded that governance seemed to be outstanding and gave four areas for trustees to consider further. Trustees drew up an action plan and the majority of action points have been completed or are in hand.

Resources Committee

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

Resources Committee (continued)

- ◆ have regard to the Academies Financial Handbook and the Academy funding agreement;
- ◆ determine financial priorities for the coming year and for the next three years in accordance with the Strategic Plan;
- ◆ discuss, examine and agree the annual income and expenditure budget plan for the financial year for the Academy and recommend its adoption to the full Board of Trustees;
- ◆ discuss and agree bids for funding from central Government (eg CIF);
- ◆ review budget monitoring reports and then report to the full Board of Trustees termly on the Academy's finances (public and non-public), including performance against profile for the annual budget; value for money; the forecast and actual end of year position; and other issues of significance;
- ◆ review systems of internal financial control and identify areas of risk;
- ◆ make recommendations to the full Board of Trustees about the arguments for and affordability of any proposed expenditure outside of budget;
- ◆ receive and where appropriate respond to periodic requests for audit reports of public funds;
- ◆ after considering the costs and benefits to approve new contracts; to continue or cease existing ones in accordance with limits set out in the scheme of delegation;
- ◆ oversee the preparation of the year-end accounts, in conjunction with the Headteacher, Business Manager and external auditor;
- ◆ agree procedures to be followed for carrying out emergency work and to make recommendations about delegation to the Headteacher for taking appropriate action on behalf of the Board of Trustees in the event of an emergency;
- ◆ review banking arrangements annually, or as necessary;
- ◆ approve any debts written off in accordance with a written policy on the action to be taken with regard to chasing arrears and write offs;
- ◆ ensure the Academy maintains an up to date asset register and a rolling programme of repairs and maintenance;
- ◆ ensure company accounts are filed;
- ◆ organise the internal audit or Responsible Officer system;
- ◆ agree the level of delegation to the Headteacher for the day-to-day financial management of the Academy;

Resources Committee (continued)

- ♦ recommend the amount which can be vired between budget headings by the Headteacher without prior agreement of the Resources Committee; and
- ♦ look at benchmarking data for expenditure.

In the course of the year the committee followed a rolling work plan. Key activities included regular monitoring of the budget; agreement of a longer-term maintenance plan and expenditure to cover other urgent priorities and the deployment of additional income from consultancy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Nelson	1	1
E Calow	4	5
C Hodges	5	5
E Jones	5	5
W Giddens	3	3

Review of value for money

As Accounting Officer the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers whether the Academy's use of its resources has provided good value for money during the academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered and improved value for money during the year by:

- ♦ reviewing services and retendering for ICT support;
- ♦ invested in up to date SMART boards and chromebooks following hardware replacement schedule;
- ♦ investing in maths training and committing resources to support the development of maths; and
- ♦ after 3 years of pay protection, a leadership restructuring exercise in 2015/16 has now reduced teaching staff costs.

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 the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. A system of internal control has been in place at the Academy for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements, with changes in systems made to accommodate changes in processes and systems. The Responsible Officer has carried out visits to assist in assessing internal systems and processes.

Capacity to handle risk

The Resources Committee and the Board of Trustees have reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements an ongoing process for identifying, evaluating and managing the Academy's significant risks has been in place. This process is regularly reviewed by the Resources Committee and Board of Trustees.

The risk and control framework

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

- ◆ budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- ◆ regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However during the period the trustees appointed Miss Emma Calow, as Responsible Officer (RO).

The risk and control framework (continued)

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. During the period, Emma Calow fulfilled this function and reported to the Board of Trustees, through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

There have been no material issues or remedial action required.

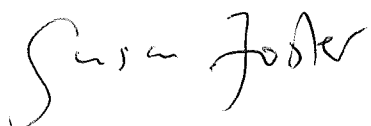
Review of effectiveness

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


- ♦ the work of the external auditor;
- ♦ the work of the Responsible Officer; and
- ♦ the work of the Senior Management Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Resources Committee of the implications of his review of the system of internal control and set out his plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 4 December 2018 and signed on their behalf by:



Susan Foster
(Chair of Trustees)



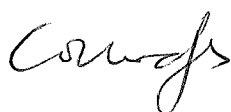
Christopher Hodges
(Accounting Officer)

Statement on regularity, propriety and compliance 31 August 2018

As Accounting Officer of Cleves Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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



Christopher Hodges

Accounting Officer

Date: 4 December 2018

Statement of trustees responsibilities 31 August 2018

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

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


- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees on 4 December 2018 and signed on its behalf by:


Susan Foster
Chair of Trustees

Independent auditor's report to the members of Cleves Academy Trust

Opinion

We have audited the financial statements of Cleves Academy Trust (the 'charitable company') for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

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 2018 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Buzzacott LLP 10 December 2018

Shachi Blakemore (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Independent reporting accountant's assurance report on regularity to Cleves Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cleves Academy Trust during the period from 1 September 2017 to 31 August 2018 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 Cleves Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Cleves Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Cleves Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Cleves Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Cleves Academy Trust's funding agreement with the Secretary of State for Education dated 29 October 2010 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ 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.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP 10 December 2018

Reporting Accountant
Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account) Year to 31 August 2018

	Notes	Unrestricted general fund £'000	Restricted funds		2018 Total funds £'000	2017 Total funds £'000
			General fund £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	1	124	—	11	135	2,531
Charitable activities						
· Funding for the Academy's educational operations	2	216	2,391	—	2,607	2,520
Other trading activities	3	593	—	—	593	509
Investments	4	2	—	—	2	1
Total income		935	2,391	11	3,337	5,561
Expenditure on:						
Raising funds	5	130	—	—	130	117
Charitable activities						
· Academy's educational operations	6	688	2,515	334	3,537	3,270
Total expenditure		818	2,515	334	3,667	3,387
Net income (expenditure)		117	(124)	(323)	(330)	2,174
Transfers between funds	16	(71)	—	71	—	—
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	21	—	246	—	246	295
Net movement in funds		46	122	(252)	(84)	2,469
Reconciliation of funds						
Total fund balances brought forward at 1 September		654	(1,168)	9,675	9,161	6,692
Total fund balances carried forward at 31 August		700	(1,046)	9,423	9,077	9,161


All of the Academy's activities derived from continuing operations during the above two financial periods.

The Academy has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2018

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible fixed assets	12		9,423		9,664
Current assets					
Debtors	13	138		108	
Cash at bank and in hand		823		854	
		<u>961</u>		<u>962</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(246)		(272)	
Net current assets			<u>715</u>		<u>690</u>
Total assets less current liabilities			10,138		10,354
Creditors: amounts falling due after one year	15		(15)		(25)
Net assets excluding pension liability			<u>10,123</u>		<u>10,329</u>
Pension scheme liability	21		(1,046)		(1,168)
Total net assets			<u>9,077</u>		<u>9,161</u>
Funds of the Academy:					
Restricted funds					
Fixed assets fund	16		9,423		9,675
Pension reserve	16		(1,046)		(1,168)
Total restricted funds			<u>8,377</u>		<u>8,507</u>
Unrestricted income funds					
General fund	16		700		654
Total funds			<u>9,077</u>		<u>9,161</u>

The financial statements on page 23 to 47 were approved by the trustees, and authorised for issue on 4 December 2018 and are signed on their behalf by:


Susan Foster
Chair

Cleves Academy Trust
Company Limited by Guarantee
Registration Number: 07403271 (England and Wales)

Statement of cash flows Year to 31 August 2018

		2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by operating activities	A	49	145
Cash flows used in investing activities	B	(80)	(76)
Change in cash and cash equivalents in the year		(31)	69
Cash and cash equivalents at 1 September		854	785
Cash and cash equivalents at 31 August	C	823	854

A Reconciliation of expenditure to net cash flow from operating activities

	2018 £'000	2017 £'000
Net (expenditure) income for the year (as per the statement of financial activities)	(330)	2,174
Adjusted for:		
Depreciation charges (note 12)	334	294
Capital grants from DfE and other capital income	(11)	(2,387)
Interest receivable (note 4)	(2)	(1)
Defined benefit pension scheme cost less contributions payable (note 21)	94	39
Defined benefit pension scheme finance cost (note 21)	30	28
Increase in debtors	(30)	(63)
(Increase) decrease in creditors	(36)	61
Net cash provided by operating activities	49	145

B Cash flows from investing activities

	2018 £'000	2017 £'000
Dividends, interest and rents from investments	2	1
Purchase of tangible fixed assets	(93)	(148)
Capital grants from DfE/ESFA	11	71
Net cash used in investing activities	(80)	(76)

C Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	823	854
Total cash and cash equivalents	823	854

Statement of accounting policies

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

Basis of preparation

The financial statements of the Academy have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities' SORP 2015)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest thousand.

Going concern

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

Income

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

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Income (continued)

Grants (continued)

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

Capital grants are recognised when there is entitlement 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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated fixed assets

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

Expenditure

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

Expenditure (continued)

Expenditure on raising funds

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

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

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

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

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

♦ Freehold buildings	2% straight line
♦ Fixtures, fittings and equipment	20% straight line
♦ IT equipment	33.3% straight line

Depreciation is charged from the month of acquisition.

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.

Debtors

Debtors were recognised at their settlement amount, less any provision for non-recoverability. Prepayments were valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represented such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Liabilities

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

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

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority; Surrey County Council.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

- ◆ The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability; and
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation.

1 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Capital grants	—	11	11	71
Donated fixed assets	—	—	—	2,316
Other donations	124	—	124	144
	124	11	135	2,531

2 Funding for the Academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
DfE / ESFA revenue grants				
. General Annual Grant (GAG)	—	2,152	2,152	2,092
. Other DfE / ESFA	—	89	89	73
	—	2,241	2,241	2,165
Other Government grants				
. Local authority grants	—	101	101	97
. Special educational projects	—	49	49	57
	—	150	150	154
Other income from the Academy's educational operations	216	—	216	201
	216	2,391	2,607	2,520

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Hire of facilities/lettings income	160	—	160	139
Trip income	163	—	163	163
Catering income	174	—	174	177
Miscellaneous income	96	—	96	30
	593	—	593	509

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Interest receivable	2	—	2	1

5 Expenditure

	Staff costs £'000	Non pay expenditure		2018 Total funds £'000	2017 Total funds £'000
		Premises £'000	Other costs £'000		
Expenditure on raising funds:					
. Direct costs	127	3	—	130	118
Academy's educational operations					
. Direct costs	1,749	334	312	2,395	2,197
. Allocated support costs	352	155	635	1,142	1,073
	2,228	492	947	3,667	3,388
Net expenditure for the year includes:				2018 Total funds £'000	2017 Total funds £'000
Operating lease rentals				6	3
Depreciation				334	294
Fees payable to auditor					
. Audit				6	6
. Other services				5	7

6 Charitable activities - Academy's educational operations

	2018 Total funds £'000	2017 Total funds £'000
Direct costs	2,395	2,197
Support costs	1,142	1,073
	3,537	3,270

	2018 Total funds £'000	2017 Total funds £'000
Analysis of support costs		
Support staff costs	352	337
Technology costs	54	42
Premises costs	155	178
Other support costs	564	500
Governance costs (note 7)	17	16
Total support costs	1,142	1,073

7 Governance costs

	2018 Total funds £'000	2017 Total funds £'000
Auditor's remuneration	11	14
Legal and professional fees	6	2
	17	16

8 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

		Unrestricted general fund £'000	Restricted funds		2017 Total funds £'000
	Notes	£'000	General fund £'000	Fixed assets fund £'000	£'000
Income from:					
Donations and capital grants	1	144	—	2,387	2,531
Charitable activities					
. Funding for the Academy's educational operations	2	201	2,319	—	2,520
Other trading activities	3	509	—	—	509
Investments	4	1	—	—	1
Total income		855	2,319	2,387	5,561
Expenditure on:					
Raising funds	5	117	—	—	117
Charitable activities					
. Academy's educational operations	6	387	2,589	294	3,270
Total expenditure		504	2,589	294	3,387
Net income (expenditure)		351	(270)	2,093	2,174
Transfers between funds	16	(270)	201	69	—
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	21	—	295	—	295
Net movement in funds		81	226	2,162	2,469
Reconciliation of funds					
Total fund balances brought forward at 1 September 2016		573	(1,394)	7,513	6,692
Total fund balances carried forward at 31 August 2017		654	(1,168)	9,675	9,161

9 Staff

(a) Staff costs

Staff costs during the year were:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	1,612	1,641
Social security costs	152	142
Pension costs	392	350
	2,156	2,133
Supply teacher costs	72	69
	2,228	2,202

(b) Staff numbers

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

	2018 No.	2017 No.
Charitable activities		
Teachers	36	33
Administration and support	52	53
Management	3	3
	91	89

(c) Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	1	1
£90,001 - £100,000	—	1
£100,001 - £110,000	1	—

(d) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the Academy Trust was £283,331 (2017 - £275,024).

10 Trustees' remuneration and expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

	2018 £	2017 £
C Hodges (Headteacher)		
. Remuneration	£100,000 - £105,000	£95,000 - £100,000
. Employer's pension contributions	£15,000 - £20,000	£15,000 - £20,000
A Batchelor (Staff Trustee)		
. Remuneration	£10,000 - £15,000	£45,000 - £50,000
. Employer's pension contributions	£0 - £5,000	£5,000 - £10,000
R Flaherty (Staff Trustee)		
. Remuneration	£40,000 - £45,000	£40,000 - £45,000
. Employer's pension contributions	£5,000 - £10,000	£5,000 - £10,000
A Nelson (Staff Trustee)		
. Remuneration	£30,000 - £35,000	£nil
. Employer's pension contributions	£5,000 - £10,000	£nil

Other related party transactions involving the trustees are set out in note 22.

During the year ended 31 August 2018, no travel and subsistence expenses were reimbursed to any trustee (2017 - £nil).

11 Trustees and Officers' insurance

The Academy has opted into the risk protection arrangement (RPA) for Academy Trusts, which is a mechanism through which the cost of risks that materialise will be covered by government funds. Part of this mechanism protects trustees and officers from claims arising from the negligent acts, errors or omissions occurring whilst on Academy business. The scheme provides cover up to £10,000,000 on any one claim and the cost for the period was included in the total costs paid for the risk protection arrangement (RPA) for Academy Trusts, which were £13,140 (2017 - £14,552).

12 Tangible fixed assets

	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total funds £'000
Cost				
At 1 September 2017	10,322	503	261	11,086
Additions	—	33	60	93
Disposals	—	(69)	(42)	(111)
At 31 August 2018	10,322	467	279	11,068
Depreciation				
At 1 September 2017	972	286	164	1,422
Charged in year	206	71	57	334
Disposals	—	(69)	(42)	(111)
At 31 August 2018	1,178	288	179	1,645
Net book value				
At 31 August 2018	9,144	179	100	9,423
At 31 August 2017	9,350	217	97	9,664

13 Debtors

	2018 £'000	2017 £'000
Trade debtors	12	55
VAT recoverable	86	37
Prepayments and accrued income	40	16
	138	108

14 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	117	142
Taxation and social security	78	73
Loans (note 15)	10	11
Accruals and deferred income	41	46
	246	272

14 Creditors: amounts falling due within one year (continued)

Deferred income

	2018 Total funds £'000	2017 Total funds £'000
Deferred income at 1 September	—	—
Resources deferred in the year	24	—
Deferred income at 31 August	24	—

15 Creditors: amounts falling due in greater than one year

	2018 £'000	2017 £'000
Loans	15	25

Loans comprise a SALIX loan of £10,000 which is repayable over the period from March 2015 to September 2018 and a Condition Improvement Fund loan of £41,100 from the ESFA which is repayable over the period from September 2016 to August 2021. Both are interest free.

The loans are payable in instalments as follows:

	2018 £'000	2017 £'000
Due within one year	10	11
Due between one and two years	9	10
Due between two and five years	6	15
	25	36

16 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
. General Annual Grant (GAG)	—	2,152	(2,152)	—	—
. Pupil Premium	—	68	(68)	—	—
. Other grants	—	21	(21)	—	—
. Pension reserve	(1,168)	—	(124)	246	(1,046)
	(1,168)	2,241	(2,365)	246	(1,046)
Restricted fixed assets fund					
. Fixed assets held	9,664	—	(334)	93	9,423
. DfE/ESFA capital grants	11	11	—	(22)	—
	9,675	11	(334)	71	9,423
Other restricted funds					
. Local authority grants	—	101	(101)	—	—
. Other restricted funds	—	49	(49)	—	—
	—	150	(150)	—	—
Total restricted funds	8,507	2,402	(2,849)	317	8,377
Unrestricted funds					
. General funds	654	935	(818)	(71)	700
Total unrestricted funds	654	935	(818)	(71)	700
Total funds	9,161	3,337	(3,667)	246	9,077

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

ESFA revenue grant fund and other restricted funds

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Fixed asset fund

These grants relate to funding received from the ESFA and Local Authority to carry out works of a capital nature. The transfer from unrestricted funds in the year is to align the fund with the net book value of fixed assets.

Pension reserve

The pension reserve related to the Academy's Local Government Pension Scheme liability for support staff.

Local authority grant fund and other restricted funds

These grants relate to funding received for Special Educational Needs and the Childrens' Centre which was transferred from the Academy on 1 April 2016. The transfer from unrestricted funds in the prior year was to eliminate the brought forward deficit on the fund.

16 Funds (continued)

Comparative information

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
. General Annual Grant (GAG)	203	2,092	(2,295)	—	—
. Pupil Premium	—	62	(62)	—	—
. Other grants	—	11	(11)	—	—
. Pension reserve	(1,396)	—	(67)	295	(1,168)
	(1,193)	2,165	(2,435)	295	(1,168)
Restricted fixed assets fund					
. Fixed assets held	7,418	2,316	(139)	69	9,664
. DfE/ESFA capital grants	95	71	(155)	—	11
	7,513	2,387	(294)	69	9,675
Other restricted funds					
. Local authority grants	—	97	(97)	—	—
. Other restricted funds	(202)	57	(57)	202	—
	(202)	154	(154)	202	—
Total restricted funds	6,118	4,706	(2,883)	566	8,507
Unrestricted funds					
. General funds	574	855	(504)	(271)	654
Total unrestricted funds	574	855	(504)	(271)	654
Total funds	6,692	5,561	(3,387)	295	9,161

16 Funds (continued)

Comparative information (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
. General Annual Grant (GAG)	203	4,244	(4,447)	—	—
. Pupil Premium	—	130	(130)	—	—
. Other grants	—	32	(32)	—	—
. Pension reserve	(1,396)	—	(191)	541	(1,046)
	<u>(1,193)</u>	<u>4,406</u>	<u>(4,800)</u>	<u>541</u>	<u>(1,046)</u>
Restricted fixed assets fund					
. Fixed assets held	7,418	2,316	(473)	162	9,423
. DfE/ESFA capital grants	95	82	(155)	(22)	—
	<u>7,513</u>	<u>2,398</u>	<u>(628)</u>	<u>140</u>	<u>9,423</u>
Other restricted funds					
. Local authority grants	—	198	(198)	—	—
. Other restricted funds	(202)	106	(106)	202	—
	<u>(202)</u>	<u>304</u>	<u>(304)</u>	<u>202</u>	<u>—</u>
Total restricted funds	<u>6,118</u>	<u>7,108</u>	<u>(5,732)</u>	<u>883</u>	<u>8,377</u>
Unrestricted funds					
. General funds	574	1,790	(1,322)	(342)	700
Total unrestricted funds	<u>574</u>	<u>1,790</u>	<u>(1,322)</u>	<u>(342)</u>	<u>700</u>
Total funds	<u>6,692</u>	<u>8,898</u>	<u>(7,054)</u>	<u>541</u>	<u>9,077</u>

17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	9,423	9,423
Current assets	700	261	—	961
Current liabilities	—	(246)	—	(246)
Non-current liabilities	—	(15)	—	(15)
Pension scheme liability	—	(1,046)	—	(1,046)
Total net assets	<u>700</u>	<u>(1,046)</u>	<u>9,423</u>	<u>9,077</u>

18 Commitments under operating leases

Operating leases

At 31 August 2018, the total of the Academy's future minimum lease payments under non-cancellable operating leases was as follows:

Equipment	2018 £'000	2017 £'000
Amounts due within one year	5	4
Amounts due between one and five years inclusive	7	3
	<u>12</u>	<u>7</u>

19 Guarantees, letters of comfort and indemnities

The Trust provided none of the above during the year ended 31 August 2018.

20 Members' Liability

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

21 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

21 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £194,691 (2017 - £178,255).

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

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

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £138,000 (2017 - £137,000), of which employer's contributions totalled £109,000 (2017 - £114,000) and employees' contributions totalled £29,000 (2017 - £23,000). The agreed contribution rates for future years are 23.1 percent for employers and up to 12.5 percent 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.

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.7%	2.7%
Rate of increase for pensions in payment / inflation	2.4%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%
Commutation of pensions to lump sums		
. Pre-April 2008 service	25.0%	25.0%
. Post-April 2008 service	63.0%	63.0%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.5	22.5
Females	24.6	24.6
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	26.4	26.4

Sensitivity analysis

The below analysis shows the monetary increase to the defined benefit obligation for the following changes in assumptions:

	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate -0.5%	333	318
Salary increase rate +0.5%	37	38
Pension rate +0.5%	293	276

21 Pension and similar obligations (continued)

Sensitivity analysis (continued)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	1,394	1,285
Corporate bonds	329	260
Property	135	122
Cash and other liquid assets	77	69
Total market value of assets	1,935	1,736

The actual return on scheme assets was £45,000 (2017 - £33,000).

	2018 £'000	2017 £'000
Amounts recognised in statement of financial activities		
Current service cost	(203)	(153)
Interest income	45	33
Interest cost	(75)	(61)
Total amount recognised in the SOFA	(233)	(181)

Changes in the present value of defined benefit obligations were as follows:	2018 £'000	2017 £'000
At 1 September	2,904	2,993
Current service cost	203	153
Interest cost	75	61
Employee contributions	29	23
Actuarial (gain)/loss	(196)	(295)
Benefits paid	(34)	(31)
At 31 August	2,981	2,904

Changes in the fair value of the Academy's share of scheme assets:	2018 £'000	2017 £'000
At 1 September	1,736	1,597
Interest income	45	33
Actuarial gains (losses)	50	—
Employer contributions	109	114
Employee contributions	29	23
Benefits paid	(34)	(31)
At 31 August	1,935	1,736

22 Related party transactions

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

From 5 May 2017, the Headteacher supported Grovelands Primary School as interim Executive Headteacher one day per week, along with other staff going over to support the school. Both schools also shared the costs of a minibus and shared training. Grovelands Primary School were invoiced £71,803 by the Academy for this work (2017 - £6,106) and at 31 August 2018, £400 of this balance was outstanding. (2017 - £6,106).

From 13 June 2017, three members of the Board of Trustees of Cleves Academy also served as governors at Grovelands Primary School on a temporary basis. None of these trustees received remuneration or reimbursement for their services to Grovelands Primary School.

There were no other related party transactions.