

Cleves Academy Trust

Annual Report and Financial Statements

31 August 2014

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

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Reference and administrative information

Members	S Foster C Jackson K McGuire D Neville-Davies
Trustees	A Child R Flaherty S Foster (Chair) C Hodges C Jackson E Jones S Matthews K McGuire D Neville-Davies M Tooley Y Vanderman S Whetstone C White
Company Secretary	D B Williams (Resigned 31 December 2013) M Tytherleigh (Appointed 1 January 2014)
Senior Management Team	
Headteacher	C Hodges
Acting Deputy Heads	J Grafton and C Smith
Assistant Heads	S Cope, E Earl and I Russ,
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
16 St John's Lane
London
EC1M 4BS

Trustees' report Year to 31 August 2014

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 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 28 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

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 governors act as the trustees for the charitable activities of Cleves Academy Trust and also 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.

Governors' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from the 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 period was £191.

Principal activities

According to its Articles, the Academy Trust'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". All of the activities of the Academy and its trustees are directed to the furtherance of this object.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following Trustees were in office at 31 August 2014 and served throughout the year except where shown with an '*'.

Trustee	Appointed/Resigned	Appointing body
E Butcher	Resigned October 2013	Parent Governor
S Brunn	Resigned July 2014	Co-opted (associate governor from Oct 2013)
A Child*	Appointed November 2014	Staff
J Cutts	Resigned July 2014	Co-opted
S Durnan	Appointed May 2013 and resigned June 2014	Staff
R Flaherty*	Appointed November 2014	Staff
S Foster		Appointed by Members
J Grafton	Appointed September 2013 and resigned September 2014	Interim Headteacher
C Hodges	Appointed September 2014	Headteacher
C Jackson		Appointed by Members
E Jones	Appointed December 2013	Appointed by Members
J Lander	Resigned January 2014	Co-opted
T Martin	Appointed October 2013 and resigned January 2014	Appointed by Members
S Matthews	Appointed December 2013	Co-opted
K McGuire		Parent
D Neville-Davies	Appointed October 2013	Appointed by Members
I Russ	Resigned June 2014	Staff
J Scott	Resigned July 2014	Co-opted
C Smith	Appointed September 2013 and resigned September 2014	Interim Headteacher
D Sohl	Appointed July 2013 and resigned April 2014	Staff
M Tooley	Appointed July 2014	Appointed by Members
Y Vanderman*	Appointed October 2014	
S Whetstone	Appointed October 2013	Associate Governor, then full Governor from 22/1/14
C White	Appointed December 2013	Parent Governor

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 governor present). If the individual and chair both wish to take things further the prospective governor's CV is sent to all governors 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.

Appointments are made in accordance with the Articles of Association, para 45ff: the members appoint up to 11 governors (and no fewer than three) and up to 3 co-opted governors are appointed by the governors. The Board also has a minimum of one staff governor appointed following procedures set out in the Academy's Standing Orders but no more than one third of the total Board may be staff governors; a minimum of two parents governors are appointed by secret ballot; and the Headteacher is an ex officio governor.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of Trustees

During the period the Trustees (led by the Vice Chair and Clerk) further reviewed their induction material and processes. A comprehensive set of information about the Academy, relevant policies, the Articles, the Governing Body's Standing Orders etc is now easy to locate in one place on the governors' area of the school intranet site. Any new governor (having already had a comprehensive informal conversation with the Chair prior to joining) is invited to meet the Chair of the main committee on which they will serve and (if new to the school) have a tour of the school.

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. 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 school has an SLA with Babcock4S to provide governor training. The school also has gold membership of the NGA and all governors receive material from the NGA on wider governance issues. Both of the interim Headteachers (who took up post at the start of the accounting period) undertook training in being an Accounting Officer. The Trustees decided to pay for the Headteacher designate to be released from his current school for half a day a week for a term from April 2014 so that he could undertake a significant amount of familiarisation and induction prior to taking up post full time on 1 September 2014.

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 Office; appointing and holding the Headteacher to account for the performance of the school; overseeing capital expenditure, and determining senior staff structure and appointments with the Headteacher. The Board delegated some responsibilities to two main committees - the Children's Achievement and Well Being and the Finance, Health and Safety and Personnel Committees. There were separate Pay and Performance and Admissions committees and arrangements were in place for any necessary ad hoc committees. The full Board meets twice termly, as do the two main committees. All meet more frequently if required. In the period the Board held an extra meeting to agree the appointment of the new Headteacher. The Board also met for a half day review and training event.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

For the reporting period the Board appointed two joint interim Headteachers for a year to be responsible for the operation of the Academy and to be accounting officers. The Board recruited a substantive Headteacher who began his induction from May 2014 and became full time Head from September 2014. Over the period of these financial statements the Leadership Team comprised the acting joint Headteachers, a senior assistant head, two assistant heads and the business manager. These managers controlled the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the leadership team was responsible for the authorisation of expenditure within agreed budgets (in accordance with a scheme of delegation agreed by Trustees) and the appointment of staff, though appointment boards for posts in the leadership team always contain a Trustee. Some spending control is devolved to members of the leadership team, with limits above which a senior manager must countersign. Over the period the appointment of a new business manager (replacing someone who had been in post for 20 years) provided an opportunity to take a fresh look at policies and processes and make changes and improvements.

Connected organisations, including related party relationships

Weybridge Sure Start Children's Centre, located in the centre of Weybridge, provides services and opportunities for families with children up to five years old and is operated by the Academy on behalf of Surrey County Council.

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:

"At Cleves we aim to develop an inclusive community in which each individual feels supported and secure and through which everyone has an equal opportunity to succeed.

At Cleves we aim to teach skills, knowledge and understanding which pupils need to lead confident, healthy lives and to become informed, active and responsible citizens through the provision of a broad, balanced curriculum.

At Cleves we are all learners, striving to progress and develop."

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

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 and especially those groups of pupils whose progress was weaker;
- ◆ To pay special attention to improving pupils' progress in all subjects, especially writing;
- ◆ To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- ◆ To review financial systems, policies and processes; identify efficiencies and make improvements;
- ◆ To provide value for money for the funds expended;
- ◆ To comply with all appropriate statutory and curriculum requirements; and
- ◆ To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

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

The Academy has completed its fourth period of operation and has achieved the forecast number of pupils. Total pupils in the period ended 31 August 2014 numbered 600 and the Academy has a full complement in all year groups. The Academy admits 150 pupils each year.

Attendance (96.65%) was above the national average (95%). The Key Stage Two (KS2) Study and Attainment Targets (SATs) show achievement well above the national average in maths, reading, spelling, punctuation and grammar and close to the national average in writing:

Maths	– 95% level 4 and above
Reading	– 99% level 4 and above
Writing	– 90% level 4 and above
SPAG	– 91% level 4 and above

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Key performance indicators

- ◆ To maintain a cash balance equivalent to at least one month's expended resources (excluding Fixed Assets). **Achieved.**
- ◆ To maintain a solvency ratio (current assets to current liabilities) of a least 2:1. **Achieved.**
- ◆ To improve pupil progress in all subjects, especially writing. **Largely achieved** – KS2 SATS results: maths from 93 to 94%; reading from 95 to 99%; writing from 86 to 91%; SPAG from 91 to 90%.
- ◆ For more than 55% of teachers to be outstanding. **Not yet met** – a longer term target.

Going concern

After making appropriate enquiries, the Governing Body 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 Financial Policies and Procedures

Financial review

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 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 EFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005), 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.

The total income for the year was £3,134,373, of which £2,145,706 is General Annual Grant. The remainder is made up of other EFA and Government Grants, the unrestricted element generated from donations and parental contributions, lettings and catering. The excess of income over expenditure for the period, excluding the fixed assets fund and the pension reserve was £74,136 (2013 - £248,069).

STRATEGIC REPORT (continued)

Financial review (continued)

At 31 August 2014, the School had total funds of £7,281,515 (2013 - £7,774,842). This comprised of £6,976,153 (2013 - £7,507,251) of restricted funds and £305,362 (2013 - £267,491) 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 £965,000 (2013 - £573,000) at 31 August 2014.

The results for the period are shown on page 22.

Reserves policy

The governors view 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 governors have determined that the appropriate level of free reserves should be equivalent to one month's expenditure, approximately £250,000. 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 £305,362 which is sufficient for that needed.

Investment policy

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have assessed 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. This has led to the implementation of strengthened operational procedures (e.g. new arrangements for dropping off children, external assessment of school trips) and internal financial controls (eg reduction of bank accounts and a new accounting system) in order to minimise risk and increase efficiency and transparency.

In the course of the accounting year Trustees recognised that in view of anticipated cuts and therefore future uncertainty about income, a priority is to identify where further economies and efficiencies can be achieved. A further risk identified is the worn condition of some classrooms. The new Headteacher has been asked to consider where savings might be made and to draw up a longer-term maintenance strategy.

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve the levels of progress and achievement of all its pupils. The Academy will also continue its recruitment up to the agreed levels and accept transfers from other schools into all year groups where appropriate and in accordance with its admissions policy. It will adopt the new national curriculum where it believes that this will further its overarching aim of improving pupils' progress and attainment and providing a broad and balanced curriculum. It will continue to look for ways to maximise the effective use of available resources.

The Academy plans to bid to the EFA under its Academies Capital Maintenance Fund for catering facilities.

The Academy has a capital maintenance plan in place to use the Devolved Formula Capital Grant received this year and in prior years: this plan is being reviewed by the new Headteacher.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy holds funds for Weybridge Sure Start Children's Centre which is funded by Surrey County Council. £5,149 (2013 - £5,532) worth of funds are also held for The Voice Trust.

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 15 December 2014 and signed on its behalf by:



Susan Foster
Chair of Trustees

Date: 15/12/14

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 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Governor	Meetings attended	Out of a possible
E Butcher	—	—
S Brunn	1	7
J Cutts	5	7
S Durnan	6	6
S Foster	7	7
J Grafton	7	7
C Hodges	3	3
C Jackson	7	7
E Jones	6	6
J Lander	1	2
T Martin	1	2
S Matthews	6	6
K McGuire	6	7
D Neville-Davies	7	7
I Russ	6	6
J Scott	7	7
C Smith	7	7
D Sohl	4	5
M Tooley	1	1
S Whetstone	7	7
C White	5	6

The main changes over the period were the significant strengthening of the Board through the recruitment of four very experienced governors and the successful recruitment of a health and safety expert and an accountant.

Governance statement 31 August 2014

Governance reviews

In July 2014 the two Trustees with national experience of governance (one of whom is a National Leader of Governance) carried out what was in effect an external review of the Board (as they were still relatively new to it). Trustees assessed themselves against Ofsted's 20 questions and an action plan will now be implemented. Actions identified include: filling the staff governor vacancy; forward planning of meeting agendas to ensure across the piece regular and robust monitoring. Trustees also carried out a SWOT exercise and as a result drew up a new Strategic Plan for Trustees to "own" and review with five priorities: quality of teaching, pupil performance and progress financial assurance, future school development, leadership and management, stakeholder engagement. The same strategic headings will drive the Academy's Operational Plan.

A further review will be carried out in a year's time.

Finance committee

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

- ◆ 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 school and Children's Centre and recommend its adoption to the full Governing Body;
- ◆ discuss and agree bids for funding from central Government (eg CIF);
- ◆ review budget monitoring reports and then report to the full Governing Body termly on the school'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 Governing Body 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; 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;

Governance statement 31 August 2014

Finance committee (continued)

- ◆ 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 Governing Body 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;
- ◆ organize 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;
- ◆ recommend the amount which can be vired between budget headings by the Headteacher without prior agreement of the Finance Committee; and
- ◆ look at benchmarking data for expenditure.

In the course of the year particular emphasis was given to supporting the new Business Manager in reviewing policies and systems.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
S Durnan	5	5
J Grafton	6	6
E Jones	6	6
K McGuire	4	6
C Smith	5	6
S Whetstone	6	6
C White	4	6

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 2014 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. An external company provided an assessment of systems and processes in the course of the year and suggested where improvements could be made. These have been implemented.

Capacity to handle risk

The Finance 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 2014 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 Finance 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 Finance 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 Mrs Elaine Jones, a trustee, 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 it was decided that Elaine Jones (Trustee) would fulfil this function and will report to the Board of Trustees, through the finance committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of effectiveness

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

- ◆ the work of the external auditor;
- ◆ the work of the Senior Management Team within the Academy who have responsibility for the development and maintenance of the internal control framework; and
- ◆ an independent review by accountants Landau Baker of financial processes and systems to help identify where processes and systems could be improved.

The Accounting Officers have advised the finance committee of the implications of their review of the system of internal control and set out their plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 15 December 2014 and signed on their behalf by:



Susan Foster
(Chair of Trustees)



Christopher Hodges
(Accounting Officer)

Statement on regularity, propriety and compliance 31 August 2014

As accounting officer of Cleves Academy Trust, I have considered my responsibility to notify the academy trust board of trustees 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 academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Christopher Hodges

Accounting Officer

Date: 15 December 2014

Statement of trustees responsibilities 31 August 2014

The Trustees (who act as governors of the Academy and 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 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 incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards 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 EFA/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 15 December 2014 and signed on its behalf by:


Susan Foster
Chair of Trustees

Independent auditor's report on the financial statements to the Members of Cleves Academy Trust

We have audited the financial statements of Cleves Academy Trust ("the charitable company") for the year ended 31 August 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies 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 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.

Respective responsibilities of trustees and auditor

The Trustees of Cleves Academy Trust are also the directors of the charitable company for the purpose of company law.

As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, including the strategic report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report, including the strategic 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.

Independent auditor's report 31 August 2014

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with 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 Trustees' report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Buzzacott LLP

Catherine Biscoe, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

17 December 2014

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

In accordance with the terms of our engagement letter dated 25 April 2014 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 Cleves Academy Trust during the period from 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 Cleves Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Cleves Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Cleves Academy Trust and the EFA, 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 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 period from 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 the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent reporting accountant's reports 31 August 2014

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 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

17 December 2014

Statement of financial activities (including income and expenditure account and statement of total recognised gains and losses) Year to 31 August 2014

	Notes	Restricted funds			2014 Total funds £	2013 Total funds £
		Unrestricted general fund £	General fund £	Fixed assets fund £		
Incoming resources						
Incoming resources from generated funds						
. Voluntary income	2	118,311	—	—	118,311	65,275
. Activities for generating funds	3	466,899	4,817	—	471,716	622,301
. Investment income	4	1,472	—	—	1,472	6,144
Incoming resources from charitable activities						
. Funding for the academy's educational operations	5	—	2,500,971	41,903	2,542,874	2,693,987
Total incoming resources		586,682	2,505,788	41,903	3,134,373	3,387,707
Resources expended						
Cost of generating funds:						
. Cost of generating voluntary income		20,953	—	—	20,953	—
. Fundraising trading		13,225	—	—	13,225	—
Charitable activities						
. Academy's educational operations	7	514,633	2,463,902	217,366	3,195,901	3,058,061
Governance costs	8	—	7,621	—	7,621	10,000
Total resources expended	6	548,811	2,471,523	217,366	3,237,700	3,068,601
Net incoming/(outgoing) resources for the year		37,871	34,265	(175,463)	(103,327)	319,646
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension scheme						
	25	—	(390,000)	—	(390,000)	18,000
Net movement in funds		37,871	(355,735)	(175,463)	(493,327)	337,646
Reconciliation of funds						
Total fund balances brought forward at 1 September 2013						
		267,491	(446,470)	7,953,821	7,774,842	7,437,196
Total fund balances carried forward at 31 August 2014						
		305,362	(802,205)	7,778,358	7,281,515	7,774,842

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

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

Balance sheet 31 August 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible fixed assets	12		7,715,961		7,781,673
Current assets					
Debtors	13	142,716		95,565	
Cash at bank and in hand		648,471		599,674	
		<u>791,187</u>		<u>695,239</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(260,633)		(129,070)	
Net current assets			<u>530,554</u>		<u>566,169</u>
Total assets less current liabilities					
			8,246,515		8,347,842
Pension scheme liability	25		(965,000)		(573,000)
Net assets including pension scheme liability			<u>7,281,515</u>		<u>7,774,842</u>
Funds of the Academy					
Restricted income funds					
. Fixed assets fund	15		7,778,358		7,953,821
. General fund	15		162,795		126,530
. Pension reserve	15		(965,000)		(573,000)
			<u>6,976,153</u>		<u>7,507,251</u>
Unrestricted funds					
. General fund	15		305,362		267,491
Total funds			<u>7,281,515</u>		<u>7,774,842</u>

The financial statements on page 22 to 43 were approved by the Trustees, and authorised for issue on 15 December 2014 and are signed on their behalf by:



Susan Foster
Chair

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

Cash flow statement Year to 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow (outflow) from operating activities	19	157,076	(177,502)
Returns on investment and servicing of finance	20	1,472	6,144
Capital expenditure	21	(109,751)	(87,031)
Increase (decrease) in cash in the year		48,797	(258,389)
Reconciliation of net cash flow to movement in net funds:			
Net funds at 1 September 2013		599,674	858,063
Net funds at 31 August 2014		648,471	599,674

Principal accounting policies 31 August 2014

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

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

Incoming resources

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

◆ **Grants receivable**

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

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

◆ **Donations**

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

◆ **Other income**

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

Incoming resources (continued)

◆ ***Donated services and gifts in kind***

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

Resources expended

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

◆ ***Costs of generating funds***

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

◆ ***Charitable activities***

These are costs incurred on the academy trust's educational operations.

◆ ***Governance costs***

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Tangible fixed assets (continued)

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 | 15% reducing balance |
| ◆ IT equipment | 33.3% straight line |

Depreciation is charged from the month of acquisition.

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

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

Leased assets

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

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 are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund accounting

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

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

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

Notes to the Financial Statements Year to 31 August 2014

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to any limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next.

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Other Donations	118,311	—	118,311	65,275

3 Activities for Generating Funds

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Hire of facilities	73,289	—	73,289	122,443
School Trips	135,557	—	135,557	180,316
Extended school income	112,273	—	112,273	101,305
Catering income	124,297	—	124,297	140,037
Miscellaneous income	21,483	4,817	26,300	78,200
	466,899	4,817	471,716	622,301

4 Investment Income

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Interest receivable	1,472	—	1,472	6,144

Notes to the Financial Statements Year to 31 August 2014

5 Funding for academy's educational operations

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
DfE / EFA revenue grants				
. General Annual Grant (GAG) (note 1)	—	2,145,706	2,145,706	2,058,048
. Capital grants	—	41,903	41,903	284,228
. Other DfE / EFA	—	95,004	95,004	—
	—	2,282,613	2,282,613	2,342,276
Other government grants				
. Weybridge Children's Centre	—	150,618	150,618	159,636
. Special educational projects	—	109,643	109,643	192,075
	—	260,261	260,261	351,711
	—	2,542,874	2,542,874	2,693,987

6 Resources expended

	Staff costs £	Non pay expenditure		2014 Total funds £	2013 Total funds £
		Premises £	Other costs £		
Cost of generating funds					
. Cost of generating voluntary income	20,953	—	—	20,953	—
. Cost of activities for generating funds	13,225	—	—	13,225	—
Charitable activities					
. Academy's educational operations					
.. Direct costs	1,592,776	217,366	77,463	1,887,605	1,875,605
.. Allocated support costs	512,907	165,255	630,134	1,308,296	1,233,248
	2,139,861	382,621	707,597	3,230,079	3,058,061
Governance costs including allocated support costs	—	—	7,621	7,621	10,000
	2,139,861	382,621	715,218	3,237,700	3,068,061
Net incoming/(outgoing) resources for the year include:					
Operating leases				2,609	2,011
Profit on disposal of fixed assets				—	43
Fees payable to auditor					
. Statutory audit				9,700	10,000
. Other services				6,800	—

Notes to the Financial Statements Year to 31 August 2014

7 Charitable activities - academy's educational operations

	2014 Total funds £	2013 Total funds £
Direct costs		
Teaching and educational support staff costs	1,592,776	1,437,702
Depreciation	217,366	206,651
Educational supplies	57,486	83,794
Educational consultancy	—	75,520
Staff development	19,977	21,146
	<u>1,887,605</u>	<u>1,824,813</u>
Allocated support costs		
Support staff costs	512,907	496,574
Technology costs	40,309	—
Recruitment and support	16,140	—
Maintenance of premises and equipment	92,533	41,103
Cleaning	9,228	29,215
Rates and water	15,278	13,911
Light and heat	41,339	51,049
Insurance	22,155	10,645
Security and transport	883	—
Catering	7,721	—
Bank interest and charges (including FRS 17 adjustment)	14,000	—
Other support costs	538,853	590,751
	<u>1,308,296</u>	<u>1,233,248</u>
Total direct and support costs	<u>3,195,901</u>	<u>3,058,061</u>

8 Governance costs

	2014 Total funds £	2013 Total funds £
Auditor's remuneration:		
· Audit of financial statements	16,500	10,000
	<u>16,500</u>	<u>10,000</u>

9 Staff

(a) Staff costs

Staff costs during the year were:

	2014 Total funds £	2013 Total funds £
Wages and salaries	1,661,583	1,560,461
Social security costs	109,616	111,230
Pension costs	276,768	262,585
	2,047,967	1,898,875
Supply teacher costs	91,894	35,401
	2,139,861	1,934,276

(b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2013 - £nil).

(c) Staff numbers

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

Charitable activities	2014 £	2013 £
Teachers	25	27
Administration and support	33	39
Management	3	3
	61	69

(d) Higher paid staff

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

	2014 No	2013 No
£60,001 - £70,000	2	1
£80,001 - £90,000	—	1

Both of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £16,603 (2013 — £1,900). None of the employees participated in the Local Government Pension Scheme, pension contributions (2013 — £15,531).

10 Governors' remuneration and expenses

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

	2014 £	2013 £
Joanne Grafton (Acting Headteacher)	£60k-£65k	£55k-£60k
Craig Smith (Acting Headteacher)	£60k-£65k	—
S Durnan (Staff governor)	£25k-£30k	£5k-£10k
I Russ (Staff governor)	£30k-£35k	£30k-£35k
D Sohl (Staff governor)	£20k-£25k	£5k-£10k

Other related party transactions involving the governors are set out in note 26.

During the year ended 31 August 2014, travel and subsistence expenses totalling £700 (2013 - £600) were reimbursed to 1 Trustee (2013 - £600).

11 Trustees and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £191 (2013 - £900).

12 Tangible fixed assets

	Freehold land and buildings £	Equipment £	Computers £	Total funds £
Cost/valuation				
At 1 September 2013	7,867,626	293,902	134,398	8,295,926
Additions	62,630	56,551	32,473	151,654
At 31 August 2014	7,930,256	350,453	166,871	8,428,536
Depreciation				
At 1 September 2013	350,742	87,852	75,659	514,253
Charge in year	131,605	39,058	46,703	217,366
At 31 August 2014	482,347	126,910	122,362	731,679
Net book value				
At 31 August 2014	7,447,909	223,543	44,509	7,715,961
At 31 August 2013	7,516,884	206,050	58,739	7,781,673

Notes to the Financial Statements Year to 31 August 2014

13 Debtors

	2014 £	2013 £
Trade debtors	23,199	25,228
Prepayments and accrued income	93,911	55,211
VAT Debtor	25,606	15,126
	<u>142,716</u>	<u>95,565</u>

14 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	50,441	45,564
Taxation and social security	77,737	34,980
Amounts owed to EFA	10,000	—
Accruals and deferred income	122,455	48,526
	<u>260,633</u>	<u>129,070</u>
Deferred income		
Deferred Income at 1 September 2013	13,065	310,937
Resources deferred in the year	55,965	13,065
Amounts released from previous years	(13,065)	(310,937)
Deferred Income at 31 August 2014	<u>55,965</u>	<u>13,065</u>

Deferred income relates to trips income received in advance.

Notes to the Financial Statements Year to 31 August 2014

15 Funds

	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
EFA revenue grant fund					
. General Annual Grant (GAG)	80,081	2,145,706	(2,063,992)	—	161,795
. Special Education Needs	—	109,643	(109,643)	—	—
. Surrey County Council WCC	46,449	155,435	(200,884)	—	1,000
. Other DfE/EFA grants	—	95,004	(95,004)	—	—
. Pension reserve	(573,000)	—	(2,000)	(390,000)	(965,000)
	<u>(446,470)</u>	<u>2,505,788</u>	<u>(2,471,523)</u>	<u>(390,000)</u>	<u>(802,205)</u>
Fixed assets fund					
. Restricted fixed assets	7,769,081	—	(64,025)	—	7,705,056
. Capital expenditure grant SCC	150,659	—	(150,659)	—	—
. EFA capital maintenance	21,489	41,903	—	—	63,392
. Surrey County Council WCC	12,592	—	(2,682)	—	9,910
	<u>7,953,821</u>	<u>41,903</u>	<u>(217,366)</u>	<u>—</u>	<u>7,778,358</u>
Total restricted funds	<u>7,507,351</u>	<u>2,547,691</u>	<u>(2,688,889)</u>	<u>(390,000)</u>	<u>6,976,153</u>
Unrestricted funds					
. Unrestricted funds	267,491	586,682	(548,811)	—	305,362
Total unrestricted funds	<u>267,491</u>	<u>586,682</u>	<u>(548,811)</u>	<u>—</u>	<u>305,362</u>
Total funds	<u>7,774,842</u>	<u>3,134,373</u>	<u>(3,237,700)</u>	<u>(390,000)</u>	<u>7,281,515</u>

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

EFA 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 2014.

Fixed asset fund

These grants relate to funding received from the EFA and Local Authority to carry out works of a capital nature.

Pension reserve

The pension reserve related to the Academy's Local Government Pension Scheme FRS17 liability for support staff.

Notes to the Financial Statements Year to 31 August 2014

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2014 £
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	—	—	7,715,961	7,715,961
Current assets	305,362	423,428	62,397	791,187
Current liabilities	—	(260,633)	—	(260,633)
Pension scheme liability	—	(965,000)	—	(965,000)
Total net assets	305,362	(802,205)	7,778,358	7,281,515

17 Capital commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements	—	16,449

18 Financial commitments

Operating leases

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

	2014 £	2013 £
Expiring within two and five years inclusive	512	2,011

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

	2014 £	2013 £
Net income	(103,327)	319,646
Depreciation (note 12)	217,366	206,651
Capital grants from DfE and other capital income	(41,903)	(284,228)
Interest receivable (note 4)	(1,472)	(6,144)
FRS 17 pension cost less contributions payable (note 25)	53,000	18,000
FRS 17 pension finance income (note 25)	(51,000)	—
(Increase) in provisions	—	(18,000)
Increase in debtors	(47,151)	(21,113)
Increase (decrease) in creditors	131,563	(392,314)
Net cash inflow (outflow) from operating activities	157,076	(177,502)

20 Returns on investment and servicing of finance

	2014 £	2013 £
Interest received	1,472	6,144
Net cash inflow from returns on investment and servicing of finance	1,472	6,144

21 Capital expenditure and financial investment

	2014 £	2013 £
Purchase of tangible fixed assets	(151,654)	(383,693)
Capital grants from DfE / EFA	41,903	284,228
Receipts from sale of tangible fixed assets	—	12,434
Net cash outflow from capital expenditure and financial investments	(109,751)	(87,031)

22 Analysis of changes in net funds

	At 1 September 2013 £	Cashflows £	At 31 August 2014 £
Cash in hand and at bank	599,674	48,797	648,471

23 Guarantees, letters of comfort and indemnities

The trust provided no during the year ended 31 August 2014.

24 Members' Liability

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

25 Pension and similar obligations

The Academy'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 defined-benefit schemes.

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

25 Pension and similar obligations (continued)

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.

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 (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

25 Pension and similar obligations (continued)

Teachers' Pension Scheme (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 since 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 reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted 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 academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

25 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 2014 was £170,000, of which employer's contributions totalled £136,000 and employees' contributions totalled £34,000. The agreed contribution rates for future years are 24.6% of employers and 13.8% of 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 2014	At 31 August 2013
Rate of increase in salaries	3.9%	5.1%
Rate of increase for pensions in payment / inflation	2.6%	2.8%
Discount rate for scheme liabilities	3.7%	4.6%
Commutation of pensions to lump sums		
. Pre-April 2008 Service	25%	25%
. Post- April 2008 service	63%	63%

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 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.5	21.9
Females	24.6	24.0
<i>Retiring in 20 years</i>		
Males	24.5	23.9
Females	26.9	25.9

25 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £	Expected return at 31 August 2013	Fair value at 31 August 2013 £
Equities	6.3%	800,000	6.6%	586,000
Bonds	3.2%	176,000	3.9%	131,000
Property	4.5%	52,000	4.7%	38,000
Cash	3.3%	10,000	3.6%	15,000
Total market value of assets		1,038,000		770,000
Present value of scheme liabilities		(2,003,000)		(1,343,000)
(Deficit) in the scheme		(965,000)		(573,000)

The actual loss on scheme assets was £109,000.

Amounts recognised in statement of financial activities	2014 £	2013 £
Current service costs (net of employee contributions)	124,000	109,000
Past service costs	—	—
Total operating charge	124,000	109,000

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	51,000	30,000
Interest on pension liabilities	(65,000)	(49,000)
Pension finance (costs)	(14,000)	(19,000)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £78,000.

Movements in the overall deficit were as follows:	2014 £	2013 £
Deficit at 1 September 2013	(573,000)	(591,000)
Current service cost	(124,000)	(109,000)
Employer contributions	136,000	122,000
Net finance interest	(65,000)	(49,000)
Actuarial (losses)/gains	(390,000)	24,000
Expected return on assets	51,000	30,000
At 31 August 2014	(965,000)	(573,000)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Movements in the present value of defined benefit obligations were as follows:	2014 £	2013 £
Deficit at 1 September 2013	1,343,000	1,122,000
Current service costs	124,000	109,000
Interest costs	65,000	49,000
Employee contributions	34,000	31,000
Actuarial (gain)	442,000	32,000
Estimated benefits paid	(5,000)	—
At 31 August 2014	2,003,000	1,343,000

Movements in the fair value of Academy's share of scheme assets:	2014 £	2013 £
At 1 September 2013	770,000	531,000
Expected return on assets	51,000	30,000
Actuarial (loss)	52,000	56,000
Employer contributions	136,000	122,000
Employee contributions	34,000	31,000
Estimated benefits paid	(5,000)	—
At 31 August 2014	1,038,000	770,000

The estimated value of the employer contributions for the year ended 31 August 2014 is £136,000 (2013 - £122,000).

The five year history of experience adjustments are as follows:

	2014 £	2013 £	2012 £	2011 £	2010 £
Present value of defined benefit obligations	(2,003,000)	(1,343,000)	(1,122,000)	(857,000)	—
Fair value of share scheme assets	1,038,000	770,000	537,000	362,000	—
Deficit on the scheme	(965,000)	(573,000)	(591,000)	(495,000)	—
Experience adjustments on share of scheme assets					
Amount	52,000	56,000	7,000	(16,000)	—
Experience adjustments on scheme liabilities					
Amount	(221,000)	—	—	—	—

26 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee 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.

There were no related party transactions during the year.