

COMPANY REGISTRATION NUMBER 07403271

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 AUGUST 2013**

AUDIT FOR BUSINESS DEVELOPMENT AND SOLUTIONS LIMITED

Chartered Accountants & Statutory Auditor
15 Oxford Street
Southampton
Hampshire
SO14 3DJ

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2013**

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CLEVES ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

Registered charity name Cleves Academy Trust

Company registration number 07403271

Registered office Cleves Academy Trust
Oatlands Avenue
Weybridge
Surrey KT13 9TS

The Trustees

The trustees and directors who served the academy during the year were as follows:

Mrs E Denham (resigned 20 September 2012)

Mr R Nicholson (resigned 20 October 2012)

Mrs S W Foster (appointed 7 November 2012)

Mrs J Lander (appointed 7 November 2012 and resigned 22 January 2014)

Mr W Pask (appointed 7 November 2012 and resigned 31 July 2013)

Mrs S F Croft (retired 31 August 2013)

Mrs J Grafton

Mrs L Wright (resigned 31 December 2013)

J Cutts, K McGuire, K Jackson, D Neville-Davies, C White, S Whetstone, E Jones and S Matthews were appointed on 22 January 2014.

Governors

S W Foster (appointed Chair 7 November 2012)

R Nicholson (Chair) (resigned 20 October 2012)

S Brunn (co-opted) (Governor to 6 October 2013 and associate governor from 7 October 2013)

J Cutts (co-opted)

E Denham (Vice - Chair resigned 20 September 2012)

J Lander (appointed Vice - Chair 7 November 2012 and resigned as Vice - Chair 24 March 2013 and resigned 22 January 2014)

J Scott (co-opted)

I Russ (staff governor) (appointed 28 November 2012)

W Pask (resigned 31 July 2013)

E Butcher (appointed 28 September 2012 and resigned 7 October 2013)

K McGuire (appointed 28 September 2012) (appointed Vice - Chair 7 May 2013)

S Durnan (staff governor) (appointed 22 May 2013)

D Sohl (staff governor) (appointed 3 July 2013)

K Jackson (appointed 28 November 2012)

T Martin (appointed 9 October 2013 and resigned 22 January 2014)

D Neville-Davies (appointed 9 October 2013)

C White (appointed 15 October 2013)

S Whetstone (co-opted) (associate governor appointed 9 October 2013 and governor 22 January 2014)

S F Croft (ex officio) Joint Headteacher (retired 31 August 2013)

J Grafton (ex officio) Acting Joint Headteacher. Joint Interim Headteacher from 1 September 2013)

C Smith (ex officio) Joint Interim Headteacher (appointed 1 September 2013)

E Jones (appointed 2 December 2013)

S Matthews (appointed 2 December 2013)

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

Secretary

Mrs D B Williams (Resigned 31 December 2013)
Mrs M Tytherleigh (Appointed 1 January 2014)

Bankers

Lloyds TSB plc
PO Box 1000
Andover
BX1 1LT

Scottish Widows Bank plc
P O Box 12757
Edinburgh
EH3 8YJ

Royal Bank of Scotland PLC
Edinburgh
ED12 9JN

Auditor

Audit for Business Development and Solutions Limited
Chartered Accountants & Statutory Auditor
15 Oxford Street
Southampton
SO14 3DJ

CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 AUGUST 2013

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 August 2013.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of members of the board and professional advisers on pages 1 and 2 of the financial statements.

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. Four of the governors act as the trustees for the charitable activities of Cleves Academy Trust and are 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 £830.

Trustees

The members may appoint up to 11 governors. The members may appoint staff governors through such process as they may determine, provided that such total numbers (including the headteacher) who are employees of the school does not exceed one third of the total number of governors. Parent governors shall be elected by parents of registered students. The Secretary of State may appoint governors under certain circumstances. Governors' term of office is four years, with the exception of the headteacher. Subject to eligibility any governor may be re - elected.

During the period under review, the governors held eight meetings. In addition there was a full day's training event covering governors' responsibilities.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new governors will be given a tour of the school and the opportunity to meet staff and students. All governors are provided with access to the Funding Agreement, Articles of Association, the Academies Financial Handbook, copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. The training and induction provided for new governors will depend upon their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters.

CLEVES ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 AUGUST 2013

Organisational structure

The management structure consists of the governors and the leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The school has undergone a change in leadership with the long-standing headteacher leaving the school at the end of the summer term. Currently the school has two interim joint headteachers (both former senior leaders in the school; one of whom was acting joint headteacher for the whole of the accounting period). Governors are advertising for a substantive headteacher.

The leadership team comprised two part-time headteachers, two senior assistants, two assistant headteachers and the business manager. These managers control the academy at an executive level implementing the policies laid down by the governors and reporting back to them. As a group the leadership team is responsible for the authorisation of expenditure within agreed budgets and the appointment of staff, though appointment boards for posts in the leadership team always contain a governor. Some spending control is devolved to members of the leadership team.

Risk management

The governors 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. Governors recognised that change in a school's leadership is a potential risk to any school and took a decision to set up a tighter committee structure, with a finance committee with a strong, experienced chair. This committee's responsibilities include risk assessment together with a full review of all internal procedures with a view to the further strengthening of these.

Connected organisation including related party relationships

Weybridge Children's Centre provides many services and opportunities for families with children up to five years old and is operated by the academy on behalf of Surrey County Council. During the year the employment of Mrs S F Croft ended and the school entered into consultancy agreement with SRFC Ltd to provide the duties of headteacher. This contract ended on 31 August 2013.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The principal object and activity of the charitable company is the operation of the Cleves Academy Trust to provide education for pupils of differing abilities between the ages of 7 and 11, who are wholly or mainly drawn from the area in which the school is situated. The academy trust meets the requirements of section 78 of the Education Act 2002 (balanced and broadly based curriculum).

The academy trust operates in accordance with all relevant provisions of the School Admission Code and the School Admissions Appeal Code as they apply at any time to maintained schools.

CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 AUGUST 2013

The main objectives of the academy during the period are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

Vision Statement

- 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.

Public benefit

The academy trust governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission on their website in exercising their powers or duties.

ACHIEVEMENTS AND PERFORMANCE

The academy has completed its third period of operation and has achieved the forecast number of pupils. The academy is heavily oversubscribed. Over the period total pupils numbered 600 and the academy had a full complement in all year groups. The academy admits 150 pupils each year.

The Key Stage Two (KS2) Study and Attainment Targets (SATs) indicate achievement above the national average in maths, reading, spelling, punctuation and grammar and achievement in line with the national average in writing. A large percentage of children achieved levels beyond that expected of them at the end of KS2 in all subjects.

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 regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

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 2013 and the associated expenditure are shown as restricted funds (non fixed assets) in the statement of financial activities.

CLEVES ACADEMY TRUST
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TRUSTEES ANNUAL REPORT
YEAR ENDED 31 AUGUST 2013

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.

During the year ended 31 August 2013, total expenditure of £2,900,000 was more than covered by recurrent grant funding from the EFA together with other incoming resources.

Financial and Risk Management Objectives and Policies

The defined benefit pension scheme has a deficit of £573,000 which is to be eliminated over 20 years according to the actuary by increased contribution percentages and annual payments.

Principal Risks and Uncertainties

After a long period of leadership stability trustees identified leadership change as a potential risk. They initiated a thorough review of systems and processes. The academy has appointed a new principal finance officer experienced in academies. After the departure of several long serving governors, the governing body also identified that they needed to fill skills gaps, and strengthened the governing body through the addition of three new governors who are highly experienced in governance and a further new governor who is a qualified accountant. A new parent governor is also a highly experienced governor.

Reserves policy

The governors review the reserve levels of the academy 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 £218,000 which is sufficient for that needed.

Financial position

The academy held fund balances at 31 August 2013 of £7,774,842 (2012 - £7,437,196) comprising £7,507,351 (2012 - £4,741,454) of restricted funds and £267,491 (2012 - £2,695,742) of unrestricted funds.

Investment policy

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

PLANS FOR FUTURE PERIODS

The academy will continue striving to improve the levels of performance of its pupils at all levels. The academy will also continue its recruitment up to the agreed levels and accept transfers from other schools into all year groups where appropriate.

The school plans to bid for an EFA Capital Maintenance Grant to address health and safety issues.

The school has a capital maintenance plan in place to use the Devolved Formula Capital

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 AUGUST 2013

Grant received this year and prior years.

Auditors

So far as the governors are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Audit for Business Development and Solutions Limited, are willing to continue in office and a resolution to reappoint them was proposed at the annual general meeting. However, in the interests of checking value for money, at their annual general meeting the governors passed a resolution to go out to competitive tender.

The report of the governors was approved by the governors onand signed on their behalf by:

Mrs S W Foster
Trustee and Chair of Governors

CLEVES ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2013

Scope of responsibility

As governors, 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 governing body has delegated the day-to-day responsibility to the joint interim headteachers, as joint accounting officers, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Cleves Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body 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 governing body has met formally eight times during the year. In addition there was an evening's training seminar covering governors' responsibilities and separate Governing Body Training on recruiting a new headteacher. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
S W Foster (Chair)	8	8
S Brunn	5	8
J Cutts (Vice – Chair)	7	8
J Scott	7	8
I Russ	7	8
W Pask	4	8
J Lander (Vice – Chair)	8	8
E Butcher	8	8
K Jackson	7	8
K McGuire (Vice – Chair)	8	8
D Sohl	3	4
S Durnan	3	4
S F Croft (Joint Headteacher and Accounting Officer)	5	8
J Grafton (Acting Joint Headteacher and Accounting Officer)	5	8

CLEVES ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2013

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cleves Academy Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The governing body is aware of the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is working towards further strengthening of all controls and information systems.

The risk and control framework

The academy trust'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 governing body;
- Regular reviews by the governing body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Segregation of duties;
- Steps taken by governors to formulate a more transparent scheme of delegation;
- Identification and management of risks.
- Appointing a very experienced, highly qualified principal finance officer.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mrs S L L Newman of Audit for Business Development and Solutions Ltd as responsible officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. During the accounting period the governors have relied on the RO to ensure compliance with the EFA's requirements.

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
GOVERNANCE STATEMENT
YEAR ENDED 31 AUGUST 2013**

Review of effectiveness

As accounting officer, the headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been performed by:

- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the governing body on..... and signed on its behalf by:

S W Foster
Chair

J Grafton
Joint Accounting Officer

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2013

As joint accounting officer of Cleves Academy Trust, I have considered my responsibility to notify the academy trust governing body 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 governing body 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.

Mrs J Grafton
Joint Accounting Officer

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**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
RESPONSIBILITIES OF THE TRUSTEES
YEAR ENDED 31 AUGUST 2013**

The trustees (who are also the directors of Cleves Academy Trust for the purposes of company law) are responsible for preparing the trustees annual report and the financial statements in accordance with the Annual Accounts Requirements 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the governing body on and signed on its behalf by:

Mrs S W Foster
Chair

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLEVES
ACADEMY TRUST**

YEAR ENDED 31 AUGUST 2013

We have audited the financial statements of Cleves Academy Trust for the year ended 31 August 2013 on pages 17 to 34, 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 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 company and the 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 AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources 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
- the financial statements have been prepared in accordance with the Annual Accounts Direction 2012/13 issued by the Education Funding Agency.

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLEVES
ACADEMY TRUST**

YEAR ENDED 31 AUGUST 2013

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the trustees annual 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
- 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.

P J Ham

Senior Statutory Auditor
For and on behalf of
Audit for Business Development and Solutions Limited
Statutory Auditor
15 Oxford Street
Southampton
Hampshire
SO14 3DJ

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**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON
REGULARITY TO THE GOVERNING BODY OF CLEVES ACADEMY TRUST
LIMITED AND THE EDUCATION FUNDING AGENCY**

YEAR ENDED 31 AUGUST 2013

In accordance with the terms of our engagement letter dated 12th December 2013 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the year ended 31 August 2013 have been applied to the purposes identified by parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the governing body and auditors

The accounting officer is responsible, under the requirements of Cleves Academy Trust funding agreement with the Secretary of State for Education dated 25 October 2010 and the Academies Accounts Direction 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. 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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON
REGULARITY TO THE GOVERNING BODY OF CLEVES ACADEMY TRUST
LIMITED AND THE EDUCATION FUNDING AGENCY**

YEAR ENDED 31 AUGUST 2013

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:

- Testing income and expenditure;
- Testing receipts and payments;
- Testing salaries and other items;

Conclusion

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

P J Ham

Senior Statutory Auditor
For and on behalf of
Audit for Business Development and Solutions Limited
Statutory Auditor
15 Oxford Street
Southampton
Hampshire
SO14 3DJ

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**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE
INCOME AND EXPENDITURE ACCOUNT)**

YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total Funds 2013 £	Total Funds 2012 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Income	2	565,133	-	-	565,133	794,435
Investment income	3	-	6,144	-	6,144	5,223
Charitable activities						
Funding for the academy's educational operations		-	2,532,202	284,228	2,816,430	2,169,826
TOTAL INCOMING RESOURCES		565,133	2,538,346	284,228	3,387,707	2,969,484
RESOURCES EXPENDED						
Charitable activities	4	(474,810)	(2,376,600)	(206,651)	(3,058,061)	(2,943,202)
Governance costs	5	-	(10,000)	-	(10,000)	(16,300)
TOTAL RESOURCES EXPENDED		(474,810)	(2,386,600)	(206,651)	(3,068,061)	(2,959,502)
Net incoming resources before transfers		90,323	151,746	77,577	319,646	9,982
Gross transfers between funds		(2,518,574)	163,182	2,355,392	-	-
NET INCOMING /(OUTGOING) RESOURCES FOR THE YEAR	6	(2,428,251)	314,928	2,432,969	319,646	9,982
Actuarial gain on defined benefit pension scheme		-	18,000	-	18,000	(122,000)
NET MOVEMENT IN FUNDS/NET INCOME/(EXPENDITURE) FOR THE YEAR		(2,428,251)	332,928	2,432,969	337,646	(112,018)
RECONCILIATION OF FUNDS						
Total funds brought forward		2,695,742	(779,398)	5,520,852	7,437,196	7,549,214
TOTAL FUNDS CARRIED FORWARD		267,491	(446,470)	7,953,821	7,774,842	7,437,196

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 20 to 34 form part of these financial statements.

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

31 AUGUST 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	8	7,781,673	7,617,065
CURRENT ASSETS			
Debtors	9	95,565	74,452
Cash at bank and in hand		599,674	858,063
		695,239	932,515
CREDITORS: Amounts falling due within one year	10	(129,070)	(521,384)
NET CURRENT ASSETS		566,169	411,131
TOTAL ASSETS LESS CURRENT LIABILITIES		8,347,842	8,028,196
PROVISIONS FOR LIABILITIES			
Pensions	18	(573,000)	(591,000)
NET ASSETS		7,774,842	7,437,196
FUNDS			
Restricted funds			
Fixed assets funds	12	7,953,821	5,520,852
General fund	12	126,530	(188,398)
Pension reserve/(deficit)	12	(573,000)	(591,000)
Total restricted funds		7,507,351	4,741,454
Unrestricted income fund – General fund	12	267,491	2,695,742
TOTAL FUNDS		7,774,842	7,437,196

These financial statements were approved by the members of the finance committee on the and are signed on their behalf by:

MRS S W FOSTER

Chair of Trustees

Company Registration Number: 07403271

The notes on pages 20 to 34 form part of these financial statements.

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 AUGUST 2013

	Note	2013 £	£	2012 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	15		106,726	412,328
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		6,144		5,223
Net cash inflow from returns on investments and servicing of finance			6,144	5,223
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		(383,693)		(213,489)
Receipts from sale of fixed assets		12,434		898
Net cash outflow from capital expenditure			(371,259)	(212,591)
(DECREASE)/INCREASE IN CASH	16		(258,389)	204,960

The notes on pages 20 to 34 form part of these financial statements.

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission Statement of 'Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006.

Going Concern

The governors assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties relating 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 period is shown in the relevant funds in the balance sheet. Where income is received in advance of entitlement its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations

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

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

Charitable trading

Rents and lettings are included in the statement of financial activities on a receivable basis.

CLEVES ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the objects of the academy at the discretion of the governors.

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

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

Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity. Costs have been allocated on a basis consistent with the use of resources.

- Charitable activities

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

- Governance costs

These include the costs attributable to the compliance with constitutional and statutory requirements including audit.

Fixed assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost. 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 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). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Operating lease agreements

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

Depreciation

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

Freehold buildings	2% straight line
Fixture and fittings	15% reducing balance
Computer equipment	33.3% straight line

Assets costing less than £500 are written off in the year of acquisition. All other assets are capitalised.

CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2013

Stock

Unused stationery is valued at the lower of cost or net realisable value and is included in prepayments.

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 Corporation Tax purposes. Accordingly, the academy trust 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 income or gains are applied exclusively to charitable purposes.

Pension costs

Academy staff are members of one of two defined pension schemes. More details of the schemes are given in note 18.

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service, are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department of Education. As the academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to their scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

Local Government Pension Scheme

Non teaching members of staff are offered membership of the Local Government Scheme (LPGS). The LPGS is a defined benefit pension scheme and is able to identify the academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed. The academy's share of the LGPS assets, are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit basis. The net of these two figures is recognised as an asset or liability on the balance sheet.

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

2. INCOME

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Assets Funds £	Total Funds 2013 £	Total Funds 2012 £
Grants receivable					
Grants receivable - Capital	-	-	284,228	284,228	10,795
Grants receivable - GAG	-	2,058,048	-	2,058,048	1,752,243
Grants receivable - Surrey C.C. Weybridge Children's Centre	-	159,636	-	159,636	155,466
Grants receivable - Special Education Needs	-	192,075	-	192,075	242,657
Other income					
Other voluntary income - Lettings	-	122,443	-	122,443	66,831
Other voluntary income - Catering, trips, GAP Development, School, Dynamo and others	565,133	-	-	565,133	736,269
	565,133	2,532,202	284,228	3,381,563	2,964,261

3. INVESTMENT INCOME

	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Bank interest receivable	6,144	6,144	5,223

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted funds £	Restricted fixed assets Funds £	Total Funds 2013 £	Total Funds 2012 £
Direct costs					
Teaching and educational support staff costs		1,437,702		1,437,702	1,320,976
Depreciation			206,651	206,651	191,568
Educational supplies		79,849		79,849	38,029
Curriculum consumables & ICT		3,945		3,945	10,226
Staff development		21,146		21,146	19,764
Educational consultancy		75,520		75,520	
Charitable activity		<u>1,618,162</u>	<u>206,651</u>	<u>1,824,813</u>	<u>1,580,563</u>
Allocated support costs					
Support staff costs		496,574		496,574	490,985
Rates and water		13,911		13,911	13,905
Light and heat		51,049		51,049	48,591
Repairs and maintenance		41,103		41,103	6,982
Insurance		10,645		10,645	18,964
Start up costs					6,557
Cleaning		29,215		29,215	31,114
Other costs		115,941		115,941	61,798
Other support costs	474,810			474,810	683,743
Support costs	<u>474,810</u>	<u>758,438</u>	–	<u>1,233,248</u>	<u>1,362,639</u>
	<u>474,810</u>	<u>2,376,600</u>	<u>206,651</u>	<u>3,058,061</u>	<u>2,943,202</u>

5. GOVERNANCE COSTS

	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Audit fees	10,000	10,000	14,500
Legal fees	–	–	1,800
	<u>10,000</u>	<u>10,000</u>	<u>16,300</u>

6. NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR

This is stated after charging:

	2013 £	2012 £
Staff pension contributions	262,585	237,317
Depreciation	206,651	191,568
Auditors' remuneration:		
- audit of the financial statements	10,000	14,500
Loss on disposal of fixed assets	43	–

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

7. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2013	2012
	£	£
Wages and salaries	1,560,461	1,464,914
Social security costs	111,230	109,730
Other pension costs	262,585	237,317
	<u>1,934,276</u>	<u>1,811,961</u>

Particulars of employees:

The average number of employees during the period, calculated on the basis of full-time equivalents, was as follows:

	2013	2012
	No	No
Teachers	24	24
Administration and support	55	52
Management	<u>7</u>	<u>5</u>
	<u>86</u>	<u>81</u>

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

£80,001 - £90,000	1	-
£70,001 - £80,000	-	1
£60,001 - £70,000	1	-

One of the above employees participated in the Teachers' Pension Scheme and during the year ended 31 August 2013 the pension contributions amounted to £1,900 (2012 - £11,203). The other employee participated in the Local Government Pension Scheme and the pension contributions amounted to £15,531.

The headteachers and other staff trustees receive remuneration only in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments. The value of governors' remuneration was as follows:

	2013	2012
Mrs S F Croft (Headteacher and governor)	£10,001 - £20,000	£70,001 - £80,000
Mrs J Grafton (Joint acting headteacher and governor)	£50,001 - £60,000	
Mr I Russ (Staff trustee and governor)	£30,001 - £40,000	
Mrs S Durnan (Staff trustee and governor)	£5,001 - £10,000	-
Mrs D Sohl (Staff trustee and governor)	£5,001 - £10,000	-

In addition, an amount of £75,520 was paid to SRFC Consulting Ltd, a company under the control of Mrs S F Croft.

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

Related Party Transactions

Owing to the nature of the school'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 governor has an interest. The only related party transaction is that stated above.

Trustees and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2013 was £830.

8. TANGIBLE FIXED ASSETS

	Freehold property £	Computers £	Equipment £	Total £
COST				
At 1 September 2012	7,581,744	97,555	272,688	7,951,987
Additions	285,882	76,597	21,214	383,693
Disposals	–	(39,754)	–	(39,754)
At 31 August 2013	<u>7,867,626</u>	<u>134,398</u>	<u>293,902</u>	<u>8,295,926</u>
DEPRECIATION				
At 1 September 2012	224,443	56,028	54,451	334,922
Charge for the year	126,299	46,951	33,401	206,651
On disposals	–	(27,320)	–	(27,320)
At 31 August 2013	<u>350,742</u>	<u>75,659</u>	<u>87,852</u>	<u>514,253</u>
NET BOOK VALUE				
At 31 August 2013	<u>7,516,884</u>	<u>58,739</u>	<u>206,050</u>	<u>7,781,673</u>
At 31 August 2012	<u>7,357,301</u>	<u>41,527</u>	<u>218,237</u>	<u>7,617,065</u>

Capital Commitments

Contracted for and not provided in the financial statements £16,449 (2012 - £Nil).

9. DEBTORS

	2013 £	2012 £
Trade debtors	25,228	4,300
Other debtors - VAT recoverable	15,126	12,453
Prepayments	55,211	57,699
	<u>95,565</u>	<u>74,452</u>

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

10. CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	45,564	110,908
Taxation and social security	34,980	28,550
Accruals and deferred income	48,526	381,926
	<u>129,070</u>	<u>521,384</u>
Deferred income		
At 1 September 2012	310,937	-
Resources deferred in the year	13,065	310,937
Amounts released from previous years	(310,937)	-
	<u>13,065</u>	<u>310,937</u>
At 31 August 2013	=====	=====

Resources deferred in the year comprise deposits for trips received in advance.

11. FINANCIAL COMMITMENTS

OPERATING LEASES

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

	2013	2012
	£	£
Equipment expiring within two and five years inclusive	2,011	1,535
	<u>2,011</u>	<u>1,535</u>

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

12. FUNDS

	Balance at 01.09.2012	Incoming Resources	Resources Expended	Gains/ (Losses) & Transfers	Balance at 31.08.2013
	£	£	£	£	£
Restricted general funds					
EFA Revenue Grant Fund					
General Annual Grant (GAG)	(229,137)	2,058,048	1,912,012	163,182	80,081
Special Educational Needs	-	192,075	192,075	-	-
Pension reserve (deficit)	(591,000)	-	-	18,000	(573,000)
Hire & lettings	-	122,443	122,443	-	-
Surrey County Council WCC	40,739	159,636	153,926	-	46,449
Interest	-	6,144	6,144	-	-
Total restricted funds	(779,398)	2,538,346	2,386,600	181,182	(446,470)
Restricted fixed asset funds					
Restricted fixed assets	5,282,439	264,506	203,309	2,425,445	7,769,081
Capital expenditure grant SCC	164,000	-	-	(13,341)	150,659
EFA capital maintenance	67,473	10,728	-	(56,712)	21,489
Surrey County Council WCC	6,940	8,994	3,342	-	12,592
Total restricted fixed assets funds	5,520,852	284,228	206,651	2,355,392	7,953,821
Total restricted funds	4,741,454	2,822,574	2,593,251	2,536,574	7,507,351
Unrestricted funds	368,056	565,133	474,810	(190,888)	267,491
Designated fund fixed assets	2,327,686	-	-	(2,327,686)	-
Total unrestricted funds	2,695,742	565,133	474,810	(2,518,574)	267,491
Total funds	7,437,196	3,387,707	3,068,061	18,000	7,774,842

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

EFA revenue grant fund relates to the academy's development and educational activities. Surrey County Council grant fund relates to Weybridge Children's Centre activities. Restricted fixed assets fund relates to fixed assets transferred from Cleves School. Capital grant from SCC represents arrears of fixed assets monies received. EFA capital grant fund relates to discretionary maintenance grant. The designated fund for fixed assets was recategorised as restricted funds invested in the charity's tangible fixed assets. Other transfers relate to fixed asset purchases. 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 2013, in accordance with a deed of variation dated 11 April 2013.

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2013**

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	7,781,673	7,781,673
Current assets	301,914	221,177	172,148	695,239
Current liabilities	(34,423)	(94,647)	-	(129,070)
Pension scheme liability	-	(573,000)	-	(573,000)
Total net assets	267,491	(446,470)	7,953,821	7,774,842

14. 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.

15. RECONCILIATION OF NET INCOMING/(OUTGOING) RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013	2012
	£	£
Net incoming resources before transfers	319,646	9,982
Interest receivable	(6,144)	(5,223)
Actuarial surplus on defined benefit pension scheme	18,000	(122,000)
Depreciation	206,651	191,567
Increase in debtors	(21,113)	(27,011)
(Decrease)/Increase in creditors	(392,314)	243,013
(Decrease)/Increase in provisions	(18,000)	122,000
Net cash inflow from operating activities	106,726	412,328

16. RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET FUNDS

	2013	2012
	£	£
(Decrease)/Increase in cash in the period	(258,389)	204,960
Change in net funds	(258,389)	204,960
Net funds at 1 Sep 2012	858,063	653,103
Net funds at 31 Aug 2013	599,674	858,063

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2013**

17. ANALYSIS OF CHANGES IN NET FUNDS

	1 Sep 12	Cash flows	31 Aug 13
	£	£	£
Cash in hand and at bank	858,063	(258,389)	599,674

18. 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010. Contributions amounting to £32,385 (2012 - £28,294) were payable to the schemes at 31 August 2013 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire

CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2013

18. PENSION AND SIMILAR OBLIGATIONS (continued)

active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

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

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

Teachers' Pension Scheme Changes

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

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

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

**CLEVES ACADEMY TRUST
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2013**

18. PENSION AND SIMILAR OBLIGATIONS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 August 2013 was £180,031 of which employer's contributions totalled £149,047 and employees' contributions totalled £30,984. The agreed contribution rates for future years are 17.7% per cent for employers and 5.8% per cent for employees. The deficit of £573,000 is envisaged to be eliminated over 20 years by increased contribution rates and annual contributions of £26,200.

Principal Actuarial Assumptions	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	5.10%	4.50%
Rate of increase for pensions in payment / inflation	2.80%	2.20%
Discount rate for scheme liabilities	4.60%	4.10%
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 2013	At 31 August 2012
Retiring today		
Males	21.9	21.9
Females	24.0	24.0
Retiring in 20 years		
Males	23.9	23.9
Females	25.9	25.9

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18. PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (Continued)

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

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
		£000		£000
Equities	6.60%	586	5.50%	382
Bonds	3.90%	131	3.40%	101
Property	4.70%	38	3.70%	27
Cash	3.60%	15	2.80%	<u>21</u>
Total market value of assets		770		531
Present value of scheme liabilities				
- Funded		<u>(1,343)</u>		<u>(1,122)</u>
Surplus/(deficit) in the scheme		<u>(573)</u>		<u>(591)</u>

The estimated return on the fund for the period from 1 September 2012 to 31 August 2013 was 14.2%.

Amounts recognised in the statement of financial activities

	2013	2012
	£000	£000
Current service cost (net of employee contributions)	(109)	(82)
Past service cost	<u>-</u>	<u>-</u>
Total operating charge	<u>(109)</u>	<u>(82)</u>

Analysis of pension finance income/(costs)

Expected return on scheme assets	30	27
Interest on pension liabilities	(49)	(49)
Pension finance income / (costs)	<u>(19)</u>	<u>(22)</u>

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 £104,000 (2012 - £122,000) loss.

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

	2013	2012
	£000	£000
At 1 September	1,122	857
Current service cost	109	82
Interest cost	49	49
Employee contributions	31	27
Actuarial (gain)/loss	32	107

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Benefits paid	-	-
Past service cost	-	-
Curtailments and settlements	<u>-</u>	<u>-</u>
At 31 August	<u>1,343</u>	<u>1,122</u>

18. PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (Continued)

Reconciliation of fair value of employer assets

	2013	2012
	£000	£000
Opening fair value of employer assets	531	362
Expected return on assets	30	27
Contributions by members	31	27
Contributions by the employer	122	108
Actuarial gains / (losses)	<u>56</u>	<u>7</u>
Closing fair value of employer assets	<u>770</u>	<u>531</u>

The two-year history of experience adjustments is as follows:

	2013	2012
	£000	£000
Present value of defined benefit obligations	(1,343)	(1,122)
Fair value of share of scheme assets	770	531
(Deficit) in the scheme	<u>(573)</u>	<u>(591)</u>
Experience adjustments on share of scheme assets	56	7
Experience adjustments on scheme liabilities	-	-

The estimated value of employer contributions for the year ended 31 August 2014 is £122,000.

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 scheme liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013.

