

Cloughwood Academy Trust

Trustees Report and Financial Statements

For the Period Ended 31 August 2014

Cloughwood Academy Trust
(A company limited by guarantee)

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Cloughwood Academy Trust
(A company limited by guarantee)

Reference and Administrative Details of the Academy, its Trustees and Advisers
For the Period Ended 31 August 2014

Members

Dr J Swaffield (appointed 10 July 2013)
Mrs H Madeley (appointed 10 July 2013)
Mr R Haffenden (appointed 10 July 2013)

Trustees

Dr J Swaffield, Chair of Trustees (appointed 10 July 2013)¹
Mrs H Madeley, Vice Chair (appointed 10 July 2013)¹
Mr R Haffenden (appointed 10 July 2013)
Mr D Glenn (appointed 1 September 2013)¹
Mr A Larkin, Principal and Accounting Officer (appointed 1 September 2013)¹
Miss H Lillvik, Staff Trustee (appointed 1 September 2013)
Mr W Monteith, Staff Trustee (appointed 1 September 2013)
Miss T Stubbart (appointed 4 February 2014)
Mr J Szostek, Responsible Officer (appointed 18 December 2013)

¹ Leadership and Management Committee

Company registered number

08604799

Principal and registered office

Stones Manor Lane, Hartford, Northwich, Cheshire, CW8 1NU

Company secretary

Mrs J Whiston

Senior management team

Mr A Larkin, Principal
Mr G Booth, Vice Principal
Mrs R Williams, Head of Care and Boarding
Mrs J Whiston, Vice Principal
Mr W Monteith, Acting Assistant Principal (1 November 2013 to 31 August 2014)
Mr W Monteith, Acting Vice Principal (appointed 1 September 2014)

Independent auditors

Dains LLP, Suite 2, Albion House, 2 Etruria Office Village, Forge Lane, Etruria, Stoke on Trent, ST1 5RQ

Bankers

Lloyds Bank plc, 35 High Street, Northwich, Cheshire, CW9 5DD

NatWest, The Bull Ring, Northwich, Cheshire, CW9 5BN

Cloughwood Academy Trust
(A company limited by guarantee)

Trustees' Report
For the Period Ended 31 August 2014

The trustees present their annual report together with financial statements and auditor's report of the charitable company for the period 10 July 2013 to 31st August 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates an academy for boys aged between 8 and 18 with statements of Behavioural, Emotional and Social Difficulties (BESD). The academy is funded for 55 places but had a roll of 57 at the school census on 15 May 2014. Pupils come from a wide geographical area with the main placing authority being Cheshire West and Chester.

Structure, governance and management

a. Constitution

The academy trust (the "Academy") is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The trustees of Cloughwood Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is also known as Cloughwood Academy.

The academy trust was incorporated on 10 July 2013 and on 1 September 2013 Cloughwood School transferred into the academy trust. The Academy has extended its first accounting reference date to 31 August 2014 to coincide with the end of the academic year

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

b. Members' liability

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

c. Trustees' indemnities

In accordance with normal commercial practice, the academy has purchased professional indemnity insurance to protect the trustees and officers from claims arising from negligence, errors or omissions whilst on academy business.

d. Method of recruitment and appointment or election of Trustees

The management of the Academy is the responsibility of the trustees who are elected and co-opted under the Articles of Association.

The members of the Academy are responsible for the appointment of trustees except for at least two parent trustees who will be appointed through an election process directed by the Board. Staff trustees will be appointed through such process as determined by the trustees, as long as the number of staff trustees does not exceed one third of the total number of trustees.

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Trustees' Report (continued)
For the Period Ended 31 August 2014

e. Policies and procedures adopted for the induction and training of Trustees

Trustees are appointed based on the skills that they will bring to the Board of Trustees, or based on a proposal to the Board by representative groups. On appointment, trustees receive an induction pack with information relating to the Academy and the role of trustees. The Academy buys into a Service Level Agreement with Cheshire West and Chester Governance Services for training provision and throughout the year all trustees are offered training relevant to their role.

f. Organisational structure

The governance of the Academy is defined in the Articles of Association, together with the Master and Supplemental Funding Agreements from the Department for Education. All trustees are members of the full Board which meets at least termly to monitor progress of the Academy's strategic objectives and receive the Principal's report.

The trustees have established five committees (Leadership & Management; Teaching, Learning, Curriculum & Standards; Community; Pay; and Principal's Performance Management) and appoint trustees to serve on these throughout the year.

The Leadership & Management Committee meets at least termly and discusses all matters pertaining to finance, staffing and premises. This committee receives regular financial reports from the Accounting Officer (the Principal) and Principal Finance Officer.

Day-to-day management of the Academy is delegated to the Principal who meets regularly with the Senior Management Team.

g. Connected organisations, including related party relationships

Cloughwood Academy Trust is not connected (under the definition in the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ("Charities SORP 2005")) to any other organisations.

The members, directors, trustees and their families are regarded as related parties in accordance with the definitions in the Charities SORP 2005.

Objectives and Activities

a. Objects and aims

The principal object of the Academy is to advance, for the public benefit education for boys aged 8 to 18 by establishing, maintaining, carrying on, managing and developing schools specially organised to make special educational provision for pupils with Special Educational Needs.

Cloughwood Academy was the first Special School in Cheshire West and Chester Local Authority to convert to academy status because of the autonomy and greater freedom this offered.

Trustees' Report (continued)
For the Period Ended 31 August 2014

Objects and aims (continued)

The aims of the Academy are to:

- Enable learners to make rapid and sustained progress by accessing an innovative curriculum and outstanding facilities.
- Work in partnership with local schools and the community to offer a wide range of learning and life experiences.
- Continue to offer an outstanding residential experience to as many students as possible to enable better independence and personal development.
- Provide safe, first-class facilities that are fit for purpose and support excellence.
- Promote a positive, holistic, child-centred ethos which prepares our students for successful, fulfilled lives, in which they are able to make a full and positive contribution to society.

b. Strategies and activities for achieving objectives

To build on its outstanding status, the academy's main objectives for the period ended 31st August 2014 were to establish the Primary department; focus on improving boys' writing; improve the GCSE Key Stage 4 offer; increase the student roll; review the staffing structure; and to increase income streams.

Through the process of self-evaluation, the Principal, supported by the Senior Management Team, analyses the school's performance, identifies strengths and areas for improvement, and sets annual priorities within the Strategic Action Plan (SAP). The Board discusses and approves the SAP and the budget to support its implementation. The SAP is reviewed at committee level each term and the Principal presents a full review to the Board at the end of the academic year.

c. Public benefit

The trust promotes the use of the school premises by all the surrounding community. The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Strategic report

Achievements and performance

a. Review of activities

During the period from incorporation on 10 July 2013 to 31 August 2014, the Academy regards its principal achievements as successfully navigating the way through the first year's changes in corporate management; further improving the quality of teaching and learning; maintaining good attendance of both pupils and staff; strengthening the management team of the Academy; continuing to improve the fabric of the building and premises; and successfully sourcing new ways of bringing in income.

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Trustees' Report (continued)
For the Period Ended 31 August 2014

Review of activities (continued)

Key Performance Indicators (for the 12 months of trading to 31 August 2014):

Directors have elected to use the following key performance indicators to analyse the Academy's performance:

Number on Roll: 57
% Free School Meals: 33.3%
% Looked After Children: 15.8%
% Attendance: 87.2%
% Y11 students achieving 5 A*-G GCSE: 92.3%
Staff numbers FTE: 29.3
% expenditure spent on staffing: 62.1%
Number of Good and Outstanding Lesson Observations: 87.5%

There was no Ofsted inspection during the period. However the latest Ofsted inspection reviewing the predecessor school; Cloughwood School was rated Outstanding by Ofsted during February 2013.

b. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Financial review

a. Financial and risk management objectives and policies

The principal financial management policies adopted in year are as laid down by the Academies Financial Handbook published by the DfE and are monitored by regular reviews of income and expenditure versus planned budgets at Leadership & Management committee meetings.

The principal sources of funding are: grant income from the DfE; High Needs funding from the placing authorities (predominantly Cheshire West and Chester); and Residential funding from Cheshire West and Chester.

The Academy's financial performance for the period to 31 August 2014 demonstrates total income of £1,960,045 (excluding net income transferred on conversion) with a surplus at 31 August 2014 of £184,435 (restricted fixed asset fund movements and pension reserve movements). This surplus is made up of £103,354 restricted and £81,081 unrestricted. The analysis of income receivable is detailed in note 2 to 5 of the financial statements.

As a result of the conversion to academy status, on 1 September 2013 one-off income of £4,491,075 occurred in the Statement of Financial Activities. This consists of cash on conversion of £58,034, a pension deficit of £555,000 (see further information below) and fixed assets of £4,988,041.

The Academy balance sheet at 31 August 2014 recorded net assets of £4,592,234 including restricted funds of £103,354, restricted fixed asset funds of £5,177,799, a pension reserve of -£770,000 and unrestricted funds of £81,081.

The Academy balance sheet includes £5,177,799 of fixed assets, of which £4,868,505 relates to the net book value at the 31 August 2014 of the leasehold land and buildings of Cloughwood School, which were transferred on a 125 year lease from Cheshire West and Chester Borough Council.

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Trustees' Report (continued)
For the Period Ended 31 August 2014

Financial review (continued)

As a result of the transfer of Cloughwood School into the academy trust, the Academy inherited a deficit on the Local Government Pension Scheme (LGPS) of £555,000. By the 31 August 2014 this deficit had increased to £770,000 and this deficit is included in restricted funds, within the Academy balance sheet. The deficit does not result in an immediate liability for this amount, however it could result in an increase in employer's contributions to the LGPS over a period of years. The future contribution rates for the LGPS are currently between 22.8% and 23.8% for employers and between 5.5% to 12.5% for employees. The details of the pension deficit are provided in note 25 to these financial statements.

b. Reserves policy

The details of the reserves held at 31 August 2014 are provided above.

The policy of the Academy is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

An element of the reserves currently held will be utilised for continuous improvements and for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the academy's buildings, vehicles, ICT equipment and contents.

A strategic capital plan has been prepared and reviewed by the trustees in order that reserves can be prioritised and spent according to the needs of the Academy.

c. Investments policy

Surplus funds are currently held in a current account with Lloyds Bank Plc. Any investments would be made in line with the Treasury Policy.

d. Principal risks and uncertainties

Cloughwood Academy has adopted a Risk Management Policy and has undertaken a comprehensive review of all risks to which the Academy may be exposed. Significant risks were highlighted to the Board and all actions have been delegated to committee or individual level. This risk register will be reviewed annually in the Spring term.

The following principal risks were identified: Contingency planning for absence of key personnel; failure to react to the requirements of external stakeholders; and failure to ensure that IT equipment is up-to-date and of the highest standard.

Plans for future periods

a. Future developments

The future plans of the Academy include:

- Explore the possibility of becoming an Academy sponsor;
- Introduce the Special Educational Needs and Disability Team (SENDIT);
- Introduce a new Primary Year 4 classroom;
- Improve the capacity of the staff team by creating a number of new teaching posts; and
- Further improve teaching and learning in relation to developing high order reading and writing skills.

Trustees' Report (continued)
For the Period Ended 31 August 2014

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the trustees.

The Academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy's Equal opportunities policy, the Academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy's offices.

Disclosure of information to auditors

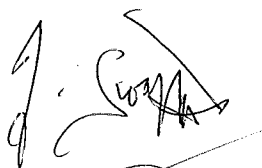
Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

Auditors

The trustees of Cloughwood Academy Trust have approved the reappointment of Dains LLP as auditor for the year ended 31 August 2015.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 11 November 2014 and signed on the board's behalf by:



Dr John Swaffield
Chair of Trustees

Cloughwood Academy Trust
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Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Cloughwood 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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Cloughwood Academy Trust and the Secretary of State for Education. They are 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 Trustees' responsibilities statement. The board of trustees has formally met 6 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr J Swaffield, Chair of Trustees	5	6
Mrs H Madeley, Vice Chair	6	6
Mr R Haffenden	4	6
Mr D Glenn	6	6
Mr A Larkin, Principal and Accounting Officer	6	6
Miss H Lillvik, Staff Trustee	6	6
Mr W Monteith, Staff Trustee	6	6
Miss T Stubbert	3	3
Mr J Szostek, Responsible Officer	3	3

The Leadership and Management Committee is a sub-committee of the main board of trustees. Its purpose is to monitor the financial activities of the Academy and make decisions relating to finance. In addition the Leadership and Management committee has also been given the responsibilities of the audit committee, in order to review the controls over the academy's finances.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Dr J Swaffield	5	6
Mrs H Madeley	6	6
Mr D Glenn	5	6
Mr A Larkin	6	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 Academy 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 Cloughwood Academy Trust for the period 10 July 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Governance Statement (continued)

Capacity to Handle Risk

The board of trustees has 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 there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 10 July 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of 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:

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed:

- Mr J Szostek, a Trustee, as Responsible Officer (RO);
- Dains LLP, the external auditors, to perform additional checks.

The appointees' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the appointees report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The Responsible Officer has delivered their schedule of work as planned, and no material control issues have been identified.

Governance Statement (continued)


Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:


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

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

Approved by order of the members of the board of trustees on 11 November 2014 and signed on its behalf, by:



Dr J Swaffield
Chair of Trustees



Mr A Larkin
Accounting Officer

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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Cloughwood Academy Trust I have considered my responsibility to notify the Academy 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the Academy board of trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2012).

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.



Mr A Larkin
Accounting Officer

Date: 11 November 2014

Cloughwood Academy Trust
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Trustees' Responsibilities Statement
For the Period Ended 31 August 2014

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

Company law requires the 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 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:

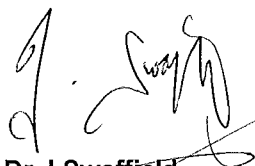
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The 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 board of trustees and signed on its behalf by:



Dr J Swaffield
Chair of Trustees

Date: 11 November 2014

Cloughwood Academy Trust
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Independent Auditors' Report to the Board of Trustees of Cloughwood Academy Trust

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

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy 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 Academy'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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

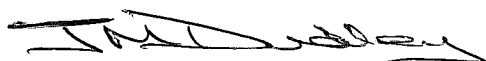
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Independent Auditors' Report to the Board of Trustees of Cloughwood Academy Trust

Matters on which we are required to report by exception

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

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



Jonathan Dudley (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: 11 November 2014

Cloughwood Academy Trust
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Cloughwood Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 8 September 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 Cloughwood Academy Trust during the period 10 July 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 Cloughwood Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Cloughwood Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cloughwood Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Cloughwood Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Cloughwood Academy Trust's funding agreement with the Secretary of State for Education dated 28 August 2013, 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 10 July 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

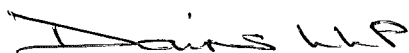
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

Cloughwood Academy Trust
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**Independent Reporting Accountants' Assurance Report on Regularity to Cloughwood Academy Trust
and the Education Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 10 July 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Statutory Auditor
Chartered Accountants

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: 11 November 2014

Cloughwood Academy Trust
(A company limited by guarantee)

Statement of Financial Activities
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
For the Period Ended 31 August 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income - transfer on conversion	2	58,034	(555,000)	4,988,041	4,491,075
Other voluntary income	2	873	-	-	873
Activities for generating funds	3	45,774	-	-	45,774
Investment income	4	272	-	-	272
Incoming resources from charitable activities:	5				
Funding for the academy trust's educational operations		-	1,429,959	185,931	1,615,890
Provision of boarding activities	5, 29	-	297,236	-	297,236
Total incoming resources		104,953	1,172,195	5,173,972	6,451,120
Resources expended					
Costs of generating funds:					
Fundraising expenses and other costs	6	23,872	-	-	23,872
Charitable activities:					
Academy trust's educational operations	7, 8	-	1,168,744	97,125	1,265,869
Provision of boarding activities	8, 29	-	352,579	-	352,579
Governance costs	9	-	22,566	-	22,566
Total resources expended	6	23,872	1,543,889	97,125	1,664,886
Net incoming / (outgoing) resources before transfers		81,081	(371,694)	5,076,847	4,786,234

Cloughwood Academy Trust
(A company limited by guarantee)

Statement of Financial Activities (continued)
For the Period Ended 31 August 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
Transfers between Funds	17	-	(100,952)	100,952	-
Net income for the period		81,081	(472,646)	5,177,799	4,786,234
Actuarial gains and losses on defined benefit pension schemes		-	(194,000)	-	(194,000)
Net movement in funds for the period		81,081	(666,646)	5,177,799	4,592,234
Total funds at 10 July 2013		-	-	-	-
Total funds at 31 August 2014		81,081	(666,646)	5,177,799	4,592,234

All of the Academy's activities derive from acquisitions in the current financial period.

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

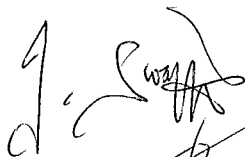
The notes on pages 21 to 44 form part of these financial statements.

Cloughwood Academy Trust
(A company limited by guarantee)
Registered number: 08604799

Balance Sheet
As at 31 August 2014

	Note	£	2014 £
Fixed assets			
Tangible assets	14		5,177,799
Current assets			
Debtors	15	69,254	
Cash at bank and in hand		336,208	
		<u>405,462</u>	
Creditors: amounts falling due within one year	16	<u>(221,027)</u>	
Net current assets			<u>184,435</u>
Total assets less current liabilities			<u>5,362,234</u>
Defined benefit pension scheme liability	25		<u>(770,000)</u>
Net assets including pension scheme liability			<u><u>4,592,234</u></u>
Funds of the academy			
Restricted funds:			
Restricted funds	17	103,354	
Restricted fixed asset funds	17	5,177,799	
		<u>5,281,153</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(770,000)</u>	
Total restricted funds			<u>4,511,153</u>
Unrestricted funds	17		<u>81,081</u>
Total funds			<u><u>4,592,234</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 11 November 2014 and are signed on their behalf, by:



Dr John Swaffield
Chair of Trustees

The notes on pages 21 to 44 form part of these financial statements.

Cloughwood Academy Trust
(A company limited by guarantee)

Cash Flow Statement
For the Period Ended 31 August 2014

	Note	Period Ending 31 August 2014 £
Net cash flow from operating activities	19	380,483
Returns on investments and servicing of finance	20	272
Capital expenditure and financial investment	20	(100,952)
Cash transferred on conversion to an academy trust	23	56,405
Increase in cash in the period		336,208

All of the cash flows are derived from acquisitions in the current financial period.

Reconciliation of Net Cash Flow to Movement in Net Funds
For the Period Ended 31 August 2014

	Period Ending 31 August 2014 £
Increase in cash in the period	336,208
Movement in net funds in the period	336,208
Net funds at 31 August 2014	336,208

The notes on pages 21 to 44 form part of these financial statements.

Notes to the Financial Statements
For the Period Ended 31 August 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

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

1.3 Incoming resources

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

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement to 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.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Notes to the Financial Statements
For the Period Ended 31 August 2014

1. Accounting Policies (continued)

1.4 Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

The policy with respect to impairment reviews of fixed assets 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. Impairments losses are recognised in the Statement of financial activities.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Land	-	125 Years straight line
Leasehold Buildings	-	50 Years straight line
Motor vehicles	-	7 Years straight line
ICT Equipment	-	3 Years straight line
Leasehold property improvements-	-	50 Years straight line

1.6 Operating leases

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

1. Accounting Policies (continued)

1.7 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.

1.8 Pensions

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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), 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 the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.9 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 funders where the asset acquired or created is held for a specific purpose.

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

Notes to the Financial Statements
For the Period Ended 31 August 2014

1. Accounting Policies (continued)

1.10 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Cloughwood Special School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Cloughwood Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The net assets transferred include the following:

- **Leasehold land and buildings**
On the transfer date of 1 September 2013, the academy was gifted the leasehold land and buildings by Cheshire West and Chester Borough Council on a 125 year lease. The leasehold land and buildings value is based upon the desktop valuation provided by the Education Funding Agency (EFA) under the depreciated replacement cost for specialised assets as set out in Financial Reporting Standard (FRS) 15. The valuation was carried out by a firm of professional valuers and was commissioned by the EFA as part of a wider review of Academy building valuations. The leasehold land and buildings have been credited as a donation to the Restricted Fixed Asset Funds column of the Statement of financial activities and included within tangible fixed assets on the balance sheet. The governors consider that this is a reasonable basis for inclusion in the financial statements.
- **Other fixed assets**
Other fixed assets have been transferred at their fair value on the conversion date. The other fixed assets have been credited as a donation to the Restricted Fixed Asset Funds column of the Statement of financial activities and included within tangible fixed assets on the balance sheet.
- **Local Government Pension Scheme (LGPS) deficit**
The obligation relating to the employees in the LGPS scheme that were transferred as part of the conversion from the maintained school was transferred to Cloughwood Academy Trust, on 1 September 2013. The deficit on the LGPS scheme has been debited as a donation in the Restricted General Fund column of the Statement of Financial Activities and included within the LGPS liability on the balance sheet.
- **Cash**
Cash balances at 1 September 2013 in respect of the maintained school and the school fund were transferred to Cloughwood Academy Trust. These cash balances have been credited as a donation in the Statement of financial activities under the Unrestricted Fund and Restricted General Fund columns as appropriate and included within the cash and bank balances on the balance sheet.

Further details of the transaction are set out in note 23.

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

2. Voluntary income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Voluntary income transfer on conversion (note 23)	58,034	4,433,041	4,491,075
Donations	873	-	873
Voluntary income	58,907	4,433,041	4,491,948

3. Activities for generating funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Sales of other goods and services	6,861	-	6,861
Letting income	12,860	-	12,860
Catering income	881	-	881
Service charges receivable	14,689	-	14,689
Staff insurance income	8,303	-	8,303
Rental income	2,180	-	2,180
	45,774	-	45,774

4. Investment income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Investment income	272	-	272

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

5. Incoming resources from charitable activities

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Educational operations (see below)	-	1,615,890	1,615,890
Provision of boarding activities - Local authority funding	-	297,236	297,236
	-	1,913,126	1,913,126

Funding for Academy's educational operations

Cloughwood Academy

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
DfE/EFA revenue grants			
General annual grant	-	618,614	618,614
Pupil Premium	-	38,440	38,440
PE training grant	-	3,500	3,500
Y7 Catch up grant	-	2,500	2,500
Capital grants	-	52,482	52,482
	-	715,536	715,536
Other government grants			
Local Authority Top Up funding	-	757,405	757,405
LAC Pupil premium	-	9,500	9,500
	-	766,905	766,905
Other funding			
Capital grants	-	133,449	133,449
	-	133,449	133,449
	-	1,615,890	1,615,890

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

6. Resources expended

	Staff costs	Non Pay Premises	Expenditure Other costs	Total
	2014	2014	2014	2014
	£	£	£	£
Fundraising expenses	-	-	23,872	23,872
Costs of generating funds	-	-	23,872	23,872
Educational direct costs (note 7)	784,074	-	145,453	929,527
Educational support costs (note 8)	83,267	195,765	57,310	336,342
Boarding activities support costs (note 8)	275,561	-	77,018	352,579
Charitable activities	1,142,902	195,765	279,781	1,618,448
Governance	-	-	22,566	22,566
	1,142,902	195,765	326,219	1,664,886

7. Charitable Activities - Direct costs

	Educational operations	Total
	£	2014
	£	£
Educational supplies	41,512	41,512
Examination fees	2,952	2,952
Staff development	8,724	8,724
Educational consultancy	2,843	2,843
Maintenance of equipment	1,212	1,212
Wages and salaries	634,875	634,875
National insurance	47,561	47,561
Pension cost	101,638	101,638
Depreciation	88,210	88,210
	929,527	929,527

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

8. Charitable Activities - Support costs

	Educational operations	Boarding costs	Total 2014
	£	£	£
LGPS finance costs	20,000	-	20,000
Educational supplies	2,232	-	2,232
Travel and subsistence	1,603	-	1,603
Other support costs	22,322	2,000	24,322
Maintenance of premises	23,537	15,618	39,155
Maintenance of equipment	29,283	11,350	40,633
Rates	7,854	4,290	12,144
Energy	20,703	15,400	36,103
Insurance	34,542	6,400	40,942
Transport	23,539	9,960	33,499
Other occupancy costs	10,953	-	10,953
Catering	47,592	12,000	59,592
Wages and salaries	9,600	227,801	237,401
National insurance	20,087	14,822	34,909
Pension cost	53,580	32,938	86,518
Depreciation	8,915	-	8,915
	336,342	352,579	688,921

9. Governance costs

	Unrestricted funds	Restricted funds	Total funds
	2014	2014	2014
	£	£	£
Auditors' remuneration	-	4,150	4,150
Auditors' non audit costs	-	3,601	3,601
Legal and professional fees	-	13,710	13,710
Governance Services	-	1,105	1,105
	-	22,566	22,566

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

10. Net incoming / (outgoing) resources

This is stated after charging:

	Period Ending 31 August 2014 £
Depreciation of tangible fixed assets:	
- owned by the charity	97,125
Auditors' remuneration	4,150
Auditors' remuneration - non-audit	3,601
Operating lease rentals:	
- other operating leases	9,153
	<u>9,153</u>

11. Staff

a. Staff costs

Staff costs were as follows:

	Period Ending 31 August 2014 £
Wages and salaries	850,980
Social security costs	82,470
Other pension costs (Note 25)	188,155
	<u>1,121,605</u>
Supply teacher costs	14,796
Compensation payments	6,500
	<u>1,142,901</u>

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

11. Staff (continued)

b. Staff numbers

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

	Period Ending 31 August 2014 No.
Teachers	8
Administration and support	17
Management	4
	<hr/>
	29
	<hr/>

c. Higher paid staff

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

	Period Ending 31 August 2014 No.
In the band £80,001 - £90,000	1
	<hr/>

The above employee participated in the Teacher's Pension Scheme (TPS). During the period ended 31 August 2014, pension contributions for this member of staff amounted to £11,354.

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

12. Trustees' remuneration and expenses

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration (including contributions to pension schemes) fell within the following bands:

	Period Ending 31 August 2014 £
Mr A Larkin	90,000-95,000
Mr W Monteith	50,000-55,000
Miss H Lillvik	30,000-35,000

During the period, no Trustees received any benefits in kind.
During the period, no Trustees received any reimbursement of expenses.

13. 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 £5,000,000 on any one claim and the cost for the period ended 31 August 2014 was £3,600. The cost of this insurance is included in the total insurance cost.

14. Tangible fixed assets

	Leasehold Land and Buildings £	Property improvements £	Motor vehicles £	ICT Equipment £	Total £
Cost					
Additions	-	274,841	-	12,042	286,883
Transferred on conversion	4,955,593	-	30,419	2,029	4,988,041
At 31 August 2014	4,955,593	274,841	30,419	14,071	5,274,924
Depreciation					
Charge for the period	87,088	2,185	6,730	1,122	97,125
At 31 August 2014	87,088	2,185	6,730	1,122	97,125
Net book value					
At 31 August 2014	4,868,505	272,656	23,689	12,949	5,177,799

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

14. Tangible fixed assets (continued)

On the transfer date of 1 September 2013, the academy was gifted the leasehold land and buildings by Cheshire West and Chester Borough Council on a 125 year lease. The leasehold land and buildings value is based upon the desktop valuation provided by the Education Funding Agency (EFA) under the depreciated replacement cost for specialised assets as set out in Financial Reporting Standard (FRS) 15. The valuation was carried out by a firm of professional valuers and was commissioned by the EFA as part of a wider review of Academy building valuations. The leasehold land and buildings have been credited as a donation to the Restricted Fixed Assets Funds column of the Statement of financial activities and included within tangible fixed assets on the balance sheet. The trustees consider that this is a reasonable basis for inclusion in the financial statements.

On 30 August 2013 a legal charge that will expire on 30 August 2023 was created by The English Sports Council over an element of the leasehold land and buildings above known as the Multi - Use Games Areas at Cloughwood Academy Trust.

15. Debtors

	2014 £
Trade debtors	6,197
Other debtors	10,871
Prepayments and accrued income	52,186
	<hr/> 69,254 <hr/>

16. Creditors:
Amounts falling due within one year

	2014 £
Trade creditors	31,511
Other taxation and social security	20,584
Other creditors	94,629
Accruals and deferred income	74,303
	<hr/> 221,027 <hr/>
	£
Deferred income	
Resources deferred during the year	<hr/> 3,259 <hr/>

At the balance sheet date the academy was holding funds relating to grants for the 2014/15 academic year.

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

17. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	-	104,953	(23,872)	-	-	81,081
Restricted funds						
General Annual Grant (GAG)	-	618,614	(414,308)	(100,952)	-	103,354
Pupil Premium	-	38,440	(38,440)	-	-	-
PE Training Grant	-	3,500	(3,500)	-	-	-
Y7 Catch Up	-	2,500	(2,500)	-	-	-
Special Educational Needs	-	757,405	(702,062)	(55,343)	-	-
Provision of boarding	-	297,236	(352,579)	55,343	-	-
LAC Pupil Premium	-	9,500	(9,500)	-	-	-
Pension reserve	-	(555,000)	(21,000)	-	(194,000)	(770,000)
	-	1,172,195	(1,543,889)	(100,952)	(194,000)	(666,646)
Restricted fixed asset funds						
Transfer from legacy school	-	4,988,041	(94,720)	-	-	4,893,321
DfE/EFA Capital grant	-	52,482	-	-	-	52,482
Other Capital grant	-	133,449	(1,587)	-	-	131,862
Capital expenditure from GAG	-	-	(818)	100,952	-	100,134
	-	5,173,972	(97,125)	100,952	-	5,177,799
Total restricted funds	-	6,346,167	(1,641,014)	-	(194,000)	4,511,153
Total of funds	-	6,451,120	(1,664,886)	-	(194,000)	4,592,234

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

17. Statement of funds (continued)

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

Unrestricted Funds

This fund represents those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

Restricted Funds

This fund represents grants received for the Academy's operational activities and development.

Pension reserve

This fund represents the Academy's share of the pension liability arising on the LGPS pension fund.

Restricted Fixed Asset Fund

This fund relates to the donation of the leasehold land and buildings from the local authority on a 125 year lease, other fixed assets donated on conversion and capital expenditure from the EFA and The English Sports Council.

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

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	104,953	(23,872)	-	-	81,081
Restricted funds	-	1,172,195	(1,543,889)	(100,952)	(194,000)	(666,646)
Restricted fixed asset funds	-	5,173,972	(97,125)	100,952	-	5,177,799
	-	6,451,120	(1,664,886)	-	(194,000)	4,592,234

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

18. Analysis of net assets between funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
Tangible fixed assets	-	-	5,177,799	5,177,799
Current assets	81,081	324,381	-	405,462
Creditors due within one year	-	(221,027)	-	(221,027)
Provisions for liabilities and charges	-	(770,000)	-	(770,000)
	<u>81,081</u>	<u>(666,646)</u>	<u>5,177,799</u>	<u>4,592,234</u>

19. Net cash flow from operations

	Period Ending 31 August 2014 £
Net incoming resources	4,786,234
Returns on investments and servicing of finance	(272)
Non cash donation of tangible fixed assets	(4,988,041)
Depreciation of tangible fixed assets	97,125
Capital grants from DfE	(52,482)
Other capital grants	(133,449)
Cash transferred on conversion to academy trust	(56,405)
Increase in debtors	(69,254)
Increase in creditors	221,027
LGPS pension deficit transferred on conversion (note 22)	555,000
FRS 17 adjustments	21,000
Net cash inflow from operations	<u><u>380,483</u></u>

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

	Period Ending 31 August 2014 £
Returns on investments and servicing of finance	
Interest received	<u><u>272</u></u>

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2014

20. Analysis of cash flows for headings netted in cash flow statement (continued)

	Period Ending 31 August 2014 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(286,883)
Capital grants from DfE	52,482
Other capital grants	133,449
	<u>(100,952)</u>
Net cash outflow capital expenditure	<u><u>(100,952)</u></u>

21. Analysis of changes in net funds

	10 July 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	-	336,208	-	336,208
Net funds	<u>-</u>	<u>336,208</u>	<u>-</u>	<u>336,208</u>

22. Major non-cash transactions

During the period, the Academy received donated fixed assets totaling £4,988,041 and a pension deficit of £555,000. These had no cash effect.

23. Conversion to an academy trust

On 1 September 2013 Cloughwood Special School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Cloughwood Academy Trust from Cheshire West and Chester Borough Council for £NIL consideration.

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

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

Cloughwood Academy Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2014

23. Conversion to an academy trust (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	4,955,593	4,955,593
- Other tangible fixed assets	-	-	32,448	32,448
Budget surplus on LA funds	56,405	-	-	56,405
Budget surplus on other school funds	1,629	-	-	1,629
LGPS pension deficit	-	(555,000)	-	(555,000)
Net assets/(liabilities)	<u>58,034</u>	<u>(555,000)</u>	<u>4,988,041</u>	<u>4,491,075</u>

The above net assets include £58,034 that were transferred as cash.

The leasehold land and buildings have been transferred on a 125 year lease from Cheshire West and Chester Borough Council. The basis of valuation is detailed in Accounting Policies in note 1.

Other tangible fixed assets, being vehicles and computer equipment, have been transferred to the Academy at their fair value on 1 September 2013.

The LGPS pension deficit represents the deficit at 1 September 2013 in respect of employees of the maintained school that have transferred to the academy trust. The basis of this valuation is outlined in the Accounting Policies in note 1 and note 25.

24. Capital commitments

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

	2014 £
Contracted for but not provided in these financial statements	<u>136,387</u>

25. Pension commitments

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

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

Contributions amounting to £17,886 were payable to the scheme at 31 August 2014 and are included within creditors.

Notes to the Financial Statements
For the Period Ended 31 August 2014

25. Pension commitments (continued)

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

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 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.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Notes to the Financial Statements
For the Period Ended 31 August 2014

25. Pension commitments (continued)

Teachers' Pension Scheme Changes

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

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

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

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the 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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £118,000, of which employer's contributions totalled £93,000 and employees' contributions totalled £25,000. The agreed contribution rates for future years are 22.8 - 23.8% for employers and 5.5% - 12.5% for employees.

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

As described in note 23 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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Notes to the Financial Statements
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25. Pension commitments (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 £
Equities	6.30	512,000
Bonds	3.40	180,000
Property	4.50	60,000
Cash	3.30	103,000
Total market value of assets		855,000
Present value of scheme liabilities		(1,625,000)
(Deficit)/surplus in the scheme		(770,000)

The amounts recognised in the Balance sheet are as follows:

	Period Ending 31 August 2014 £
Present value of funded obligations	(1,625,000)
Fair value of scheme assets	855,000
Net liability	(770,000)

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

	Period Ending 31 August 2014 £
Current service cost	(94,000)
Interest on obligation	(58,000)
Expected return on scheme assets	38,000
Total	(114,000)
Actual return on scheme assets	90,000

Cloughwood Academy Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2014

25. Pension commitments (continued)

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

	Period Ending 31 August 2014 £
Defined benefit obligation transferred on conversion	1,202,000
Current service cost	94,000
Interest cost	58,000
Contributions by scheme participants	25,000
Actuarial losses	246,000
	<hr/>
Closing defined benefit obligation	1,625,000
	<hr/> <hr/>

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

	Period Ending 31 August 2014 £
Fair value of scheme assets transferred on conversion	647,000
Expected return on assets	38,000
Actuarial gains and (losses)	52,000
Contributions by employer	93,000
Contributions by employees	25,000
	<hr/>
	855,000
	<hr/> <hr/>

The cumulative amount of actuarial losses recognised in the Statement of Financial Activities was £194,000.

The Academy expects to contribute £100,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014
Equities	60.00 %
Bonds	21.00 %
Property	7.00 %
Cash	12.00 %

27. 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 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.

28. Related party transactions

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

No related party transactions took place in the period of account.

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Notes to the Financial Statements
For the Period Ended 31 August 2014

29. Academy Boarding Trading Account

	2014 £
Income	
Residential funding from Local Authority	297,236
Expenditure (note 8)	
Other support costs	(2,000)
Maintenance of premises	(15,618)
Maintenance of equipment	(11,350)
Rates	(4,290)
Energy	(15,400)
Insurance	(6,400)
Transport	(9,960)
Catering	(12,000)
Wages and salaries	(227,801)
National insurance	(14,822)
Pension costs	(32,938)
	<hr/> (352,579)
Deficit on Boarding	(55,343)
Deficit funded by Local Authority Top Up funding	55,343
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Surplus/(deficit) carried forward at 31 August 2014	<hr/> - <hr/>

The residential provision provided by the Cloughwood Academy Trust is an essential part of the special school provision to pupils. The excess of expenditure over income of £55,343 in respect of boarding has been funded by the Local Authority Top Up funding receivable during the period (see note 17).