

Cloughwood Academy Trust

Trustees Report and Financial Statements

For the Year Ended 31 August 2015

Cloughwood Academy Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details of the academy, its trustees and advisers	1
Trustees' report	2 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Trustees' responsibilities statement	13
Independent auditors' report	14 - 15
Independent reporting accountant's assurance report on regularity	16 - 17
Statement of financial activities	18 - 19
Balance sheet	20
Cash flow statement	21
Notes to the financial statements	22 - 43

Cloughwood Academy Trust
(A company limited by guarantee)

Reference and Administrative Details of the Academy, its Members/ Trustees and Advisers
For the Year Ended 31 August 2015

Members

Dr J Swaffield
Mrs H Madeley
Mr R Haffenden

Trustees

Dr J Swaffield, Chair of Trustees¹
Mrs H Madeley, Vice Chair¹
Mr R Haffenden
Mr D Glenn¹
Mr A Larkin, Principal and Accounting Officer¹
Miss H Lillvik, Staff Trustee (resigned 16 September 2015)
Mr W Monteith, Staff Trustee
Miss T Stubbett
Mr J Szostek, Responsible Officer¹
Mrs R Orme (appointed 26 September 2015)¹

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 Vice Principal

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 Year Ended 31 August 2015

The trustees present their annual report together with financial statements and auditor's report of the charitable company for the period 1st September 2014 to 31st August 2015. 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 Social, Emotional and Mental Health (SEMH) / Behavioural, Emotional and Social Difficulties (BESD). The academy is funded for 55 places but had a roll of 58 at the school census on 21st May 2015. 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 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 trust. 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 charitable company was incorporated at Companies House on 10 July 2013. A Funding Agreement with the Secretary of State was signed on 28 August 2013 and Cloughwood School converted to academy status on 1 September 2013. The comparative figures in these accounts represent an 12 month accounting period in the previous 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 trust 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

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 trust and the role of trustees. The academy buys into a Service Level Agreement with Cheshire West and Chester Governance Services for training provision; throughout the year all trustees are offered, and encouraged to undertake, training relevant to their role.

f. Organisational structure

The governance of the trust is defined in the Memorandum and 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 (L&M); Teaching, Learning, Curriculum & Standards (TLCS); Community; Pay; Principal's Performance Management) and appoints 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 Chief Financial Officer.

For the academic year 2015-16, the number of committees will be reduced to three. The Community committee will cease to exist, and its remit will be split between the L&M and TLCS committees. This change will streamline the work of the Board and falls in line with the new Ofsted inspection classification.

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.

Objectives and Activities

a. Objects and aims

The academy trust's object 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.

Objects and aims (continued)

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. The trustees' aims 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 year ended 31st August 2015 were to produce a five-year strategic plan; establish a Special Educational Needs and Disability Inclusion Team (SENDIT) department; continue the focus on improving boys' writing; increase the student roll; improve motivation and resilience of pupils in order to increase engagement and participation, especially for hard-to-reach pupils.

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 six strands of the Academy Strategic Action Plan (ASAP). The Board discusses and approves the ASAP and the budget to support its implementation. The ASAP strands are reviewed at committee level each term and the Principal presents a full review to the Board at the end of the 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. Key financial performance indicators

Directors have elected to use the following key performance indicators to analyse the academy's performance over the 12 months to 31st August 2015:

Number on Roll: 58 (2014 - 54)
% Free School Meals: 39.3% (2014 - 33.3%)
% Looked After Children: 15.3% (2014 - 15.8%)
% Attendance: 80.7% (2014 - 87.2%)
Number of GCSEs (or equivalent) offered: 8 (2014 - 8)
% Y11 students achieving 5.A*-G GCSE: 90.9% (2014 - 92.3%)
Staff numbers FTE: 31.4 (2014 - 29.3%)
% expenditure spent on staffing: 59.8% (2014 - 62.1%)
% Number of Good and Outstanding Lesson Observations: 90% (2014 - 87.5%)

Key financial performance indicators (continued)

There was no Ofsted inspection of the educational provision during the period. However the latest Ofsted inspection reviewing the predecessor school; Cloughwood School was rate outstanding by Ofsted during February 2013.

b. Review of activities

Throughout the period from 1st September 2014 until 31st August 2015, the academy regards its principal achievements as further improving the quality of teaching and learning; broadening the range of GCSE subjects offered; creating two Motivational Instructor posts; strengthening the management and teaching teams of the academy; improving the provision for SEMH needs by increasing the interventions offered and developing the SENDIT department; achievement of a fourth consecutive outstanding judgement of the boarding provision; continuing to improve the fabric of the building and premises.

c. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust 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 Statement of 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: High Needs and Grant income from the EFA; High Needs top-up funding from the placing authorities (predominantly Cheshire West and Chester); Residential funding from Cheshire West and Chester. Funds have been spent on staffing to ensure that highly-skilled staff are appointed to key posts to support the delivery of high quality teaching to all pupils with special educational needs. A SENDIT department has been established, new ICT equipment has been purchased and staff have received a wide range of training to further support pupils and drive achievement and progress. In order to improve pupils' personal motivation and resilience, two instructors have been appointed and new resources purchased to support pupils as they work towards a new qualification in personal development. Furthermore 85% of pupils have benefitted from a residential experience throughout the year which promotes independence and prepares them for working life.

The trust's financial position for the year to 31 August 2015 demonstrates total income of £1,878,403 (2014 - £1,960,045 excluding income on conversion) with funds at 31 August 2015 of £237,079 (2014 - £184,435), excluding fixed asset fund and pension reserve fund. These funds are made up of £99,173 unrestricted and £137,906 restricted. Also included in fixed asset funds is £13,144 of unspent ACMF funding. The analysis of income receivable is detailed in Note 2-5 of the financial statements.

During the year to 31 August 2015, total resources expended are £1,778,680 (2014 - £1,664,886) including depreciation. Depreciation of £106,137 has been charged during the year against the restricted fixed asset fund.

The Academy balance sheet includes £5,249,733 (2014 - £5,177,799) of fixed assets, of which £4,781,417 relates to net book value at the 31 August 2015 of the leasehold land and buildings, which were transferred on a 125 year lease from Cheshire West and Chester Borough Council on conversion.

Financial and risk management objectives and policies (continued)

The Academy balance sheet at 31 August 2015 recorded net assets of £4,703,957 (2014 - £4,592,234) including restricted funds of £137,906 (2014 - £103,354), restricted fixed asset funds of £5,262,878 (2014 - £5,177,799), a pension reserve of -£796,000 (2014 - -£770,000) and unrestricted funds of £99,173 (2014 - £81,081).

The reserves 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.

The Local Government Pension Scheme (LGPS) deficit at the year end totalled £796,000 (2014 - £770,000). The agreed contributions rates for future years are, 22.8-23.8% for employers and 5.5-12.5% for employees. The details of the pension deficit are provided in note 23.

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.

b. Reserves policy

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.

The pension scheme deficit will be dealt with as advised by the actuary.

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 (predominantly that senior staff may not have the necessary skills to lead, and teaching staff may not have the necessary skills to work strategically) were highlighted to the Board and any actions have been delegated to committee or individual level. This risk register will be reviewed annually in the Spring term.

Plans for future periods

a. Future developments

The future plans of the Academy include:

Explore the possibility of becoming a Sponsor Academy
Complete a review of the residential provision
Open and establish a new Primary Year 4 classroom
Further improve teaching and learning in relation to numeracy skills

Funds held as custodian trustee on behalf of others

Cloughwood Academy holds no assets on behalf of others.

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.

Cloughwood Academy Trust
(A company limited by guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2015

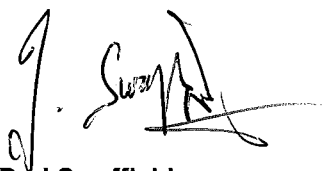
Disclosure of information to auditors

Insofar as the trustees are aware:

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

The trustees of Cloughwood Academy have approved the re-appointment of Dains LLP as auditor for the period 1st September 2015 – 31st August 2016.

The Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 24 November 2015 and signed by the Board's behalf by:

A handwritten signature in black ink, appearing to read 'J. Swaffield', with a stylized flourish at the end.

Dr J Swaffield
Chair of Trustees

Cloughwood Academy Trust
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

As accounting officer, 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr J Swaffield, Chair of Trustees	5	5
Mrs H Madeley, Vice Chair	5	5
Mr R Haffenden	4	5
Mr D Glenn	4	5
Mr A Larkin, Principal and Accounting Officer	5	5
Miss H Lillvik, Staff Trustee	5	5
Mr W Monteith, Staff Trustee	5	5
Miss T Stubbert	3	5
Mr J Szostek, Responsible Officer	5	5
Mrs R Orme	0	0

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 year was as follows:

Trustee	Meetings attended	Out of a possible
Dr J Swaffield	5	5
Mrs H Madeley	5	5
Mr D Glenn	5	5
Mr A Larkin	5	5
Mr J Szostek	5	5

No formal review of governance has been undertaken in the period 1st September 2014 to 31st August 2015, however a formal programme of self-evaluation is intended to take place in the Autumn term 2015. Informally, the Board has reviewed its committee structure and membership and endeavours to oversee the academy strategically rather than operationally.

Review of Value for Money

As accounting officer, the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Reviewing and reducing catering staff hours used, resulting in significantly reduced charges.
- Not automatically replacing staff who leave, but rather reviewing the structure and re-deploying staff to ensure effective cover from amongst existing staff.
- Employing a skilled tradesman as Site Manager to reduce costs of repairs and maintenance.
- Employing two highly-qualified Motivational Instructors to lead on outdoor activities, reducing the need to pay external instructors/tutors.

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 year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

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 year 1 September 2014 to 31 August 2015 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).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- Accounting systems
- System controls

On a termly basis, the RO reports 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.

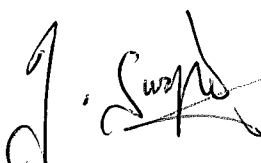
Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditors;
- 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 24 November 2015 and signed on its behalf, by:



Dr J Swaffield
Chair of Trustees



Mr A Larkin
Accounting Officer

Cloughwood Academy Trust
(A company limited by guarantee)

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.

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.

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: 24 November 2015

Cloughwood Academy Trust
(A company limited by guarantee)

Trustees' Responsibilities Statement
For the Year Ended 31 August 2015

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:

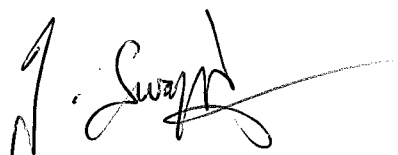
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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: 24 November 2015

Independent Auditors' Report to the Members of Cloughwood Academy Trust

We have audited the financial statements of Cloughwood Academy Trust for the year ended 31 August 2015 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 2014 to 2015 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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 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 year for which the financial statements are prepared is consistent with the financial statements.

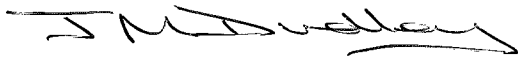
Cloughwood Academy Trust
(A company limited by guarantee)

Independent Auditors' Report to the Members 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: 24 November 2015

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 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cloughwood Academy Trust during the year 1 September 2014 to 31 August 2015 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 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 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 2014 to 2015 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
(A company limited by guarantee)

**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 year 1 September 2014 to 31 August 2015 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: 24 November 2015

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 Year Ended 31 August 2015

		Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
	Note					
Incoming resources						
Incoming resources from generated funds:						
Voluntary income transfer on conversion	2	-	-	-	-	4,491,075
Other voluntary income	2	2,695	-	-	2,695	873
Activities for generating funds	3	46,281	-	-	46,281	45,774
Investment income	4	359	-	-	359	272
Incoming resources from charitable activities:						
Funding for the academy	5	-	-	-	-	-
trust's educational operations	5	-	1,355,280	188,000	1,543,280	1,615,890
Provision of boarding activities	5, 27	-	285,788	-	285,788	297,236
Total incoming resources		49,335	1,641,068	188,000	1,878,403	6,451,120
Resources expended						
Costs of generating funds:						
Costs of generating voluntary income	6	266	-	-	266	-
Fundraising expenses and other costs	6	30,977	-	-	30,977	23,872
Charitable activities:						
Academy trust's educational operations	7	-	1,298,087	106,137	1,404,224	1,265,870
Provision of boarding activities	7, 27	-	332,539	-	332,539	352,579
Governance costs	8	-	10,674	-	10,674	22,566
Total resources expended	6	31,243	1,641,300	106,137	1,778,680	1,664,886
Net incoming / (outgoing) resources before transfers		18,092	(232)	81,863	99,723	4,786,234

Cloughwood Academy Trust
(A company limited by guarantee)

Statement of Financial Activities (continued)
For the Year Ended 31 August 2015

		Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between Funds	16	-	(3,216)	3,216	-	-
Net income for the year		18,092	(3,448)	85,079	99,723	4,786,234
Actuarial gains and losses on defined benefit pension schemes		-	12,000	-	12,000	(194,000)
Net movement in funds for the year		18,092	8,552	85,079	111,723	4,592,234
Total funds at 1 September 2014		81,081	(666,646)	5,177,799	4,592,234	-
Total funds at 31 August 2015		99,173	(658,094)	5,262,878	4,703,957	4,592,234

All activities relate to continuing operations.

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

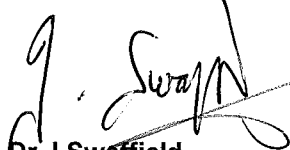
The notes on pages 22 to 43 form part of these financial statements.

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

Balance Sheet
As at 31 August 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	13		5,249,733		5,177,799
Current assets					
Debtors	14	121,988		69,253	
Cash at bank and in hand		256,293		336,208	
		378,281		405,461	
Creditors: amounts falling due within one year	15	(128,057)		(221,026)	
Net current assets			250,224		184,435
Total assets less current liabilities			5,499,957		5,362,234
Defined benefit pension scheme liability	23	(796,000)			(770,000)
Net assets including pension scheme liability			4,703,957		4,592,234
Funds of the academy					
Restricted funds:					
Restricted funds	16	137,906		103,354	
Restricted fixed asset funds	16	5,262,878		5,177,799	
Restricted funds excluding pension liability		5,400,784		5,281,153	
Pension reserve		(796,000)		(770,000)	
Total restricted funds			4,604,784		4,511,153
Unrestricted funds	16		99,173		81,081
Total funds			4,703,957		4,592,234

The financial statements were approved by the Trustees, and authorised for issue, on 24 November 2015 and are signed on their behalf, by:


Dr J Swaffield
Chair of Trustees

The notes on pages 22 to 43 form part of these financial statements.

Cloughwood Academy Trust
(A company limited by guarantee)

Cash Flow Statement
For the Year Ended 31 August 2015

		31 August 2015	12 months ended 31 August 2014
	Note	£	£
Net cash flow from operating activities	18	(90,202)	380,483
Returns on investments and servicing of finance	19	359	272
Capital expenditure and financial investment	19	9,928	(100,952)
Cash transferred on conversion to an academy trust		-	56,405
(Decrease)/Increase in cash in the year		(79,915)	336,208

Reconciliation of Net Cash Flow to Movement in Net Funds
For the Year Ended 31 August 2015

	31 August 2015	12 months ended 31 August 2014
	£	£
(Decrease)/Increase in cash in the year	(79,915)	336,208
Movement in net funds in the year	(79,915)	336,208
Net funds at 1 September 2014	336,208	-
Net funds at 31 August 2015	256,293	336,208

The notes on pages 22 to 43 form part of these financial statements.

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 2014 to 2015 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 of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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.

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

1. 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
Property improvements	-	50 Years straight line
Motor vehicles	-	7 Years straight line
Fixtures and fittings	-	5 Years straight line
Computer equipment	-	3 Years straight line

The long term leasehold land and buildings within the accounts relates to the academy premises which were donated to the academy on conversion on a 125 year lease from Cheshire West and Chester Borough Council. The leasehold land and buildings were valued using the EFA valuation. These are being depreciated in accordance with the depreciation policies set out below. No annual charge is made for the use of the land and buildings under the terms of the lease.

1. Accounting Policies (continued)

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.

1.7 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 23, 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.

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

2. Voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Voluntary income transfer on conversion	-	-	-	4,491,075
Donations	2,695	-	2,695	873
Voluntary income	2,695	-	2,695	4,491,948

3. Activities for generating funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Sales of other goods and services	6,986	-	6,986	6,861
Letting income	10,805	-	10,805	12,860
Catering income	1,338	-	1,338	881
Service charges receivable	16,044	-	16,044	14,689
Staff insurance income	7,688	-	7,688	8,303
Rental income	3,420	-	3,420	2,180
	46,281	-	46,281	45,774

4. Investment income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	359	-	359	272

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

5. Incoming resources from charitable activities

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational operations (see below)	-	1,543,280	1,543,280	1,615,889
Provision of boarding activities - Local authority funding	-	285,788	285,788	297,237
	-	1,829,068	1,829,068	1,913,126

Funding for Academy's educational operations

Cloughwood Academy

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA revenue grants				
General annual grant	-	615,861	615,861	618,614
Pupil Premium	-	32,173	32,173	38,440
Other DfE/EFA grants	-	6,500	6,500	6,000
Capital grants	-	188,000	188,000	52,481
	-	842,534	842,534	715,535

Other government grants

Local Authority Top Up funding	-	690,756	690,756	757,405
LAC Pupil premium	-	8,490	8,490	9,500
Other LA funding	-	1,500	1,500	-
	-	700,746	700,746	766,905

Other funding

Capital grants	-	-	-	133,449
	-	-	-	133,449
	-	1,543,280	1,543,280	1,615,889

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

6. Resources expended

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2015	2015	2015	2015	2014
	£	£	£	£	£
Voluntary income expenditure	-	-	266	266	-
Fundraising expenses	2,535	-	28,442	30,977	23,872
Costs of generating funds	2,535	-	28,708	31,243	23,872
Educational direct costs	854,075	87,088	71,592	1,012,755	929,527
Educational support costs	101,928	79,176	210,365	391,469	316,342
Boarding activities support costs	243,481	39,188	49,870	332,539	352,579
Charitable activities	1,199,484	205,452	331,827	1,736,763	1,598,448
Governance	-	-	10,674	10,674	22,566
	1,202,019	205,452	371,209	1,778,680	1,644,886

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

7. Charitable activities

	Total funds 2015 £	Total funds 2014 £
Direct costs - educational operations		
Wages and salaries	676,294	634,875
National insurance	52,413	47,561
Pension cost	125,368	101,638
Depreciation	93,293	88,210
Educational supplies	42,176	41,512
Examination fees	6,720	2,952
Staff development	10,432	8,724
Educational consultancy	2,750	2,843
Maintenance of equipment	3,309	1,212
	<u>1,012,755</u>	<u>929,527</u>
Support costs - educational operations		
Wages and salaries	72,049	9,600
National insurance	6,070	20,087
Pension cost	23,809	53,580
Depreciation	12,843	8,915
LGPS FRS17 net finance cost	15,000	20,000
Educational supplies	3,239	2,232
Travel and subsistence	6,693	1,603
Other support costs	25,034	22,322
Maintenance of premises	35,929	23,537
Maintenance of equipment	49,055	29,283
Rates	11,080	7,854
Energy	23,681	20,704
Insurance	33,901	34,542
Transport	16,036	23,539
Other occupancy costs	13,128	10,953
Catering	43,922	47,591
	<u>391,469</u>	<u>336,342</u>
	<u>1,404,224</u>	<u>1,265,869</u>
Other activities		
Boarding costs (note 27)	332,539	352,579
	<u>1,736,763</u>	<u>1,618,448</u>

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

8. Governance costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	6,150	6,150	4,150
Auditors' non audit costs	-	2,444	2,444	3,601
Legal and professional fees	-	700	700	13,710
Governance Services	-	1,380	1,380	1,105
	-	10,674	10,674	22,566

9. Net incoming / (outgoing) resources

This is stated after charging:

	31 August 2015 £	12 months ended 31 August 2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	106,137	97,125
Auditors' remuneration	6,150	4,150
Auditors' remuneration - non-audit	2,444	3,601
Operating lease rentals:		
- other operating leases	11,168	9,153

10. Staff

a. Staff costs

Staff costs were as follows:

	31 August 2015 £	12 months ended 31 August 2014 £
Wages and salaries	952,530	857,480
Social security costs	71,919	82,470
Other pension costs (Note 23)	177,570	188,155
	1,202,019	1,128,105
Supply teacher costs	-	14,796
Compensation payments	-	6,500
	1,202,019	1,149,401

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

10. Staff (continued)

b. Staff numbers

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

	31 August 2015 No.	12 months ended 31 August 2014 No.
Teachers	7	8
Administration and support	19	17
Management	5	4
	<u>31</u>	<u>29</u>

c. Higher paid staff

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

	31 August 2015 No.	12 months ended 31 August 2014 No.
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0
	<u>1</u>	<u>1</u>

The above employee participated in the Teacher's Pension Scheme (TPS).

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	31 August 2015 £	12 months ended 31 August 2014 £
Mr A Larkin	90,000-95,000	80,000-85,000
Mr A Larkin (employer's pension contributions)	10,000-15,000	10,000-15,000
Mr W Monteith	50,000-55,000	45,000-50,000
Mr W Monteith (employer's pension contributions)	0-5,000	5,000-10,000
Miss H Lillvik	25,000-30,000	25,000-30,000
Miss H Lillvik (employer's pension contributions)	5,000-10,000	5,000-10,000

During the year, no Trustees received any benefits in kind (2014 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

12. 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 year ended 31 August 2015 was £3,600 (2014 - £3,600). The cost of this insurance is included in the total insurance cost.

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2015

13. Tangible fixed assets

	Leasehold Land and Buildings £	Property improve- ments £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2014	4,955,593	274,841	30,419	-	14,071	5,274,924
Additions	-	168,904	-	3,152	6,015	178,071
At 31 August 2015	4,955,593	443,745	30,419	3,152	20,086	5,452,995
Depreciation						
At 1 September 2014	87,088	2,185	6,730	-	1,122	97,125
Charge for the year	87,088	8,487	4,356	365	5,841	106,137
At 31 August 2015	174,176	10,672	11,086	365	6,963	203,262
Net book value						
At 31 August 2015	4,781,417	433,073	19,333	2,787	13,123	5,249,733
At 31 August 2014	4,868,505	272,656	23,689	-	12,949	5,177,799

14. Debtors

	2015 £	2014 £
Trade debtors	34,065	6,197
Other debtors	12,329	10,871
Prepayments and accrued income	75,594	52,185
	<u>121,988</u>	<u>69,253</u>

15. Creditors:
Amounts falling due within one year

	2015 £	2014 £
Trade creditors	61,433	31,511
Other taxation and social security	21,775	20,584
Other creditors	18,963	94,629
Accruals and deferred income	25,886	74,302
	<u>128,057</u>	<u>221,026</u>

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

15. Creditors:
Amounts falling due within one year (continued)

	£
Deferred income	
Deferred income at 1 September 2014	3,259
Resources deferred during the year	5,244
Amounts released from previous years	(3,259)
	<hr/>
Deferred income at 31 August 2015	5,244
	<hr/> <hr/>

At the balance sheet date the academy was holding funds relating to grants for the 2015/16 academic year.

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

16. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	81,081	49,335	(31,243)	-	-	99,173
Restricted funds						
General Annual Grant (GAG)	103,354	615,861	(581,593)	(3,216)	-	134,406
Pupil Premium	-	32,173	(32,173)	-	-	-
Other DfE/EFA grants	-	6,500	(3,000)	-	-	3,500
Special Educational Needs	-	690,756	(644,005)	(46,751)	-	-
Provision of boarding	-	285,788	(332,539)	46,751	-	-
LAC Pupil Premium	-	8,490	(8,490)	-	-	-
Other LA funding	-	1,500	(1,500)	-	-	-
Pension reserve	(770,000)	-	(38,000)	-	12,000	(796,000)
	(666,646)	1,641,068	(1,641,300)	(3,216)	12,000	(658,094)
Restricted fixed asset funds						
Transfer from legacy school	4,893,321	-	(92,110)	-	-	4,801,211
DfE/EFA Capital grant	52,482	188,000	(7,543)	-	-	232,939
Other Capital grant	131,862	-	(3,809)	-	-	128,053
Capital expenditure from GAG	100,134	-	(2,675)	3,216	-	100,675
	5,177,799	188,000	(106,137)	3,216	-	5,262,878
Total restricted funds	4,511,153	1,829,068	(1,747,437)	-	12,000	4,604,784
Total of funds	4,592,234	1,878,403	(1,778,680)	-	12,000	4,703,957

Cloughwood Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2015

16. 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 2015.

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	81,081	49,335	(31,243)	-	-	99,173
Restricted funds	(666,646)	1,641,068	(1,641,300)	(3,216)	12,000	(658,094)
Restricted fixed asset funds	5,177,799	188,000	(106,137)	3,216	-	5,262,878
	<u>4,592,234</u>	<u>1,878,403</u>	<u>(1,778,680)</u>	<u>-</u>	<u>12,000</u>	<u>4,703,957</u>

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

17. Analysis of net assets between funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	5,249,733	5,249,733	5,177,799
Current assets	99,173	265,963	13,145	378,281	405,462
Creditors due within one year	-	(128,057)	-	(128,057)	(221,027)
Provisions for liabilities and charges	-	(796,000)	-	(796,000)	(770,000)
	<u>99,173</u>	<u>(658,094)</u>	<u>5,262,878</u>	<u>4,703,957</u>	<u>4,592,234</u>

18. Net cash flow from operations

	31 August 2015 £	12 months ended 31 August 2014 £
Net incoming resources	99,723	4,786,234
Returns on investments and servicing of finance	(359)	(272)
Non cash donation of tangible fixed assets	-	(4,988,041)
Depreciation of tangible fixed assets	106,137	97,125
Capital grants from DfE	(188,000)	(52,482)
Other capital grants	-	(133,449)
Cash transferred on conversion to academy trust	-	(56,405)
Increase in debtors	(52,733)	(69,254)
(Decrease)/increase in creditors	(92,970)	221,027
LGPS pension deficit transferred on conversion	-	555,000
FRS 17 adjustments	38,000	21,000
Net cash (outflow)/inflow from operations	<u>(90,202)</u>	<u>380,483</u>

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

	31 August 2015 £	12 months ended 31 August 2014 £
Returns on investments and servicing of finance		
Interest received	<u>359</u>	<u>272</u>

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

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

	31 August 2015 £	12 months ended 31 August 2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(178,072)	(286,883)
Capital grants from DfE	188,000	52,482
Other capital grants	-	133,449
Net cash inflow/(outflow) capital expenditure	9,928	(100,952)

20. Analysis of changes in net funds

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	336,208	(79,915)	-	256,293
Net funds	336,208	(79,915)	-	256,293

21. Major non-cash transactions

During the year the Academy had no major non-cash transactions. In the prior period, the Academy received donated fixed assets totaling £4,988,041 and a pension deficit of £555,000, which had no cash effect.

22. Capital commitments

At 31 August 2015 the Academy had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	13,145	136,387

23. 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 2012 and of the LGPS 31 March 2013.

Contributions amounting to £18,963 were payable to the scheme at 31 August 2015 (2014 - £17,886) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The total TPS contribution made for the year ended 31 August 2015 was £90,000, of which employer's

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

23. Pension commitments (continued)

contributions totalled £54,000 and employees' contributions totalled £36,000.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy 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 year ended 31 August 2015 was £130,000, of which employer's contributions totalled £101,000 and employees' contributions totalled £29,000. 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.

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.70	499,000	6.30	512,000
Bonds	3.70	426,000	3.40	180,000
Property	3.70	96,000	4.50	60,000
Cash	3.70	43,000	3.30	103,000
Total market value of assets		1,064,000		855,000
Present value of scheme liabilities		(1,860,000)		(1,625,000)
Deficit in the scheme		(796,000)		(770,000)

The amounts recognised in the Balance sheet are as follows:

	31 August 2015 £	12 months ended 31 August 2014 £
Present value of funded obligations	(1,860,000)	(1,625,000)
Fair value of scheme assets	1,064,000	855,000
Net liability	(796,000)	(770,000)

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

23. Pension commitments (continued)

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

	31 August 2015 £	12 months ended 31 August 2014 £
Current service cost	(124,000)	(94,000)
Interest on obligation	(63,000)	(58,000)
Expected return on scheme assets	48,000	38,000
	<hr/>	<hr/>
Total	(139,000)	(114,000)
	<hr/>	<hr/>
Actual return on scheme assets	79,000	90,000
	<hr/>	<hr/>

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

	31 August 2015 £	12 months ended 31 August 2014 £
Opening defined benefit obligation	1,625,000	1,202,000
Current service cost	124,000	94,000
Interest cost	63,000	58,000
Contributions by scheme participants	29,000	25,000
Actuarial losses	19,000	246,000
	<hr/>	<hr/>
Closing defined benefit obligation	1,860,000	1,625,000
	<hr/>	<hr/>

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

	31 August 2015 £	12 months ended 31 August 2014 £
Opening fair value of scheme assets	855,000	647,000
Expected return on assets	48,000	38,000
Actuarial gains and (losses)	31,000	52,000
Contributions by employer	101,000	93,000
Contributions by employees	29,000	25,000
	<hr/>	<hr/>
	1,064,000	855,000
	<hr/>	<hr/>

The cumulative amount of actuarial losses recognised in the Statement of Financial Activities was £182,000 (2014 - £194,000).

The Academy expects to contribute £112,000 to its Defined benefit pension scheme in 2016.

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

23. Pension commitments (continued)

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

	2015	2014
Equities	47.00 %	60.00 %
Bonds	40.00 %	21.00 %
Property	9.00 %	7.00 %
Cash	4.00 %	12.00 %

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

	2015	2014
Discount rate for scheme liabilities	3.70 %	3.70 %
Expected return on scheme assets at 31 August	3.70 %	5.20 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %
Commutation of pensions to lump sums	75.00 %	75.00 %

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

	2015	2014
Retiring today		
Males	22.3	22.3
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.7	26.7

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2015	2014
	£	£
Defined benefit obligation	(1,860,000)	(1,625,000)
Scheme assets	1,064,000	855,000
Deficit	(796,000)	(770,000)
Experience adjustments on scheme assets	31,000	52,000

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

24. Operating lease commitments

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Within 1 year	1,501	-
Between 2 and 5 years	8,405	11,288
	<u> </u>	<u> </u>

25. 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.

26. 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 trustees has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

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

Cloughwood Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the Year Ended 31 August 2015

27. Academy Boarding Trading Account

	2015 £	2014 £
Income		
Residential funding from Local Authority	285,788	297,237
Expenditure (note 7)		
Other support costs	(11,470)	(2,000)
Maintenance of premises	(19,498)	(15,618)
Maintenance of equipment	(3,000)	(11,350)
Rates	(4,290)	(4,290)
Energy	(15,400)	(15,400)
Insurance	(6,400)	(6,400)
Transport	(17,000)	(9,960)
Catering	(12,000)	(12,000)
Wages and salaries	(201,652)	(227,801)
National insurance	(13,436)	(14,822)
Pension costs	(28,393)	(32,938)
	<u>(332,539)</u>	<u>(352,579)</u>
Deficit on Boarding	(46,751)	(55,343)
Deficit funded by Local Authority Top Up funding	46,751	55,343
	<u> </u>	<u> </u>
Surplus/(deficit) carried forward	<u> </u> -	<u> </u> -

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 £46,751 (2014 - £55,343) in respect of boarding has been funded by the Local Authority Top Up funding receivable during the period (see note 16).