

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

Registered number: 08718104

CLEVES CROSS LEARNING TRUST
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CONTENTS

	Page
Reference and administrative details of the academy, its directors and advisers	1
Directors' report	2 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Directors' responsibilities statement	13
Independent auditors' report	14 - 15
Independent reporting accountant's assurance report on regularity	16 - 17
Statement of financial activities	18
Balance sheet	19
Cash flow statement	20
Notes to the financial statements	21 - 41

CLEVES CROSS LEARNING TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2014**

Members

A Chapman
G French
V C Hall

Trustees

P Foster (appointed 4 October 2013)
G French (appointed 4 October 2013)
J Hepplewhite (appointed 4 October 2013)
S James (appointed 4 October 2013)
A Lazenby (appointed 4 October 2013)
H Andrews (appointed 4 October 2013)

Company registered number

08718104

Principal and registered office

Cleves Cross Primary School, Cleves Cross, Ferryhill, County Durham, DL17 8QY

Senior management team

A Lazenby, Executive Head
C Brentnall, Deputy Head
P Foster, Finance Director

Independent auditors

Waltons Clark Whitehill Limited, Maritime House, Harbour Walk, The Marina, Hartlepool, TS24 0UX

Bankers

Lloyds Bank, 102 Grey Street, Newcastle Upon Tyne, Tyne and Wear, NE99 1SL

Solicitors

Bond Dickinson LLP, St Anne's Wharf, 112 Quayside, Newcastle, NE1 3DX

CLEVES CROSS LEARNING TRUST
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DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2014

The directors present their annual report together with the audited financial statements and auditors' report of Cleves Cross Learning Trust (the academy) for the period 4 October 2013 to 31 August 2014. The directors confirm that the annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust operates a primary academy in Ferryhill and has a pupil capacity of 210 and had a roll of 204 in the school census 8 May 2014.

Structure, governance and management

● CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The academy is constituted under a Memorandum and Articles of Association, dated 3 October 2013.

The principal object of the academy is to advance for public benefit education by establishing, maintaining, carry on, managing and developing schools, offering a broad and balanced curriculum, providing education for children of compulsory school age.

● 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.

● METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS

The management of the academy is the responsibility of the directors who are elected and co-opted under the terms of the Articles of Association.

The membership of the Board is as follows:

- Up to three directors appointed by the members.
- The Chief Executive Officer (Executive Head).
- A minimum of two parent directors.
- The total number of directors including the Chief Executive Officer who are employees of the Company shall not exceed one third of the total number of directors.
- Any Co-opted director under Article 58.
- Further directors if appointed under Article 50A.

The directors other than the Chief Executive Officer are appointed for a term of four years. Subject to remaining eligible to be a particular type of director any director may be re-appointed or re-elected.

Details of the directors who served during the period are included in the Reference and Administration Details on page 1

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

● **POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS**

The induction and training of new trustees and individual school governors depends on their existing experience. Where necessary induction and training will be provided on charity, educational, legal and financial matters.

New trustees and governors will be given a tour of the schools and a chance to meet the staff. They will be provided with copies of policies, procedures and other documents they will need to fulfil their role.

● **ORGANISATIONAL STRUCTURE**

The Trust comprised of one academy in the period. A second academy has joined Cleves Cross Learning Trust on 1 September 2014.

The members oversee the workings of the Trust and ensure it meets its obligations. The board of directors are the decision makers. They are responsible for setting general policy, adopting the annual development plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Executive Head is responsible for implementing the policies laid down by the directors and reporting back to them.

The schools also have local governing bodies which have delegated powers.

● **RISK MANAGEMENT**

The directors have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

● **PRINCIPAL ACTIVITIES**

The principal activities of the Trust is the operation of Cleves Cross Primary School to provide education for pupils of different abilities between the ages of 4 and 11.

Objectives and Activities

● **OBJECTS AND AIMS**

The Trust's aim is to create a happy, secure and sustainable environment where children can explore, investigate, listen and discuss in order to become independent, mature and well motivated learners who have positive attitudes and make valuable contributions, as global citizens, to the local community and the wider world. Children's rights, taken from the United Nations Convention on the Rights of the Child, are central to everything done by the Trust.

● **OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main object for us during this first year of conversion year was to successfully manage the transfer to academy status and develop autonomy from the council, whilst minimising any negative impact which any change can bring.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

The Trust recognises its commitment to ensuring continued improvement in the standards of education within the school. Pupils also deserve, and are given, a wide range of opportunities to learn and develop as individuals. They are provided with many experiences that enhance both social and academic development to help achieve our vision

Liaison with a wider range of professionals was key in building a strong foundation on which we could build with our future plans for expansion. Senior leaders and Directors sought to put into practice fundamental principles of high quality provision, value for money and effective and efficient systems to enable the delivery of our stated aims.

● **PUBLIC BENEFIT**

The company's object is to advance for the public benefit education in the United Kingdom in particular by maintaining, carrying on and managing schools offering a broad and balanced curriculum.

The board of directors have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

Strategic report

● **ACHIEVEMENTS AND PERFORMANANCE**

2014 Data

EYFS

58.1% of pupils achieved a 'Good Level of Development (GLD) at the end of Reception Class. This has increased significantly since 2013 and is slightly above National GLD for 2013 which was 52%.

Achievement is good/outstanding when we compare attainment on entry to attainment at the end of EYFS. This is measured across the 17 Early Learning Goals and achievement in all was significant. Notably in 'reading' and 'numbers' where only 3.2% of children came into school at the expected levels, however at the end of Reception Class 66.6% and 79.9% left at the expected levels. (figures based on 30 pupils)

Pupils entitled to additional funding through the Pupil Premium achieve as well as, and sometimes better than, those that aren't.

KS1

Attainment at KS1 improved in reading at L2b+ and at L3 from 2013 which are now both above national at 83% and 43%. Achievement was outstanding with 87% of children making better than expected progress (4+ points). Writing improved at the higher levels of L2a and 3, but declined at the lower levels, being below National at 77% at 2+. There is a significant SEN element in this cohort, who have achieved well from their starting points, but attainment is still lower.

In maths, attainment dropped slightly from 2013, but achievement was good/outstanding with 77% making better than expected progress. Level 2+ is slightly below national whereas 2a+ is in line.

Both SEN and disadvantaged groups have achieved equally well and made good progress with a large majority making 4+ points across the year in key areas. However a high number of children do hit both of these pupils groups and have significant additional needs, thus whilst progress is good, they are still not attaining as well as those children who are not SEN/PP. Pupil Premium funding is focused on reducing the gap in attainment between our pupil groups.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

Gender gaps are also evident at KS1, despite many 'boy friendly' learning opportunities and this continues to be a focus for improvement across school.

KS2

Reading

Attainment at L4+ and L5 is slightly down on last year, but remains above national at both levels. Achievement of 2 levels progress is steady at 93% and continues to be higher than national (91%).

There are gaps for disadvantaged pupils in attainment, but when comparing achievement, these gaps disappear for both 2 and 3 level progress measures.

Girls exceed boys' attainment slightly at both levels, whereas in achievement, boys have made better progress, notably 40% making 3 levels progress.

Progress of SEN groups at 3 levels is good with 33% pupils achieving this. This compares to only 30% of non-sen pupils nationally.

Writing

Attainment at L4+ is very pleasing at 93.3% up on national by more than 8%

L5 attainment, however, was disappointing at only 13% with 5 targeted pupils just missing out on the L5s that they were expected to achieve. This issue with higher level writing is being targeted right through school using the School Improvement Plan for Writing (SIP).

2 levels progress in writing has fallen by 10% since 2013 and is below national, now at 86%. This is due to not converting L3 writers at KS1 to L5 at KS2. Again this is targeted in the SIP.

Boys and girls have both achieved equally, although attainment of girls at L5 is better than boys.

Pupil Premium pupils attain equally well as non PP pupils at L4, but there is a gap of 13% at L5. SEN pupil attainment was good at 78% L4+ compared to national at just 51%. SEN pupils are very well catered for and funding used effectively. Achievement was also good with 100% of our SEN pupils making expected progress compared to 86% nationally.

Maths

Attainment is in line with national at both L4 and L5.

Achievement is good with 97% of pupils achieving at least expected progress compared to just 89% nationally. 38% of pupils made 3 levels progress compared to 35% nationally.

There is no attainment gap between disadvantaged and non-disadvantaged at L4, but a significant gap is evident at L5. Achievement of this group of pupils however exceeded non-disadvantaged at both 2 and 3 levels of progress. This is very pleasing.

SEN pupils again achieved well with 89% of pupils making 2 levels progress and 33% making 3 levels. National figures for 2 levels progress are just 79%. No national figures are available for 3 levels progress.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

● **KEY FINANCIAL PERFORMANCE INDICATORS**

Attainment in line or above national.
Progress in line or above national.
Successful Ofsted inspection.
To set a balanced budget and to not overspend within the year.

● **GOING CONCERN**

After making appropriate enquiries, the board of directors 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

● **FINANCIAL REVIEW**

Most of the Trust's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

In addition grants are also received for capital expenditure and these grants are shown as restricted income in the fixed asset fund.

Total income for the year excluding capital funds received in the period and transferred on conversion was £937k and expenditure excluding depreciation and the deficit on the pension scheme transferred on conversion was £853k, giving a surplus for the year of £84k.

All the expenditure in the year was in furtherance of the Trust's objectives.

At 31 August 2014 the net book value of fixed assets was £1,361k and the movements in the year are shown in note 14. All the assets are used exclusively for providing education and associated support services to the pupils of the Trust.

The provisions of Financial Reporting Standard No 17 Retirement Benefits have been applied resulting in a deficit of £384k being recognised in the balance sheet.

At 31 August 2014 the Trust held fund balances of £1,181k, comprising £1,055k of restricted funds and £126k of unrestricted funds.

● **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties are centred around changes in the level of funding for DfE/EFA. In addition the Trust is a member of the Local Government Pension Scheme, which has resulted in the recognition of a significant deficit on the Trust's balance sheet.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

● **RESERVES POLICY**

The directors will review the reserves levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The budgets for each year are balanced to £0 with expenditure matched to income.

The Trust currently holds unrestricted funds of £126k.

● **INVESTMENT POLICY AND PERFORMANCE**

In order to maximise the return on cash balances, while maintaining the ease of access, surplus funds are invested within a 32 day call account. The rate of interest received is considered in light of the need for access to the funds.

Plans for future periods

● **FUTURE DEVELOPMENTS**

The immediate future of the trust is expansion with a second school, Rosa Street Primary School, joining the Trust on 1 September 2014.

The Trust will continue to advance the education of local children.

(END OF STRATEGIC REPORT)

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, Waltons Clark Whitehill Limited, have indicated their willingness to continue in office. The Designated directors will propose a motion re-appointing the auditors at a meeting of the directors.

This report, incorporating the strategic report, was approved by order of the board of directors, as the company directors, on 12 December 2014 and signed on the board's behalf by:

G French
Chair of Trustees

CLEVES CROSS LEARNING TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As directors, we acknowledge we have overall responsibility for ensuring that Cleves Cross Learning 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 directors has delegated the day-to-day responsibility to the Executive Headteacher, 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 Cleves Cross Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the directors' report and in the directors' responsibilities statement. The board of directors has formally met 7 times during the period. Attendance during the period at meetings of the board of directors was as follows:

Director	Meetings attended	Out of a possible
P Foster	7	7
G French	5	7
J Hepplewhite	5	7
S James	6	7
A Lazenby	7	7
H Andrews	6	7

The school has a local governing body which has a Finance and Premises Committee Its purpose is to review budgets and cost allocations.

Attendance at meetings by the directors and members in the period was as follows:

Director	Meetings attended	Out of a possible
A Chapman	1	2
A Lazenby	2	2
G French	1	2
H Andrews	1	2

Due to the small sized of the governing body the Audit Committee function is carried out by the full board at its meetings.

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 Cleves Cross Learning Trust for the period 4 October 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CLEVES CROSS LEARNING TRUST
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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The board of directors 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 directors 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 4 October 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 directors.

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 directors;
- regular reviews by the board of directors 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 directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the directors have appointed H Andrews, a director, 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. On a semi-annual basis, the RO reports to the board of directors on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

The RO has visited the school twice within the period and carried out agreed procedures relating to the documentation of income and expenditure and also payroll.

No serious breaches were found and the Academy management team have looked into all minor issues found.

CLEVES CROSS LEARNING TRUST
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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive Headteacher 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 board of directors and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of directors on 12 December 2014 and signed on its behalf, by:

G French
Chair of Trustees

A Lazenby
Accounting Officer

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Cleves Cross Learning Trust I have considered my responsibility to notify the academy board of directors 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 directors 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 directors and EFA.

A Lazenby
Accounting Officer

Date: 12 December 2014

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014

The directors (who act as governors of Cleves Cross Learning Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the directors' 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 directors to prepare financial statements for each financial year. Under company law the directors 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 directors 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors 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 directors 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 directors 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 directors on 12 December 2014 and signed on its behalf by:

G French
Chair of Trustees

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CLEVES CROSS LEARNING TRUST

We have audited the financial statements of Cleves Cross Learning 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 directors, 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 directors 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 directors, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement, the directors (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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' 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 directors' report, incorporating the strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CLEVES CROSS LEARNING 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Heather O'Driscoll FCA (senior statutory auditor)

for and on behalf of

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX
12 December 2014

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CLEVES
CROSS LEARNING TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cleves Cross Learning Trust during the period 4 October 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Cleves Cross Learning Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Cleves Cross Learning 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 Cleves Cross Learning Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF CLEVES CROSS LEARNING TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Cleves Cross Learning Trust's funding agreement with the Secretary of State for Education dated 1 November 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 4 October 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.

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CLEVES
CROSS LEARNING 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 4 October 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Heather O'Driscoll FCA (Senior Statutory Auditor)

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

12 December 2014

CLEVES CROSS LEARNING 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

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
INCOMING RESOURCES				
Incoming resources from generated funds:				
Funds transferred from Local Authority on conversion	2	74,820	7,678	1,404,312
Other voluntary income	2	29,024	-	-
Activities for generating funds	3	70,633	-	-
Investment income	4	476	-	-
Incoming resources from charitable activities	5	-	837,165	6,317
TOTAL INCOMING RESOURCES	174,953	844,843	1,410,629	2,430,425
RESOURCES EXPENDED				
Costs of generating funds:				
Costs of generating voluntary income		38,430	-	-
Charitable activities	7	10,547	742,191	35,903
Governance costs	8	-	51,053	-
Other resources expended	9	-	306,000	-
TOTAL RESOURCES EXPENDED	6	48,977	1,099,244	35,903
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		125,976	(254,401)	1,374,726
Transfers between funds	18	-	(4,734)	4,734
NET INCOME FOR THE PERIOD		125,976	(259,135)	1,379,460
Actuarial gains and losses on defined benefit pension schemes		-	(65,000)	-
NET MOVEMENT IN FUNDS FOR THE PERIOD		125,976	(324,135)	1,379,460
<i>Total funds at 4 October 2013</i>		-	-	-
TOTAL FUNDS AT 31 AUGUST 2014		125,976	(324,135)	1,379,460

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 41 form part of these financial statements.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08718104

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £
FIXED ASSETS			
Tangible assets	14		1,360,711
CURRENT ASSETS			
Stocks	15	11,870	
Debtors	16	59,113	
Cash at bank		274,882	
		<u>345,865</u>	
CREDITORS: amounts falling due within one year	17	<u>(141,275)</u>	
NET CURRENT ASSETS			<u>204,590</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,565,301</u>
Defined benefit pension scheme liability	24		<u>(384,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>1,181,301</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	18	59,865	
Restricted fixed asset funds	18	1,379,460	
		<u>1,439,325</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(384,000)</u>	
Total restricted funds			1,055,325
Unrestricted funds	18		<u>125,976</u>
TOTAL FUNDS			<u><u>1,181,301</u></u>

The financial statements were approved by the directors, and authorised for issue, on 12 December 2014 and are signed on their behalf, by:

G French
Chair of Trustees

The notes on pages 21 to 41 form part of these financial statements.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014

	Note	2014 £
Net cash flow from operating activities	20	141,870
Returns on investments and servicing of finance	21	476
Capital expenditure and financial investment	21	24,725
Cash transferred on conversion to an academy trust	23	107,811
INCREASE IN CASH IN THE PERIOD		274,882

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

Increase in cash in the period	274,882
MOVEMENT IN NET FUNDS IN THE PERIOD	274,882
NET FUNDS AT 31 AUGUST 2014	274,882

The notes on pages 21 to 41 form part of these financial statements.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

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 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 directors.

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 the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

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.

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

Other income 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.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

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 directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The directors 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 directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	50 years straight line
Plant & machinery	-	5 years straight line
Computer equipment	-	3 years straight line

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 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 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 24, 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.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

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 Cleves Cross Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the directors 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 Cleves Cross Learning 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.

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

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Funds transferred from Local Authority on conversion	74,820	1,411,990	1,486,810
Donations	29,024	-	29,024
Voluntary income	<u>103,844</u>	<u>1,411,990</u>	<u>1,515,834</u>

3. FUNDRAISING INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Catering income	36,623	-	36,623
Breakfast club	2,271	-	2,271
Salary recharges	27,800	-	27,800
Other fundraising	3,939	-	3,939
	<u>70,633</u>	<u>-</u>	<u>70,633</u>

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Investment income	476	-	476
	<u>476</u>	<u>-</u>	<u>476</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
DfE/EFA revenue grants			
Capital grant	-	6,317	6,317
General annual grant	-	654,856	654,856
Pupil premium	-	68,716	68,716
Start up grants	-	50,000	50,000
Development grant	-	45,000	45,000
	<u>-</u>	<u>824,889</u>	<u>824,889</u>
Other government grants			
Funding for higher educational needs	-	18,593	18,593
	<u>-</u>	<u>18,593</u>	<u>18,593</u>
	<u>-</u>	<u>843,482</u>	<u>843,482</u>
	<u><u>-</u></u>	<u><u>843,482</u></u>	<u><u>843,482</u></u>

CLEVES CROSS LEARNING 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 £
Costs of generating voluntary income	6,889	-	31,541	38,430
Costs of generating funds	6,889	-	31,541	38,430
Direct costs	527,886	-	55,250	583,136
Support costs	89,441	35,650	80,414	205,505
Charitable activities	617,327	35,650	135,664	788,641
Governance	6,890	-	44,163	51,053
Other resources expended	-	-	306,000	306,000
	631,106	35,650	517,368	1,184,124

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

7. CHARITABLE ACTIVITIES

	Total funds 2014 £
DIRECT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	432,954
National insurance	31,262
Pension cost	63,670
Educational supplies	48,264
Staff development and training	3,661
Insurance	3,325
	<hr/>
Total	583,136
	<hr/>
SUPPORT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	61,562
National insurance	3,115
Pension cost	24,764
Depreciation	25,193
Catering	43,350
Postage and telephone	598
Repairs and maintenance	9,599
Energy Costs	11,556
Rates	1,415
Cleaning	812
Insurance	13,683
Travel	397
Other support costs	461
Pension finance cost	9,000
	<hr/>
Total	205,505
	<hr/>
Total Academy's educational operations	788,641
	<hr/> <hr/>

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

8. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Auditors' remuneration	-	6,790	6,790
Auditors' non audit costs	-	750	750
Academy set up costs	-	36,623	36,623
Wages & salaries	-	5,598	5,598
NI	-	520	520
Pension costs	-	772	772
	<u>-</u>	<u>51,053</u>	<u>51,053</u>

9. OTHER RESOURCES EXPENDED

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
FRS 17 deficit on conversion	-	306,000	306,000
	<u>-</u>	<u>306,000</u>	<u>306,000</u>

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £
Depreciation of tangible fixed assets:	
- owned by the charity	25,193
Auditors' remuneration	<u>6,790</u>

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

11. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £
Wages and salaries	505,711
Social security costs	35,417
Other pension costs (Note 24)	89,978
	<hr/>
	631,106
	<hr/> <hr/>

b. Staff numbers

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

	2014 No.
Teaching staff	9
Admin and support	11
Manangement	1
	<hr/>
	21
	<hr/> <hr/>

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 in the period.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

12. DIRECTORS' REMUNERATION AND EXPENSES

During the period retirement benefits were accruing to 2 directors in respect of defined benefit pension schemes.

The Executive Head and other staff directors only receive remuneration in respect of services they provide undertaking the roles of Executive Head and staff, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the academy in respect of their role as directors. The value of directors' remuneration fell within the following bands:

	2014 £'000
Mrs A Lazenby (Executive Head and Director)	50-55
Mrs P Foster (Staff Director)	25-30

During the period, no directors received any benefits in kind.

During the period ended 31 August 2014, expenses totalling £1,524 were reimbursed to 1 director.

13. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2014 was £2,254. The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Plant & machinery £	Computer equipment £	Total £
Cost				
Additions	-	2,170	4,734	6,904
Transfer on conversion	1,366,000	13,000	-	1,379,000
At 31 August 2014	1,366,000	15,170	4,734	1,385,904
Depreciation				
Charge for the period	21,873	2,167	1,153	25,193
At 31 August 2014	21,873	2,167	1,153	25,193
Net book value				
At 31 August 2014	1,344,127	13,003	3,581	1,360,711

Included in land and buildings is freehold land at valuation of £59,000 which is not depreciated.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

15. STOCKS

	2014 £
School supplies	11,870
	11,870

16. DEBTORS

	2014 £
Trade debtors	3,400
VAT	15,043
Prepayments and accrued income	40,670
	59,113

17. CREDITORS:
Amounts falling due within one year

	2014 £
Other taxation and social security	15,370
Other creditors	12,910
Accruals and deferred income	112,995
	141,275
Deferred income	£
Resources deferred during the year	52,240
	52,240

At the balance sheet date the Trust was holding funds received in advance in relation to grant income intended for the following academic year.

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General funds	-	174,953	(48,977)	-	-	125,976
	-	174,953	(48,977)	-	-	125,976

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

18. STATEMENT OF FUNDS (continued)

Restricted funds

General annual grant (GAG)	-	654,857	(650,123)	(4,734)	-	-
Start up grant	-	50,000	(42,812)	-	-	7,188
Development grant	-	45,000	-	-	-	45,000
Pupil premium	-	68,716	(68,716)	-	-	-
Equal pay funding	-	7,677	-	-	-	7,677
Higher educational needs	-	18,593	(18,593)	-	-	-
Pension reserve	-	-	(319,000)	-	(65,000)	(384,000)
	-	<u>844,843</u>	<u>(1,099,244)</u>	<u>(4,734)</u>	<u>(65,000)</u>	<u>(324,135)</u>

Restricted fixed asset funds

Capital transferred on conversion	-	1,379,000	(24,041)	-	-	1,354,959
Other capital grants	-	31,629	(10,709)	-	-	20,920
Capital expenditure from GAG	-	-	(1,153)	4,734	-	3,581
	-	<u>1,410,629</u>	<u>(35,903)</u>	<u>4,734</u>	<u>-</u>	<u>1,379,460</u>
Total restricted funds	-	<u>2,255,472</u>	<u>(1,135,147)</u>	<u>-</u>	<u>(65,000)</u>	<u>1,055,325</u>
Total of funds	-	<u>2,430,425</u>	<u>(1,184,124)</u>	<u>-</u>	<u>(65,000)</u>	<u>1,181,301</u>

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

General annual grant - this is the money provided to the academy for normal school running costs.

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.

The start up and development grants were additional funding supplied upon conversion for help with the costs of conversion and in relation to acting as a sponsor academy for Rosa Street Primary School. The development grant is unspent at the year end.

The pupil premium is paid based upon the number of pupils with service parents or who are entitled to free school meals. This funding has paid for support assistants within classrooms.

The equal pay funding represents funds transferred from Durham County Council to make equal pay awards owed from employees time as employees of the council.

The funding for higher educational needs has been used to pay for classroom assistants.

The capital transferred on conversion represents the land and buildings and other assets transferred to the school at nil consideration from Durham County Council upon conversion to an Academy.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

18. STATEMENT OF FUNDS (continued)

This fund is being depreciated in line with the assets represented.

Other capital grants are government funds received for the purchase of capital equipment and expenditure on repair projects. The amount carried forward represents assets purchased in the period at their net book value and funding yet to be spent.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
Tangible fixed assets	-	-	1,360,711	1,360,711
Current assets	215,009	112,105	18,749	345,863
Creditors due within one year	(89,033)	(52,240)	-	(141,273)
Provisions for liabilities and charges	-	(384,000)	-	(384,000)
	<u>125,976</u>	<u>(324,135)</u>	<u>1,379,460</u>	<u>1,181,301</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £
Net incoming resources before revaluations	1,246,301
Returns on investments and servicing of finance	(476)
Assets inherited on conversion	(1,486,810)
Depreciation of tangible fixed assets	25,193
Capital grants from DfE	(31,629)
Increase in stocks	(11,870)
Increase in debtors	(59,112)
Increase in creditors	141,273
FRS 17 adjustments	319,000
Net cash inflow from operations	<u><u>141,870</u></u>

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £
Returns on investments and servicing of finance	
Interest received	476
	2014 £
Capital expenditure and financial investment	
Purchase of intangible fixed assets	(6,904)
Capital grants from DfE	31,629
	24,725

22. ANALYSIS OF CHANGES IN NET FUNDS

	4 October 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	-	274,882	-	274,882
Net funds	-	274,882	-	274,882

23. CONVERSION TO AN ACADEMY TRUST

On 1 November 2013 Cleves Cross Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Cleves Cross Learning Trust from Durham County 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.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

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				
- Freehold/leasehold land and buildings	-	-	1,366,000	1,366,000
- Other tangible fixed assets	-	-	13,000	13,000
Budget surplus/(deficit) on LA funds	74,820	7,678	25,312	107,810
LGPS pension surplus/(deficit)	-	(306,000)	-	(306,000)
Net assets/(liabilities)	<u>74,820</u>	<u>(298,322)</u>	<u>1,404,312</u>	<u>1,180,810</u>

The above net assets include £107,810 that were transferred as cash.

24. 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 Durham County Council. Both are defined benefit schemes.

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

Contributions amounting to £12,812 were payable to the schemes at 31 August 2014 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.

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.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

24. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

24. 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 £40,200, of which employer's contributions totalled £30,600 and employees' contributions totalled £9,600. The agreed contribution rates for future years are 12.5% for employers and 9.3% 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.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

24. 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	7.50	144,594
Government bonds	2.90	67,860
Property	6.80	17,226
Corporate bonds	3.30	22,446
Cash	1.10	8,874
Total market value of assets		<u>261,000</u>
Present value of scheme liabilities		<u>(645,000)</u>
(Deficit) in the scheme		<u><u>(384,000)</u></u>

The amounts recognised in the balance sheet are as follows:

	2014 £
Present value of funded obligations	(645,000)
Fair value of scheme assets	261,000
Net liability	<u><u>(384,000)</u></u>

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

	2014 £
Current service cost	(35,000)
Interest cost	(9,000)
Total	<u><u>(44,000)</u></u>
Actual return on scheme assets	<u><u>(65,000)</u></u>

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

24. PENSION COMMITMENTS (continued)

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

	2014 £
Obligation transferred from local authority	513,000
Current service cost	35,000
Contributions by scheme participants	10,000
Actuarial Losses	68,000
Interest cost	19,000
	645,000
Closing defined benefit obligation	645,000

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

	2014 £
Fair value on transfer from local authority	207,000
Actuarial gains and (losses)	3,000
Contributions by employer	31,000
Contributions by employees	10,000
Expected return on assets	10,000
	261,000
	261,000

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £65,000.

The academy expects to contribute £NIL 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	55.40 %
Government bonds	26.00 %
Corporate bonds	8.60 %
Property	6.60 %
Cash	3.40 %

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

	2014
Discount rate for scheme liabilities	3.70 %
Expected return on scheme assets at 31 August	5.70 %
Rate of increase in salaries	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %
Inflation assumption (CPI)	2.10 %

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

24. PENSION COMMITMENTS (continued)

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

	2014
Retiring today	
Males	22.5
Females	25
Retiring in 20 years	
Males	24.7
Females	27.3

Amounts for the current period are as follows:

Defined benefit pension schemes

	2014
	£
Defined benefit obligation	(645,000)
Scheme assets	261,000
Deficit	(384,000)
Experience adjustments on scheme liabilities	(68,000)
Experience adjustments on scheme assets	3,000

25. 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 directors 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.

The following related party transactions took place in the period of account:

Included within repairs is £581 paid to A Lazenby, the husband of one of the directors, for general maintenance work.

Included within salary recharges is £12,250 paid by Rosa Street Primary School a local authority owned school which has become part of the Trust since the year end.

26. POST BALANCE SHEET EVENTS

Rosa Street Primary School has joined the Trust since the year end.

CLEVES CROSS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

27. ACCOUNTING PERIOD

These financial statements show a period of 10 months from the date of incorporation, 4 October 2013 to 31 August 2014.

28. MEMBERS LIABILITY

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