

Company Registration No. 07730940 (England and Wales)

**CRAMLINGTON LEARNING VILLAGE
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

CRAMLINGTON LEARNING VILLAGE

REFERENCE AND ADMINISTRATIVE DETAILS

Members

J McCartney
D E T Nicholson (resigned 11 December 2017)
M Dunn
P Gordon
P Clayton
I D Hall

Governors (Trustees)

J McCartney (Chair)
D E T Nicholson (Resigned 11 December 2017)
M Dunn
P Gordon
P Clayton
I D Hall (Vice Chair)
L Ilderton
T Buck
W Heslop (Accounting Officer)
P Wright
D Richardson
C Davenport
D A Betham
D P Warburton
L E Heatley (Appointed 20 January 2018)

Senior management team

- Headteacher	W Heslop
- Senior Deputy Headteacher	A Reeman (resigned 31 August 2018)
- Deputy Head Teacher	J Bird
- Deputy Head Teacher	K Brechin
- Deputy Head Teacher	K Irving
- Interim Business and Finance Manager	M Shield

Company secretary

C Calder

Company registration number

07730940 (England and Wales)

Principal and registered office

Cramlington Learning Village
Highburn
Cramlington
Northumberland
NE23 6BN

Independent auditor

RSM UK Audit LLP
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

CRAMLINGTON LEARNING VILLAGE

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds
High Street
Gosforth
Newcastle upon Tyne
NE3 1JQ

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

CRAMLINGTON LEARNING VILLAGE

GOVERNORS REPORT

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The Academy operates an academy for pupils aged 11-18 serving a catchment area in Northumberland. It has a pupil capacity of 2,213 aged 11-18 and had a roll of 1,986 on the school census on 5 October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The company was incorporated on 5 August 2011 and converted to Academy status on 1 September 2011. The charitable company is known as Cramlington Learning Village.

The governors are the trustees of Cramlington Learning Village and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

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.

Governors indemnities

Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. As required in the Academy's Articles of Association indemnity insurance has been taken out with Zurich International to cover the liability of governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy. Provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as governors.

The Academy's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").

CRAMLINGTON LEARNING VILLAGE

GOVERNORS REPORT (CONTINUED)

Method of recruitment and appointment or election of governors

As set out in the articles and funding agreement, the Academy has the following governors:

Appointment of governors

Members and governors:

J McCartney
D E T Nicholson (resigned 11 December 2017)
P Clayton
M Dunn
P Gordon
I D Hall

Headteacher and Accounting Officer:

W Heslop

Parent governors:

C Davenport
D Richardson
D Warburton

Appointed governors:

L Ilderton
T Buck
L E Heatley (appointed 20 January 2018)

Staff governors:

P Wright
D Betham

Appointment of additional governors

The Secretary of State may give a warning notice to the governors where he is satisfied:-

- that the standards of performance of pupils at the Academy are unacceptably low, or
- that there has been a serious breakdown in the way the Academy is managed or governed, or
- that the safety of pupils or staff of the Academy is threatened (whether by a breakdown of discipline or otherwise).

For the purposes of Article 60 a 'warning notice' is a notice in writing by the Secretary of State to the Academy delivered to the Office setting out:-

- the matters referred to in Article 60;
- the action which he requires the governors to take in order to remedy those matters; and
- the year within which that action is to be taken by the governors ('the compliance year').

The Secretary of State may appoint such additional governors as he thinks fit if the Secretary of State has:

- given the governors a warning notice in accordance with Article 60; and
- the governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance year.

The Secretary of State may also appoint such additional governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 Year, of two Ofsted grades. For the purposes of the foregoing the grade received by Cramlington Learning Village shall be regarded as the grade received by the Academy.

CRAMLINGTON LEARNING VILLAGE

GOVERNORS REPORT (CONTINUED)

The Secretary of State may also appoint such further governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy.

Within 5 days of the Secretary of State appointing any additional or further governors in accordance with Articles 62, 62A or 63, any governors appointed under Article 50 and holding office immediately preceding the appointment of such governors, shall resign immediately and the members' power to appoint governors under Article 50 shall remain suspended until the Secretary of State removes one or more of the additional or further governors.

Term of office

All governors have a four year term of office from the date they were appointed apart from the headteacher.

Recruitment of governors

Parent governors

Parent governors are elected by parents of students in the school. When there is a vacancy a letter is sent out to parents asking for nominations. If more nominations are received than vacancies a letter with accompanying statements are distributed to all parents with a response sheet and deadline. Once the response sheets are received the parents with the largest number of nominations are appointed.

Staff governors

Staff governors are elected by staff members. Teacher governors are elected by the teaching staff. Support staff governors are elected by support staff.

Co-opted governors

Co-opted governors are sought and approached following consultation with the Headteacher and Chair of governors. governors are sought from the local community and businesses. All co-opted governors are given a 4 year term of office and can be re-elected for a further term by the governing body.

The Academy takes its responsibility to train new governors very seriously and therefore have developed a procedure to follow.

Policies and procedures adopted for the induction and training of governors

The induction includes:

Welcome to new governors.

Meet the Headteacher, staff and students.

An explanation of the partnership between the Headteacher and the governing body.

The role and responsibilities of governors.

Background information on the Academy and current issues.

An explanation of how the governing body works.

Documentation supplied will include:

Governor Induction Policy

School Improvement Plan

Governance Handbook

School Self Evaluation Form (SEF)

Governor contact details

Copies of approved governing body minutes

Inspection Dashboard

Dates of governor meetings

Site map

Website information

CRAMLINGTON LEARNING VILLAGE

GOVERNORS REPORT (CONTINUED)

Organisational structure

The Academy's Headteacher is the Accounting Officer. Her main task is to execute the policies agreed by the Academy in relation to its education functions and to bring forward for approval, proposals for further improving the quality of educational experience of the Academy's students. The Academy's governing body has delegated the Headteacher extensive powers to make decisions quickly and efficiently in respect of the Headteacher's responsibilities. The Senior Leadership Team consists of:

- 1 Headteacher
- 1 Senior Deputy Headteacher (in post until 31 August 2018)
- 3 Deputy Headteachers
- 1 Business and Finance Manager
- 9 Assistant Headteachers

The governing body ensures good governance of the Academy and sets policy. It can also question implementation of policy where relevant. The governing body has a Finance & Resources Committee and a Standards & Outcomes Committee with specific duties relating to their function. The Committees have delegated powers so that action can be taken quickly whenever necessary. Further adhoc committees are set up from time to time to advise the governing body on very specific matters. These have advisory powers only.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting pay and remuneration of key management personnel is consistent with all staff at the Academy. The arrangements are covered by the Department for Education, Teachers Pay and Conditions document 2018, which is publically available.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	0.55

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	6,039
Total pay bill	8,373,772
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Related parties and co-operation with other organisations

The Academy is connected with Active Northumberland who manages the sports centre at the Academy. An annual fee was paid to Active Northumberland in the current year of £15,841 (2017: £15,900) none of which was outstanding at the year end (2017: £nil).

CRAMLINGTON LEARNING VILLAGE

GOVERNORS REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

The Academy exists to ensure that standards of education provision at the Academy are high and that the leadership and management of the Academy develop them still further.

The governing body meets termly and has committees supporting the detail of its work.

Objects and aims

The Academy's object is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Principles

Following consultation of the school's current strategies and principles the areas outlined below were agreed:

We believe that:

- all students are unique with different needs, talents, strengths and aspirations and should be challenged to achieve beyond their expectations;
- all of our students are capable of developing the skills and dispositions to become better learners;
- at the heart of our school should be the idea that education is best done 'with and by' our students rather than 'to and for' our students;
- the purpose of education is preparing our students for their future;
- for the future, learning needs to happen in a variety of learning spaces (in and out of school) and through the supportive use of technology;
- we need to build and organise our school to meet the diverse needs of our learners and create an experience that is personalised;
- that we need the support and expertise of our whole village and more to educate our children;
- we must make our learning village a place everyone enjoys coming to; and
- at the heart of our school is a commitment to high quality teaching and continuous professional development.

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our Aims and Objectives and in planning our future activities. In particular, the governors consider how planned activities will contribute to the aims and objectives they have set. The Academy has provided a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

CRAMLINGTON LEARNING VILLAGE

GOVERNORS REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

Examination results 2018

The exam results for 2018 showed a solid performance both at KS4 and KS5.

Post 16

At A level, the Average Point Score Per Entry was 31.82 (30.98 in 2017). 22% of grades were A*/A against 20% last year and 50% of grades were A*-B against 47% last year. Our initial calculations, using 2017 methodology, show a Value Added figure of +0.07. The percentage of students achieving AAB or higher including at least three facilitating subjects was 15.20% (11% in 2017). This represented a good performance given that the overall ability level of the students was lower than the previous year.

The Average Point Score per Entry for Applied General subjects was 33.17. Our calculations show a Value Added figure of +0.42.

GCSE English progress grade was 0.57 and in Maths was 0.17.

GCSE

At GCSE, the Basics figure at 4+ remained at 70%. The Basics figure at 5+ was 47.1 (45.8% in 2017). English achieved 78% Grade 4 and above (82% Level 4 and above in 2017) and 60.5% Grade 5 and above (66.5% Grade 5 in 2017). Maths achieved 78% Grade 4 and above (75% C and above in 2017) and 56% Grade 5 and above (52% in 2017). The unvalidated Progress 8 figure stands at -0.06 against +0.06 last year which represents average performance overall as in 2017.

The performance of disadvantaged students remains an area of work for the school. 44.1% achieved the Basics 4+ standard (49.3% last year), with 60% achieving a grade 4 or above in English (66% last year) and 60% achieving a grade 4 in Maths (56% last year). The Basics gap was -33.2% (-25.1% last year), the English gap was -24.8% against -19.2% last year and the Maths gap was -22.9% against -23.2% last year. The 5+ Basics figure for disadvantaged students was 25% with a gap of 28%.

The SEND K cohort (19 students) achieved a Basics figure of 45.8% against 36.8% last year. English grade 4 and above was 58.3% (47.4% last year) and Maths was 58.3% (58% last year). The SEND Statemented cohort (5 students) achieved a Basics figure of 100% (60% last year). English grade 4 and above was 100% (60% last year) and Maths grade 4 and above was 100% (60% last year).

Financial review

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2018 total expenditure, including depreciation, of £11,470,145 (2017: £11,224,154) was more than covered by recurrent grant funding from the ESFA together with other incoming resources and reserves brought forward. The excess of expenditure over income for the year was £1,002,926 (2017: £867,782) before other recognised gains/losses. Excluding the restricted fixed asset funds movement this is a deficit of £330,331 (2017: £194,315) before the actuarial gain and fund transfers. This includes a net FRS102 cost of £195,000 (2017: £288,000) which relates to the pension deficit. The closing funds excluding the fixed asset fund and the pension deficit are therefore £515,490 (2017: £690,460).

At 31 August 2018 the net book value of fixed assets was £39,790,374 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy. The fixed asset register has been reviewed in full and items no longer in use have been removed.

CRAMLINGTON LEARNING VILLAGE

GOVERNORS REPORT (CONTINUED)

Financial and risk management objectives and policies

The Academy aims to minimise exposure to fluctuations in the value of the financial instruments. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The exposure to credit risk and bad debts are minimal as there is only a relatively low level of exposure to debtors at any one time.

The Academy does have an on-going liability in respect of defined benefit pension schemes relating to a number of their employees. More information can be found regarding this in note 24 of the financial statements.

In managing the risk relating to the liability of the defined benefit pension schemes, the Academy includes employer contributions in budgets and cash flow forecasts at the contribution rate set out at the triennial review of each scheme. Sensitivity analysis is undertaken to estimate any adverse changes in contribution rates.

Reserves policy

The governors review the reserve levels of the Academy on a half termly basis when examining the management accounts at the Finance and Resources Committee meetings. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be 5% of the General Annual Grant (GAG), approximately £452,000. The reason for this is to provide a sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £515,490. In future years the level of free reserves (per financial forecasts) are expected to be maintained around the target level of £452,000.

The Academy held fund balances at 31 August 2018 of £37,516,864 comprising of £nil of restricted general funds, £39,790,374 of restricted fixed asset funds, a pension reserve deficit of £2,789,000 and £515,490 unrestricted funds.

Investment policy

The objectives of this policy are to ensure that the Academy:

- maintains sufficient cash balances in its current account to meet its day to day commitments;
- invests surplus cash to earn an acceptable rate of return without undue risk;
- consider spreading risk between differing types of investment and institutions to reduce credit risk.

The Academy will operate an interest bearing account with a bank approved by the governing body (Lloyds) and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.

Monies surplus to the working requirements shall be invested in term deposits not exceeding six months with Lloyds. This is only agreed when the cash flow patterns have been established and reported upon.

Key performance indicators

The average number of FTEs (including the Senior Leadership Team) employed by the Academy during the year ended 31 August 2018 was as follows:

120 Teachers
62 Administration and support
6 Management

The unrestricted fund figure is £515,490 (2017: £690,460)
The restricted general fund figure is £nil (excluding the pension deficit)
Total free reserves are £515,490 (2017: £690,460)

The OFSTED report in February 2017 rated the school as Good.
The attendance figure for 2017/18 was 95.3% (2016/17: 95.4%).
Pupil recruitment in September 2017 was 350 in Year 7 against a PAN of 350.

CRAMLINGTON LEARNING VILLAGE

GOVERNORS REPORT (CONTINUED)

Going concern

After making appropriate enquiries, the governing body 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 its financial statements.

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

Plans for future periods

The Academy continues to embrace the notion of continuous improvement through its School Improvement Plan. Over the course of the next twelve months this will take the form of:

- Ensure high quality leadership at all levels across the organisation in order to deliver positive progress 8 values across all elements at Key Stage 4 and Sig+ post 16 in academic and vocational subjects;
- Ensure the school is prepared for curriculum and assessment changes at Key Stage 4 and 5 to include an emphasis on pedagogical approaches to support delivering a recall/revision strategy for the new linear GCSE's/A Levels;
- Ensure good levels of behaviour and safety across the school in lessons and at social times are maintained;
- Improve attendance towards 96% target - ensuring gaps are closing between Pupil Premium students and non Pupil Premium students; reduce persistent absence of Pupil Premium students; and
- Ensure teaching over time and at all Key stages - triangulated by lesson observations, book scrutinies and evaluation of progress data is highly effective such that all groups of students, in particular disadvantaged, SEND and high attaining students make expected and better than expected progress.

The academy is currently planning to convert to a multi-academy trust in the future, hence the process to succession plan for the governing body has commenced.

Principal risks and uncertainties

The principal risks facing the school are as follows:

- failing to maintain the current Ofsted grade of 'Good';
- cyber attack;
- succession planning;
- drop in pupil numbers; and
- increase in LGPS deficit contributions.

The strategies for managing these risks can be found in the risk register which is discussed regularly at the Finance and Resources Committee meetings.

Risk management

A review identifying the major risks to which the Academy is exposed, as identified by the governors, is undertaken annually, and systems or procedures established to manage those risks.

The Academy's policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated.

The governing body is responsible for making a statement on risk management in the annual accounts of the Academy. In order to be able to make the required statement with reasonable confidence, the governors ensure that:

- the identification, assessment and mitigation of risk is linked to the achievement of the Academy's vision and strategic goals as set out in the Academy's Improvement Plan;
- the process covers all areas of risk e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks;
- the process produces a risk exposure profile that reflects the governors views as to levels of acceptable risk; and
- the principal results of risk identification are reviewed, evaluated and managed; and ensure that the risk management is on-going and embedded in management and operational procedure.

CRAMLINGTON LEARNING VILLAGE

GOVERNORS REPORT (CONTINUED)

Fundraising

The Academy does not work with commercial participators or professional fundraisers and does not engage third parties to undertake fundraising activities on its behalf.

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditor

The governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the governors have confirmed that they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The governors report is approved by order of the governing body and the strategic report (included therein) is approved by the governing body in their capacity as the directors at a meeting on ...~~3~~..12..18... and signed on its behalf by:


.....
J McCartney
Chair

CRAMLINGTON LEARNING VILLAGE

GOVERNANCE STATEMENT

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Cramlington Learning Village has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The governing body has delegated the day-to-day responsibility to the 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 Cramlington Learning Village and the Secretary of State for Education. The Headteacher is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The governing body has formally met 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governors	Meetings attended	Out of possible
J McCartney (Chair)	4	4
D E T Nicholson (Resigned 11 December 2017)	1	2
M Dunn	4	4
P Gordon	4	4
P Clayton	3	4
I D Hall (Vice Chair)	4	4
L Ilderton	4	4
T Buck	4	4
W Heslop (Accounting Officer)	4	4
P Wright	2	4
D Richardson	4	4
C Davenport	4	4
D A Betham	2	4
D P Warburton	3	4
L E Heatley (Appointed 20 January 2018)	3	3

Governors have an accurate and precise view of the school based upon:

- a detailed review of the school's ASP/IDSR;
- a regular review of a detailed pastoral report covering attendance, persistent absence, exclusions and behaviour;
- 6 reviews during the academic year of student performance by year group and by non-disadvantaged, disadvantaged, SEND and High, Medium and Low Ability cohorts;
- the creation of Governor Portfolio roles and a revised approach to conducting and reporting on school visits in relation to Pupil Premium, SEND, Mathematics, English, Safeguarding and Transition;
- a revised Headteacher's report that focuses on the key issues that need to be addressed;
- whole school reviews by the schools SIP;
- performance management of the Headteacher and staff; and
- detailed monthly budget reports on the financial position of the school and year end projections of both spending and projected level of reserves.

Governors hold senior management rigorously to account in relation to student achievement, the quality of teaching, and student safety with committee minutes properly reflecting the degree of challenge by governors to issues under discussion.

CRAMLINGTON LEARNING VILLAGE

GOVERNANCE STATEMENT (CONTINUED)

Governance reviews

The three key aspects of governance for the governing body are:

- to set the strategic direction of the Academy;
- to hold the Headteacher to account; and
- to ensure that the Academy remains a going concern through sound financial management.

During the year, the governors have reviewed school performance across all year groups by undertaking a review of internal academic data alongside pastoral data covering attendance and behaviour. The portfolio governors review specific areas within the school including English, Maths, SEN safeguarding and pupil premium. This allows performance to be monitored more closely and support to be offered where required.

Governors are clear about their roles and a governor's handbook has been updated to provide important reference information. A training programme for governors has been implemented and awareness and understanding of ASP/IDSR, Safeguarding and the Prevent agenda has increased.

A new streamlined governance committee structure was implemented in the prior year. The new committee structure consists of the full governing body, a Finance & Resources Committee and a Standard and Outcomes Committee.

During the year ended 31 August 2018 the new governance structure has been firmly embedded and allows governors to hold senior management rigorously to account in relation to school finances, student achievement, the quality of teaching and student safety, with committee minutes appropriately reflecting the degree of challenge by governors to issues under consideration.

In 2018, the governing body commissioned AVEC to complete both an analysis of our governors' skills audit and a self evaluation report of governance arrangements. These reports will help inform a governor training and development programme for the coming period.

Standard and Outcomes Committee

This Committee reviews, monitors and evaluates the curriculum offer; reviews and takes account of pupil progress and attainment; promotes the care, well being and personal development of all students; ensures the requirements of children with special needs and disabilities are met; establishes and oversees the operation of the school's Appraisal Policy and performance management arrangements.

At the heart of the governor monitoring arrangements is the role of Portfolio governors with their focus on school improvement priorities, reporting to meetings of the Standards & Outcomes Committee, to which all governors are invited.

During the HMI monitoring inspection in September 2016, Her Majesty's Inspector noted "the portfolio roles, where governors are linked to particular aspects of the school are now well established". These roles are part of a range of strategies that governors have developed to ensure that improvement takes place.

In February 2017 the Ofsted inspection team validated the governance arrangements by noting "governors gather their information about how well the school is doing from a wide range of sources. They check on the accuracy of the information on which they base their decisions rigorously. They have supported and rigorously challenged the headteacher. As a result, the school has improved very significantly under the strategic guidance of the governing body."

Finance and Resources Committee

This is a sub-committee of the main governing body. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances. This includes proper planning, monitoring and probity and to make appropriate comments and recommendations on such matters to the governing body on a regular basis. It has incorporated the previous Audit Committee terms of reference. Major issues will be referred to the full governing body for ratification.

CRAMLINGTON LEARNING VILLAGE

GOVERNANCE STATEMENT (CONTINUED)

Attendance at meetings of the Finance and Resources Committee in the year was as follows:

Governors	Meetings attended	Out of possible
J McCartney (Chair)	9	9
D E T Nicholson (Resigned 11 December 2017)	1	1
P Clayton	8	9
I D Hall (Vice Chair)	8	9
L Ilderton	6	9
W Heslop (Accounting Officer)	9	9
D Richardson	8	9
D P Warburton	9	9

Review of value for money

As Accounting Officer the Headteacher has responsibility for ensuring that the academy 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 has delivered improved value for money during the year by:

Better purchasing

Contracts and services are competitively priced, continually reviewed, appraised and renegotiated to provide best value and value for money. The quality of goods and services meet the needs of the Academy as they are measured against alternative providers. These include:

- cost review of suppliers; and
- development and implementation of a preferred supplier form.

Benchmarking

The Academy has benchmarked specific areas of income and expenditure against similar Academies to identify areas of potential savings. This has resulted in focusing on some contracts such as supply insurance by using the DFE's Risk Protection Arrangement as the benchmark.

Options appraisal

The Academy has explored various options to assist decision making prior to purchasing goods and services. Cost benefit analysis exercises have been undertaken to identify alternative costs and benefits over the longer term e.g. reprographics/multimedia machines. Appropriate tendering procedures have been employed to gain maximum benefit including the public sector procurement framework agreements.

Economies of scale

The Academy has driven contract negotiations and has continued to be part of a collaboration on cleaning contracts which is regional wide to reduce and share administration and procurement costs.

Future improvements

The Academy continues to work collaboratively with local businesses to improve community facilities through the shared use of sports facilities for hire and access by the local community.

The Academy continues to work collaboratively with other establishments to offer grounds maintenance services, support and guidance and financial services where applicable.

CRAMLINGTON LEARNING VILLAGE

GOVERNANCE STATEMENT (CONTINUED)

Examples of the Academy achieving value for money include:

- the continued provision of Chromebooks to students;
- the continued provision of exam revision classes;
- meeting with suppliers of high value payments throughout the year to ensure repair and maintenance works are being organised in the most cost effective manner;
- checking that planned works have an order raised separately from small emergency repairs;
- working on a single supplier draft form as recommended in the findings of the internal assurance testing;
- finance team maintaining a spreadsheet of the most ordered stationery items and their recommended suppliers. This is checked each month to ensure that the listed suppliers remain the best value, or the list is amended;
- finance working with staff organising supply cover to ensure that cover costs are not overcharged;
- changing from Teaching Personnel to Vision for some cover staff as costs are cheaper; and
- speaking with alternative providers of school communication software to compare services and prices.

Financial governance and oversight

Sound systems of financial control are in place and include regular internal audits, clearly defined segregation of duties and approved finance regulations. Governors have challenged decisions within the Academy on the cost and effectiveness of spending proposals in order to achieve value for money.

Reviewing controls and managing risks

There are a number of levels of internal control within the Academy creating an environment where risks are managed effectively, budgetary control and monitoring is efficient and effective. The Academy has an investment policy which maximises return where applicable and the insurance is managed through regular review and competitive arrangements.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Cramlington Learning Village for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 Governing Body;
- regular reviews by the Finance and Resources 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 through the Finance and Resources Committee.

CRAMLINGTON LEARNING VILLAGE

GOVERNANCE STATEMENT (CONTINUED)

Internal assurance testing is undertaken by RSM Risk Assurance Services LLP as directed by the governors.

In particular, financial system checks were undertaken on:

- payroll;
- purchasing;
- income; and
- the accounting system.

The results of this testing, on the operation of the systems of control and on the discharge of the governing body's financial responsibilities, are reported to the Finance and Resources Committee.

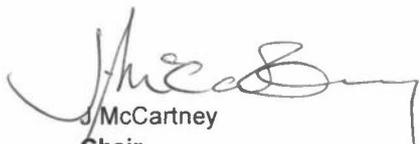
Review of effectiveness

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

- the findings of the internal assurance testing;
- the work of the external auditor;
- the work of the Senior Leadership Team 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 Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the governing body on 3-12-18 and signed on its behalf by:


J McCartney
Chair


W Heslop
Accounting Officer

CRAMLINGTON LEARNING VILLAGE

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Cramlington Learning Village I have considered my responsibility to notify the Academy governing body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy's governing body 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 2017.

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 governing body and ESFA.



W Heslop
Accounting Officer

3/12/18

CRAMLINGTON LEARNING VILLAGE

STATEMENT OF GOVERNORS RESPONSIBILITIES

The governors (who act as trustees for Cramlington Learning Village and are also the directors of Cramlington Learning Village for the purposes of company law) are responsible for preparing the governors report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The governors 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 governors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the governing body on3-12-18..... and signed on its behalf by:


J. McCartney
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAMLINGTON LEARNING VILLAGE

Opinion

We have audited the financial statements of Cramlington Learning Village (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Governors Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAMLINGTON LEARNING VILLAGE (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the incorporated Strategic Report, included within the Governors Report..

We have nothing to report in respect of the following matters in relation to which 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 governors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governors

As explained more fully in the Statement of Governors Responsibilities set out on page 18, the governors (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

L Robson

Lucy Robson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD
...04/12/18.

CRAMLINGTON LEARNING VILLAGE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	3	-	128,407	39,016	167,423	141,360
Charitable activities:						
- Funding for educational operations	4	-	9,618,339	-	9,618,339	9,590,804
Other trading activities	5	680,017	-	-	680,017	622,800
Investments	6	1,440	-	-	1,440	1,408
Total		681,457	9,746,746	39,016	10,467,219	10,356,372
Expenditure on:						
Raising funds	7	546,395	-	-	546,395	507,022
Charitable activities:						
- Educational operations	8	-	10,212,139	711,611	10,923,750	10,717,132
Total	7	546,395	10,212,139	711,611	11,470,145	11,224,154
Net income/(expenditure)		135,062	(465,393)	(672,595)	(1,002,926)	(867,782)
Transfers between funds	18	(310,032)	270,393	39,639	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	24	-	631,000	-	631,000	1,615,000
Net movement in funds		(174,970)	436,000	(632,956)	(371,926)	747,218
Reconciliation of funds						
Total funds brought forward		690,460	(3,225,000)	40,423,330	37,888,790	37,141,572
Total funds carried forward		515,490	(2,789,000)	39,790,374	37,516,864	37,888,790

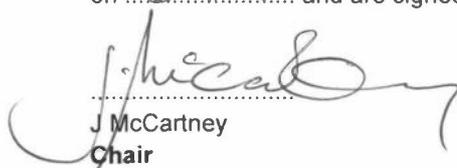
CRAMLINGTON LEARNING VILLAGE

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		39,790,374		40,423,330
Current assets					
Debtors	13	270,449		197,653	
Cash at bank and in hand		1,393,827		1,619,569	
		<u>1,664,276</u>		<u>1,817,222</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(1,139,036)		(1,113,112)	
Net current assets			525,240		704,110
Total assets less current liabilities			<u>40,315,614</u>		<u>41,127,440</u>
Creditors: amounts falling due after more than one year	15		(9,750)		(13,650)
Net assets excluding pension liability			<u>40,305,864</u>		<u>41,113,790</u>
Defined benefit pension scheme liability	24		(2,789,000)		(3,225,000)
Net assets			<u>37,516,864</u>		<u>37,888,790</u>
Funds of the Academy:					
Restricted funds	18				
- Restricted fixed asset funds			39,790,374		40,423,330
- Pension reserve			(2,789,000)		(3,225,000)
Total restricted funds			<u>37,001,374</u>		<u>37,198,330</u>
Unrestricted income funds	18		515,490		690,460
Total funds			<u>37,516,864</u>		<u>37,888,790</u>

The financial statements on pages 21 to 43 were approved by the governing body and authorised for issue on 31.12.18 and are signed on their behalf by:


 J McCartney
 Chair

CRAMLINGTON LEARNING VILLAGE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash used in operating activities	22		(183,643)		(667,255)
Cash flows from investing activities					
Dividends, interest and rents from investments		1,440		1,408	
Capital grants from DfE Group		39,016		-	
Purchase of tangible fixed assets		(78,655)		-	
Net cash (used in)/provided by investing activities			(38,199)		1,408
Cash flows from financing activities					
Repayment of other loan		(3,900)		(1,950)	
Net cash used in financing activities			(3,900)		(1,950)
Net decrease in cash and cash equivalents in the reporting period			(225,742)		(667,797)
Cash and cash equivalents at beginning of the year			1,619,569		2,287,366
Cash and cash equivalents at end of the year			1,393,827		1,619,569

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

General information

Cramlington Learning Village is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Governors Report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the Academy have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Academy.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

Going concern

The governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

General Annual Grant is recognised in full in the Statement of Financial Activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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.

Other grants from government agencies and other bodies are recognised in the year in which they are receivable to the extent the conditions of funding have been met. 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.

Donations

Donations are recognised on a receivable basis, where there are no performance-related conditions, where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, catering and school fund income, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the Academy has provided the goods or services.

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the Academy's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land	N/A
Leasehold property	50 years
Computer equipment	50% pa straight line
Leasehold property improvements	10% pa straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Financial instruments

The Academy has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Academy becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset of financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

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 quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

The LGPS is a funded multi-employer 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 credit 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 reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

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 with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency and Department for Education.

Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid, and any balances held, are disclosed in note 26.

2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Academy makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	39,016	39,016	38,588
Other donations	-	128,407	128,407	102,772
	-	167,423	167,423	141,360

The income from donations and capital grants was £167,423 (2017: £141,360) of which £128,407 was restricted (2017: £141,360) and £39,016 was restricted fixed assets (2017: £-).

4 Funding for the Academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	9,035,190	9,035,190	9,119,322
Other DfE group grants	-	414,450	414,450	325,179
	-	9,449,640	9,449,640	9,444,501
Other government grants				
Local authority grants	-	168,699	168,699	146,303
	-	9,618,339	9,618,339	9,590,804

The income from funding for educational operations was £9,618,339 (2017: £9,590,804) of which £9,618,339 was restricted (2017: £9,590,804).

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	5,148	-	5,148	5,268
Catering income	347,851	-	347,851	341,436
School fund	239,244	-	239,244	216,853
Other income	87,774	-	87,774	59,243
	680,017	-	680,017	622,800

The income from other trading activities was £680,017 (2017: £622,800) of which £680,017 was unrestricted (2017: £622,800).

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Interest from short term deposits	1,440	-	1,440	1,408

The income from funding for investment income was £1,440 (2017: £1,408) of which £1,440 was unrestricted (2017: £1,408).

7 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2018 £	Total 2017 £
		Premises £	Other £		
Expenditure on raising funds					
- Direct costs	-	-	546,395	546,395	507,022
Academy's educational operations					
- Direct costs	6,304,157	711,611	742,867	7,758,635	7,504,022
- Allocated support costs	2,069,615	641,539	453,961	3,165,115	3,213,110
Total support costs	8,373,772	1,353,150	1,743,223	11,470,145	11,224,154

The expenditure on raising funds was £546,395 (2017: £507,022) of which £546,395 was unrestricted (2017: £507,022).

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Operating lease rentals	98,633	69,118
Depreciation of tangible fixed assets	711,611	673,467
Net interest on defined benefit pension liability	77,000	88,000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	11,500	11,500
- Other services	9,500	8,600

Included within expenditure are the following transactions:

	2018 £
Ex-gratia payments - total	4,988
- Individual items: Discretionary sick pay	4,988

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook, being delegated authority or approval from the Education and Skills Funding Agency.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	2018	2017
	£	£
All from restricted funds:		
Direct costs		
Educational operations	7,758,635	7,504,022
Support costs		
Educational operations	3,165,115	3,213,110
	<u>10,923,750</u>	<u>10,717,132</u>

The expenditure on charitable activities was £10,923,750 (2017: £10,717,132) of which £10,212,139 was restricted (2017: £10,043,665) and £711,611 was restricted fixed assets (2017: £673,467).

	2018	2017
	£	£
Analysis of support costs		
Support staff costs	2,069,615	2,086,816
Premises costs	641,539	686,177
Other support costs	413,276	396,203
Governance costs	40,685	43,914
	<u>3,165,115</u>	<u>3,213,110</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018	2017
	£	£
Wages and salaries	6,238,188	6,166,791
Social security costs	634,576	598,143
Pension costs	1,175,679	1,203,685
Staff costs	<u>8,048,443</u>	<u>7,968,619</u>
Agency staff costs	247,014	154,518
Staff restructuring costs	40,466	-
Staff development and other staff costs	37,849	30,082
Total staff expenditure	<u>8,373,772</u>	<u>8,153,219</u>

Staff restructuring costs comprise:

Redundancy payments	<u>40,466</u>	<u>-</u>
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CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff (Continued)

Staff numbers

The average number of persons employed by the Academy during the year was as follows:

	2018 Number	2017 Number
Teachers	122	117
Administration and support	74	79
Management	6	6
	<u>202</u>	<u>202</u>

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018 Number	2017 Number
£60,001 - £70,000	3	3
£70,001 - £80,000	1	1
£100,001 - £110,000	1	1
	<u>5</u>	<u>5</u>

Key management personnel

The key management personnel of the Academy comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy was £544,407 (2017: £545,125).

10 Governors remuneration and expenses

One or more of the governors has been paid remuneration or has received other benefits from an employment with the Academy. The headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employment, and not in respect of their services as governors.

The value of governors remuneration and other benefits was as follows:

The annual amount of the headteacher's gross remuneration was £109,366 (2017: £106,699) and the pension contributions paid by the Academy in the year was £18,024 (2017: £17,584). The annual amount of staff governor's remuneration, excluding employers pension contributions, was £82,926 (2017: £82,060).

Related party transactions involving the Governors are set out in note 25.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

11 Governors and officers insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2018 was £896 (2017: £250). The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Land	Leasehold property	Computer equipment	Leasehold property improvements	Total
	£	£	£	£	£
Cost					
At 1 September 2017	11,760,000	32,376,654	690,486	259,348	45,086,488
Additions	-	-	78,655	-	78,655
At 31 August 2018	11,760,000	32,376,654	769,141	259,348	45,165,143
Depreciation					
At 1 September 2017	-	3,885,186	667,590	110,382	4,663,158
Charge for the year	-	647,532	38,144	25,935	711,611
At 31 August 2018	-	4,532,718	705,734	136,317	5,374,769
Net book value					
At 31 August 2018	11,760,000	27,843,936	63,407	123,031	39,790,374
At 31 August 2017	11,760,000	28,491,468	22,896	148,966	40,423,330

13 Debtors

	2018	2017
	£	£
Trade debtors	3,013	14,302
Other debtors	25,541	19,683
Prepayments and accrued income	241,895	163,668
	270,449	197,653

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

14 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	809,365	788,813
Other creditors	5,225	4,103
Accruals and deferred income (see note 16)	324,446	320,196
	<u>1,139,036</u>	<u>1,113,112</u>

Included in other creditors is £3,900 (2017: £3,900) which relates to Salix funding which is being repaid in twice yearly instalments.

15 Creditors: amounts falling due after more than one year	2018	2017
	£	£
Other creditors	9,750	13,650
	<u>9,750</u>	<u>13,650</u>

Other creditors of £9,750 (2017: £13,650) relates to Salix funding which is being repaid in twice yearly instalments.

16 Deferred income	2018	2017
	£	£
Deferred income is included within:		
Creditors due within one year	142,197	88,815
	<u>142,197</u>	<u>88,815</u>
Deferred income at 1 September 2017	88,815	58,232
Released from previous years	(86,438)	(58,232)
Resources deferred in the year	139,820	88,815
	<u>142,197</u>	<u>88,815</u>
Deferred income at 31 August 2018	142,197	88,815

At the balance sheet date the academy trust was holding funds received in advance for rates relief, year 7 literacy and bursary income.

17 Financial instruments	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	65,201	14,302
	<u>65,201</u>	<u>14,302</u>
Carrying amount of financial liabilities		
Measured at amortised cost	1,006,589	1,037,947
	<u>1,006,589</u>	<u>1,037,947</u>

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	9,035,190	(9,305,583)	270,393	-
Other DfE / ESFA grants	-	414,450	(414,450)	-	-
Other government grants	-	168,699	(168,699)	-	-
Other restricted funds	-	128,407	(128,407)	-	-
Pension reserve	(3,225,000)	-	(195,000)	631,000	(2,789,000)
	<u>(3,225,000)</u>	<u>9,746,746</u>	<u>(10,212,139)</u>	<u>901,393</u>	<u>(2,789,000)</u>
Restricted fixed asset funds					
Inherited funds	40,363,699	-	(671,082)	-	39,692,617
DfE group capital grants	-	39,016	(16,544)	-	22,472
Capital expenditure from GAG	36,735	-	(2,386)	-	34,349
Capital expenditure from URF	22,896	-	(21,599)	39,639	40,936
	<u>40,423,330</u>	<u>39,016</u>	<u>(711,611)</u>	<u>39,639</u>	<u>39,790,374</u>
Total restricted funds	<u>37,198,330</u>	<u>9,785,762</u>	<u>(10,923,750)</u>	<u>941,032</u>	<u>37,001,374</u>
Unrestricted funds					
General funds	<u>690,460</u>	<u>681,457</u>	<u>(546,395)</u>	<u>(310,032)</u>	<u>515,490</u>
Total funds	<u>37,888,790</u>	<u>10,467,219</u>	<u>(11,470,145)</u>	<u>631,000</u>	<u>37,516,864</u>

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds (Continued)

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

General Annual Grant

General Annual Grant must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018. Unrestricted funds have been utilised to supplement the excess GAG expenditure over GAG income during the year.

Other DfE/ESFA Grants

Other DfE/ESFA grants comprise pupil premium targeted at disadvantaged pupils, rates relief income and year 7 catch up funding.

Other government grants

Other government grants include special education needs funding and other local authority funding.

Other restricted funds

Other restricted funds include restricted donations in relation to Chromebooks.

Pension reserve

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS, hence the pension liability has been aligned with these funds.

Inherited assets

Inherited funds include the leasehold premises and other assets transferred on conversion. Depreciation will be charged to the fund over the life of the related assets.

Capital expenditure from GAG and unrestricted funds

This represents the total capital expenditure from the GAG and unrestricted funds. Depreciation will be charged to the fund over the life of the related assets.

Unrestricted funds

Included within unrestricted funds carried forward at 31 August 2018 is a balance in respect of school funds amounting to £45,820 (2017: £51,848).

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds (Continued)

Funds prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	-	9,119,322	(9,142,823)	23,501	-
Other DfE / ESFA grants	-	363,767	(363,767)	-	-
Other government grants	-	146,303	(146,303)	-	-
Other restricted funds	-	102,772	(102,772)	-	-
Pension reserve	(4,552,000)	-	(288,000)	1,615,000	(3,225,000)
	<u>(4,552,000)</u>	<u>9,732,164</u>	<u>(10,043,665)</u>	<u>1,638,501</u>	<u>(3,225,000)</u>
Restricted fixed asset funds					
Inherited funds	41,036,554	-	(672,855)	-	40,363,699
Capital expenditure from GAG	37,347	-	(612)	-	36,735
Capital expenditure from URF	-	-	-	22,896	22,896
	<u>41,073,901</u>	<u>-</u>	<u>(673,467)</u>	<u>22,896</u>	<u>40,423,330</u>
Total restricted funds	<u>36,521,901</u>	<u>9,732,164</u>	<u>(10,717,132)</u>	<u>1,661,397</u>	<u>37,198,330</u>
Unrestricted funds					
General funds	619,671	624,208	(507,022)	(46,397)	690,460
	<u>619,671</u>	<u>624,208</u>	<u>(507,022)</u>	<u>(46,397)</u>	<u>690,460</u>
Total funds	<u>37,141,572</u>	<u>10,356,372</u>	<u>(11,224,154)</u>	<u>1,615,000</u>	<u>37,888,790</u>

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	39,790,374	39,790,374
Current assets	534,501	1,116,125	13,650	1,664,276
Creditors falling due within one year	(19,011)	(1,116,125)	(3,900)	(1,139,036)
Creditors falling due after one year	-	-	(9,750)	(9,750)
Defined benefit pension liability	-	(2,789,000)	-	(2,789,000)
Total net assets	<u>515,490</u>	<u>(2,789,000)</u>	<u>39,790,374</u>	<u>37,516,864</u>

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Analysis of net assets between funds (Continued)

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total Funds £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	40,423,330	40,423,330
Current assets	753,549	1,046,123	17,550	1,817,222
Creditors falling due within one year	(63,089)	(1,046,123)	(3,900)	(1,113,112)
Creditors falling due after one year	-	-	(13,650)	(13,650)
Defined benefit pension liability	-	(3,225,000)	-	(3,225,000)
Total net assets	<u>690,460</u>	<u>(3,225,000)</u>	<u>40,423,330</u>	<u>37,888,790</u>

20 Capital commitments

	2018 £	2017 £
Expenditure contracted for but not provided in the financial statements	-	43,666

21 Commitments under operating leases

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	121,674	121,656
Amounts due between one and five years	80,548	100,575
	<u>202,222</u>	<u>222,231</u>

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

22 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(1,002,926)	(867,782)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(39,016)	-
Interest receivable	(1,440)	(1,408)
Defined benefit pension scheme cost less contributions payable	118,000	200,000
Defined benefit pension scheme finance cost	77,000	88,000
Depreciation of tangible fixed assets	711,611	673,467
Movements in working capital:		
(Increase)/decrease in debtors	(72,796)	33,297
Increase/(decrease) in creditors	25,924	(792,829)
Net cash used in operating activities	<u>(183,643)</u>	<u>(667,255)</u>

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

24 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

24 Pension and similar obligations (Continued)

Valuation of the Teachers' Pension Scheme

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 in 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 2.0% 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%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £773,679 (2017: £739,685).

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

Under the definitions set out in FRS102, the TPS is an unfunded 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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.3% for employers and 6.1% 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 current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

24 Pension and similar obligations (Continued)

Total contributions made	2018	2017
	£	£
Employer's contributions	284,000	264,000
Employees' contributions	78,000	80,000
	<u>362,000</u>	<u>344,000</u>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

	2018	2017
	%	%
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment/inflation	2.0	2.0
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.0	2.0

The assumed life expectations on retirement age 65 are:

	2018	2017
	Years	Years
Retiring today		
- Males	22.9	22.8
- Females	25.0	24.9
Retiring in 20 years		
- Males	25.1	25.0
- Females	27.3	27.2

The Academy's share of the assets in the scheme

	2018	2017
	Fair value	Fair value
	£	£
Equities	2,874,000	2,554,000
Government bonds	786,000	649,000
Corporate bonds	320,000	292,000
Cash	-	4,000
Property	173,000	152,000
Other assets	168,000	144,000
	<u>4,321,000</u>	<u>3,795,000</u>

The actual return on scheme assets was £214,000 (2017: £(34,000)).

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

24 Pension and similar obligations (Continued)

Amount recognised in the Statement of Financial Activities	2018	2017
	£	£
Current service cost	402,000	464,000
Net interest cost	77,000	88,000
	<hr/>	<hr/>
Total operating charge	479,000	552,000
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of defined benefit obligations	2018
	£
At 1 September 2017	7,020,000
Current service cost	402,000
Interest cost	176,000
Employee contributions	78,000
Actuarial gain	(516,000)
Benefits paid	(50,000)
	<hr/>
At 31 August 2018	7,110,000
	<hr/> <hr/>

Changes in the fair value of the Academy's share of scheme assets	2018
	£
At 1 September 2017	3,795,000
Interest income	99,000
Return on plan assets (excluding net interest on the net defined pension liability)	115,000
Employer contributions	284,000
Employee contributions	78,000
Benefits paid	(50,000)
	<hr/>
At 31 August 2018	4,321,000
	<hr/> <hr/>

25 Related party transactions

Owing to the nature of the Academy and the composition of the governing body being drawn from local public and private sector organisations, transactions may take place with organisations in which the governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account other than certain governors remuneration and expenses already disclosed in note 10.

CRAMLINGTON LEARNING VILLAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

26 Agency arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £24,494 and disbursed £12,634. Included in accruals and deferred income at the year end is £95,554 to be disbursed in future years (this includes the 2017 deferred income balance brought forward of £83,694).

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CRAMLINGTON LEARNING VILLAGE AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 20 July 2017 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by Cramlington Learning Village during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of Cramlington Learning Village in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Cramlington Learning Village's accounting officer and governors

The accounting officer is responsible, under the requirements of Cramlington Learning Village's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook, extant from 1 September 2017, 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Cramlington Learning Village and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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 2017 to 2018.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 1 September 2017 to 31 August 2018 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CRAMLINGTON LEARNING VILLAGE AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2017 to 2018.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Cramlington Learning Village and the ESFA in accordance with the terms of our engagement letter dated 20 July 2017. Our work has been undertaken so that we might state to the Cramlington Learning Village and the ESFA 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 Cramlington Learning Village and the ESFA, for our work, for this report, or for the conclusion we have formed.

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