

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31ST AUGUST 2016**

Members	<p>Mrs K Elen Mr L Hampton-Whitehead Mr D Hogg Mr C Germaine Mr D Jayne</p>
Trustees	<p>Mrs K Elen, Chair, Parent Trustee¹ Mr L Hampton-Whitehead, Parent Trustee¹ Mr D Hogg, Trustee Mr C Germaine, Trustee Mr D Jayne, Parent Trustee Mr G Balmer, Acting Principal and Accounting Officer (appointed 1st May 2016, resigned 31st August 2016)¹ Mrs J Gooch, Trustee¹ Mrs K H Harrison, Principal and Accounting Officer (resigned 30th April 2016)¹ Mrs M Hood, Staff Trustee (resigned 18th July 2016) Mrs S Hutchinson, Parent Trustee (resigned 30th April 2016) Mrs H Kelly, Parent Trustee Mr K Timney, Staff Trustee Mr K Urch, Trustee¹ Mr A Johnson, Principal and Accounting Officer (appointed 1st September 2016) Mrs A Coole, Trustee (appointed 26th September 2016) Mr J O'Keefe, Trustee (appointed 26th September 2016)¹</p> <p>¹ Member of the Business and Finance Group</p>
Company secretary	Mrs A Price
Senior leadership team	<p>Mr G Balmer, Vice Principal (to 30th April) / Acting Principal (appointed 1st May 2016 - resigned 31st August 2016) Mrs K H Harrison, Principal (resigned 30th April 2016) Mrs A Price, Business Manager Mr M Wycherley, Assistant Principal (to 30th April) / Acting Vice Principal (appointed 1st May 2016 - resigned 31st August 2016) Mr M John, Assistant Principal Miss L Rogers, Faculty Director - Sixth Form Miss D Hughes, Faculty Director - STEM Mr D Williams, Faculty Director - Communications Mrs M Hood, Senior Teacher (appointed 1st September 2016) Miss K Gordelier, Senior Teacher (appointed 1st September 2016) Mr A Johnson, Principal (appointed 1st September 2016) Mr R Phillips, Vice-Principal (appointed 1st September 2016)</p>
Company name	Newent Community School and Sixth Form Centre
Principal and registered office	<p>Watery Lane Newent Gloucestershire GL18 1QF</p>
Company registered number	08153177

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
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Advisers (continued)

Statutory auditors	Davies Mayers Barnett LLP Pillar House 113/115 Bath Road Cheltenham Gloucestershire GL53 7LS
Bankers	Lloyds Bank Plc 19 East Gate Street Gloucester Gloucestershire GL1 1NU
Solicitors	Harrison Clark Rickerbys Limited Ellenborough House Wellington Street Cheltenham Gloucestershire GL50 1YD

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of Newent Community School and Sixth Form Centre (the Academy) for the period of 1st September 2015 to 31st August 2016. The annual report serves as the purposes of both a trustees' report and a directors' report under company law.

The trust operates an academy for students aged 11-19 serving the town of Newent and surrounding villages including a proportion of students travelling into school from the city of Gloucester by bus to attend the school. It has a capacity for 1,400 students but currently has a roll of 933 in the school census on October 2015.

Structure, governance and management

Constitution

The Academy was incorporated on 23rd July 2012 and commenced as an Academy Trust from 1st September 2012. The Academy Trust is a Company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees act as the Trustees for the charitable activities of the Academy and are also Directors of the Charitable Company for the purposes of company law.

The Charitable Company is known as Newent Community School and Sixth Form Centre.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details.

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.

Trustees' indemnities

The Academy Trust provides indemnity insurance to cover the liability of Trustees 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 Trust.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

Method of recruitment and appointment or election of Trustees

The number of Trustees shall be not less than three, and shall include the Principal. The Members of the Trust are responsible for the appointment of up to 8 Trustees. Up to 7, and at least 2, Parent Trustees are elected by parents of registered students at the school. A Parent Trustee must be a parent of a student at the School at the time when (s)he is elected. The number of Parent Trustees required shall be made up by Parent Trustees appointed by the Board of Trustees if the number of parents standing for election is less than the number of vacancies. In appointing a Parent Trustee, the Board of Trustees shall appoint a person who is the parent of a registered student at the school; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age. Up to 4 Staff Trustees may be appointed through such process as the Members of the Trust may determine, provided that the total number of Trustees (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Trustees. The Trustees may appoint up to 3 Co-opted Trustees. The Secretary of State may also appoint additional Trustees under certain circumstances.

The term of office for any Trustee shall be 4 years, except for the Principal. Subject to remaining eligible, Trustees may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Trustees

Trustees are appointed or elected based on the skills that they will bring to the Board of Trustees. On appointment Trustees receive information relating to the Trust, their specific role and responsibility upon the Board of Trustees and attend a briefing and receive an induction pack on the role and responsibilities of Trustees. Trustees are given the opportunity and encouraged to attend training sessions on relevant issues and changes in legislation etc, including sessions which run before each full Trustees' meeting. The topics covered are regularly reviewed to ensure that Trustees are kept up to date as far as possible.

Organisational structure

The Board of Trustees is responsible for the strategic direction of the School; it meets at least 3 times per year. The Board organised a facilitated meeting with the Senior Leadership Team to review the Academy's vision in December 2015. As a result of this facilitated meeting a Governance Structure Oversight Diagram was created which is available on the School's website.

The Board of Trustees and other Trustees with specific duties/tasks make up the Full Governing Body of the Academy.

The Full Governing Body and its delegated Trustee Groups (Executive, Standards, Community, Business and Finance, Personnel and Resources) review the Academy's progress towards its educational objectives and results. It also approves major expenditure requests on the recommendation of the Business and Finance Group, and sets, and makes the relevant recommendations regarding the budget for the following year to the Board of Trustees. The Business and Finance Group meets at least 5 times per year.

Other Trustees carry out delegated responsibilities in particular areas including:

Child Protection Trustee
Children in Care Trustee
SEN Trustee
Pupil Premium Trustee
Health and Safety Trustee
Safeguarding Trustee

In addition, three Trustees have been appointed to the Principal's Performance Management Review Panel.

Terms of reference, roles and responsibilities and training for each Trustee are reviewed and agreed at the beginning of the year.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31ST AUGUST 2016

Organisational structure (continued)

The Principal is the designated Accounting Officer of the Academy and has overall responsibility for the day-to-day financial management of the Charitable Company. The Principal has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own teams within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

The Principal manages the Academy on a daily basis supported by a Senior Leadership Team. The Senior Leadership Team meets twice a week to discuss emerging matters and one extended meeting to develop strategies for future development to be put to the appropriate Trustee Group or the Full Governing Body as appropriate and as required for approval. Each member of the Senior Leadership Team has specific responsibilities to assist the Principal to lead and manage key strategic and operational aspects of the Academy.

Arrangements for setting pay and remuneration of key management personnel

The Academy has a Pay Policy which is reviewed annually. The Policy sets out the arrangements and detailed procedure for the setting and reviewing of pay for all staff including key individuals.

The pay scale for each key position is reviewed as and when the post becomes vacant when thorough benchmarking is undertaken both on a regional and national basis. Reference is also made to the School Teachers' Pay and Conditions Document.

A robust Teacher Appraisal Protocol, underpinning the Pay Policy, is operated in full throughout the Academy. The cycle of review meetings are completed by 31 October with recommendations for pay amendments made by the Principal to the relevant Trustees meeting in November.

In addition, the Principal's Performance Management Review Panel which is supported by an external consultant provides recommendations to the Trustees in line with the School's Pay Policy.

Connected organisations, including related party relationships

During the year, the Academy continued to work in partnership with Hartpury College in delivery of vocational courses, furthering the pursuit of the Academy's personalised curriculum provision for students at Key Stage 4. This partnership ceased in July 2016.

The school has also developed a collaboration with The Cotswold School and Christopher Whitehead Language College to undertake independent, external reviews on a number of areas including Subject Reviews and Improving Teaching and Learning.

The Academy again took part in the Tujuane project which links with St George's Secondary School near Kisumu in Kenya. This project also involves Dene Magna School and Lakers School.

The Principal is an ex officio member of the Gloucestershire Association of Secondary Headteachers. The Academy benefits from receiving information directly from the Gloucestershire Schools Forum via membership of this Association.

The Business Manager is an Executive member of the Gloucestershire Association of School Business Management. The Academy benefits from receiving information from leading departments in Local Authority and Education Funding Agency via membership of this Association.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

Objectives and Activities

The school saw significant change during the year with the departure of the Principal, Mrs Harrison, on 30th April 2016. The recruitment process for her replacement was undertaken early in February and, therefore, the whole school community were fully aware of the change of leadership to Mr Johnson that would happen on 1st September 2016.

During the interregnum of the two permanent Principals, the Vice Principal was appointed to the position of Acting Principal. This was followed by secondments to the Senior Leadership Team to ensure capacity within the team was maintained.

Unfortunately due to the financial pressures within Education funding at present, there was a further need to undertake a wider staffing restructure which was effective 31st August 2016. This staffing restructure also included the loss of an Assistant Principal following their resignation without a replacement.

The school has continued to develop the parental engagement on all levels and during 2016 has undertaken a series of surveys during Parents' Evenings. The results are extremely encouraging with:

98% of parents confirming that their child feels safe and secure at the school
99% of parents confirming their child is happy at the school
97% of parents confirming they are satisfied with the standard of care and support their child receives
96% of parents confirming they are satisfied with the quality of teaching that their child receives
97% of parents confirming they are satisfied with the level of challenge in their child's lessons

These results are very pleasing but simply confirm Ofsted's findings.

Objects and aims

The Academy Trust's objects are 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"); and
- to promote, for the benefit of the inhabitants of Newent and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interest of social welfare and the object of improving the condition of life of the said inhabitants. The Academy is committed to creating a safe, engaging and vibrant learning environment which cultivates open-minded, aspirational global citizens through a lifelong love of learning, alongside partnerships which empower, inspire and achieve success within the School and the local, national and international communities which we are involved in.

The Academy prioritises academic achievement and progress and we constantly strive to further improve teaching and learning. High quality teaching and learning goes on across all subjects, age groups and abilities, as evidenced through rigorous monitoring as well as examination results. Lessons are planned according to students' needs to ensure progress towards their individual targets. Students are challenged and stimulated - the more able and talented are extended and those with additional needs are supported.

The Academy aims to develop its students as future global citizens and ensure that they have a wide range of opportunities: as well as House and whole School activities, the Academy also offers a wide range of regular extra-curricular clubs during the day and after school, and students are encouraged to get involved.

The Academy places a great deal of importance on inclusion and support. The quality of the pastoral care, guidance and the social inclusion of students are key features of the ethos and community of the School.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31ST AUGUST 2016

Objectives, strategies and activities

This was the fourth year of operation for Newent Community School and Sixth Form Centre as an Academy Trust.

The Ofsted judgement in February 2014 rated the school as "good" in each of the four categories of Progress and Achievement, Quality of Teaching and Learning, Behaviour and Safety and Leadership and Management. The period following this judgement had a focus of building progress and maintaining at least an Ofsted "good" judgement at the next inspection. However, the clear objective is to continue the school's improvement journey and develop strategies to achieve an "outstanding" judgement.

Specific priorities in the new academic year are:

- To ensure teachers are using data to ensure challenge in every lesson for all students and to improve the effectiveness of feedback given
- To continue to increase numbers coming into Year 7
- To develop cross party working, with Trustees and members of the Senior Leadership Team, to investigate all aspects of soft or hard federations and forming or joining a Multi Academy Trust
- The full roll out of the new school uniform which was introduced this year for Year 7 students only
- The introduction of a new platform "MILK" which will allow parents access to information such as attendance and behaviour on their students as well as acting as a full communication tool between the school and home.

Alongside the core objectives in terms of student progress and achievement, not only in the core subjects but across the curriculum and in extra-curricular areas, the Academy is also committed to its role at the heart of the local community. The Academy sees an active policy of engagement with the wider community, including our feeder primary schools and local secondary schools and FE colleges, as key to success in the medium and longer term.

The Academy is committed to equal opportunities for all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

The Academy continues to be involved in a wide range of activities in support of local, national and international charities, including The Prime Minister's National Dementia Initiative, the Gloucestershire Healthy Living and Learning 'Pink Curriculum' and non-uniform days, tutorial charity fundraising events and whole School events to raise funds for Children in Need, Macmillan Cancer Nurses and a range of local charities.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the Charity's aims and objectives and in planning future activities. In particular the Trustees consider how planned activities will contribute to the aims and objectives they have set.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

Strategic report

Achievements and performance

During the period following the School's Ofsted "good" judgement the focus has been on embedding progress and maintaining at least an Ofsted "good" judgement at the next inspection. The Five Year School Development Plan focused on Learning and Teaching (Progress and Achievement), Leadership and Management, Behaviour and Safety, Personal Well-being, Growth and Development, Community and Environment.

A number of TLR3 appointments were made for the academic year to assist with the ongoing process of further development projects to continue positive outcomes for student achievement at the school.

In the key areas of student progress and attainment at GCSE level the school continued to improve. The headline targets and results for 2016 are shown below alongside actual results for the preceding years.

The School is extremely pleased with the significant improvement on the previous year's results which were in line with expectations.

Actual Achievement Targets

	2013	2014	2015	2016
%5A* - C (EM)	62	57	55	63
Attainment % %A-G	98	97	98	98
% English C+	73	67	68	70
% Maths C+	77	75	74	77

A level results were in line with national benchmarks, confirming Ofsted's evaluation of the sixth form as "good".

Key Performance Indicators

In addition to the GCSE and A Level results referred to above, the academy achieved the following results with regard to its key performance indicators:

- The overall attendance level of 93.1% was a drop on the previous year and lower than our 95% target.
- The student recruitment data reflected a decrease from 1,037 to 933 students in all year groups. The Year 7 numbers fell to 117 for September 2017 although the Year 12 recruitment numbers remained reasonably static to the previous year.
- The Academy's financial year resulted in a deficit of £226,645 (before actuarial losses in the year) compared with a budgeted deficit of £325,000 (budgeted revenue deficit £116,000, adjusted for capital movements of £209,000 for comparability).

Additional highlights during the year included:

- Sporting success at county, regional and national level for a number of individual students and teams.
- The Kenya exchange project continued to bring the whole School together to raise funds, support and awareness. In partnership with Lakers School and Dene Magna Academy the three schools very successfully undertook a joint student exchange visit to St George's School.
- Full replacement of windows within four blocks and the recladding of the link bridge.
- Full refurbishment of the school's kitchen.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31ST AUGUST 2016

Going concern

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

Financial review

The Academy achieved a revenue deficit of £44,998 (before actuarial losses in the year), which adjusts the revenue reserves to carry forward to £620,259 (excluding the pension reserve). Total revenue income, including the General Annual Grant (GAG) as well as other income, was in line with budget. Revenue expenditure was lower than budget as a result of effective management and strong financial controls. The Academy did not experience any difficulties with regard to cash flow during the financial year.

Total capital income was £342,298, which includes a successful Capital Improvement Fund bid of £319,831 for the refurbishment of the school kitchen. In accordance with the Academies Accounts Direction, such grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2016 the net book value of fixed assets was £19,949,479. 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.

Reserves policy

The Trustees review the reserve levels of the Academy annually. Reserves are needed to provide 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. In addition, the changes and improvements required in line with the Development Plan, alongside the anticipated impact of reduced student numbers, will require adjustments to the Academy's management and staffing structure and resources which will involve short term costs, including some one-off items, over and above the Academy's normal revenue expenditure.

With this in mind the Trustees believe that the Academy's current level of free reserves of £134,944 (total funds less the amount held in fixed assets and restricted funds) will be crucial to support the Academy's activities in the coming years. There are a number of restricted funds representing the residual unspent element of grants and other income received during the year totalling £485,315 which will be spent for the specific purposes concerned. There was also a negative pension reserve in respect of the Local Government Pension Scheme amounting to £2,283,000 at the year end.

Investment Policy

The Academy considered options on its Investment Policy in 2014/2015 and, therefore, continued with the agreed roll out in 2015/2016 of using a 32 day notice investment account. This has been successful in raising additional financial resources through interest payments and is continuing to be used currently.

The policy will aim to ensure that any funds that the Academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Academy's income but with minimal risk. The Academy does not consider the investment of surplus funds as a primary activity.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

Principal risks and uncertainties

The Academy operates a Risk Management and Assessment Protocol and has established a risk register and risk review process. This process will be further defined over the coming year to ensure effective control measures and action to mitigate risks are put in place.

The principal risks are detailed below which are in part inter-related:

- Failure to maintain the momentum of change and improvement implemented to achieve the Ofsted's "Good" category
- Unsatisfactory improvements to Governance including a failure to recruit Trustees with the necessary skills and experience
- A shortfall in funding as a result of falling rolls
- Increased local competition for VI formers, leading to a reduction in student numbers
- A failure of the Academy's IT systems
- A major failure in utility supply

Key controls in place:

- From September 2016 the School will be working with RM Education who will deliver a Managed IT Service to provide greater security against any potential IT systems failure
- An organisational structure with defined roles, responsibilities and authorisation levels
- Financial planning, budgeting and management reporting, highlighting areas of financial risk
- A Marketing and PR programme
- Formal written and published policies and protocols including a Business Continuity Plan
- With regard to pension risks, the Academy has recognised its share of the Local Government Pension Scheme (LGPS) deficit in accordance with Financial Reporting Standard 102.

In addition to the risk and controls that have been identified above, the decision by Trustees, given the opportunity that has presented itself, to appoint an experienced Principal from September 2016 cannot be ignored.

Plans for future periods

The medium and long term plans which will provide the focus of the Academy's activity during 2016/2017 are laid down in the Development Plan which is being further reviewed as a result of the appointment of the new Principal from September 2016.

A number of organisational changes have taken place with effect from September 2016 which are intended to enhance the school's provision in the coming year. These include:

- Further alterations to the curriculum to respond to the new National Curriculum.
- The continued roll out of the three year GCSE courses in response to the changes in specifications and at post 16 to reflect the changes to course organisation and specifications.
- The rise in the participation age and the continued emphasis on the core subjects of English, Maths and Science
- A number of changes in the way the Academy supports students with Special Education Needs and students that attract Pupil Premium Funding.
- The reduction in student numbers, which is particularly evident in the junior years, will make it necessary for the Academy to continue restructuring in order to save costs in line with reduced income and to ensure that the organisational structure is appropriate and fit for purpose.

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TRUSTEES' REPORT (continued)
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Disclosure of information to auditors

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

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

This report, incorporating the Strategic Report, was approved by order of the Board of Trustees as company directors, on 7 December 2016 and signed on its behalf by:

..........
Mrs K Elen, Chair, Parent Trustee

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Newent Community School and Sixth Form Centre and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr G Balmer, Acting Principal and Accounting Officer (appointed 1st May 2016 - resigned 31st August 2016)	1	1
Mrs K Elen , Chair, Parent Trustee	4	4
Mr L Hampton-Whitehead, Parent Trustee	3	4
Mrs K H Harrison, Principal and Accounting Officer (resigned 30th April 2016)	3	3
Mr D Hogg, Trustee	4	4
Mrs M Hood, Staff Trustee (resigned 18th July 2016)	4	4
Mrs S Hutchinson, Parent Trustee (resigned 30th April 2016)	2	3
Mr C Germaine, Trustee	4	4
Mrs J Gooch, Trustee	4	4
Mr D Jayne, Parent Trustee	1	4
Mrs H Kelly, Parent Trustee	4	4
Mr K Timney, Staff Trustee	2	4
Mr K Urch, Trustee	2	4

The Business and Finance Group is a sub-committee of the main Board of Trustees. Its principal purpose is as follows along with the standard regularity, monitoring and reviewing aspects of any committee function:

- To assist the decision making of the governing body.
- To consider the Academy's indicative funding and to assess its implications for the Academy, in consultation with the Principal, drawing any matters of significance or concern to the attention of the governing body.
- To consider and recommend acceptance / non-acceptance of the Academy's budget at the start of each financial year.
- To contribute to the formulation of the Academy's development plan, in consultation with the Principal, with the stated and agreed aims and objective of the Academy.

The biggest challenge that the committee has had to respond to and fully understand is the ongoing financial constraints due to the reduction in student numbers. The Trustees have undertaken this function with a good balance of challenge and support throughout the year.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Committee Member	Meetings attended	Out of a possible
Mr G Balmer, Acting Principal and Accounting Officer (appointed 1st May 2016 - resigned 31st August 2016)	2	2
Mrs K Elen, Chair, Parent Trustee	7	7
Mrs J Gooch, Trustee	7	7
Mr L Hampton-Whitehead, Parent Trustee	7	7
Mrs K H Harrison, Principal and Accounting Officer (resigned 30th April 2016)	4	5
Mr K Urch, Trustee	7	7

Furthermore there are four other sub-committee groups of the main Board of Trustees. Each in turn have a vital part to play in demonstrating standard regularity, monitoring and reviewing.

Attendance at all sub-committee meetings in the year was as follows:

Committee Member	Meetings attended	Out of a possible
Mr G Balmer, Acting Principal and Accounting Officer (appointed 1st May 2016 - resigned 31st August 2016)	8	8
Mrs K Elen, Chair, Parent Trustee	15	15
Mr C Germaine, Trustee	9	11
Mrs J Gooch, Trustee	10	10
Mr L Hampton-Whitehead, Parent Trustee	13	15
Mrs K H Harrison, Principal and Accounting Officer (resigned 30th April 2016)	11	12
Mr D Hogg, Trustee	9	11
Mrs M Hood, Staff Trustee	4	4
Mrs S Hutchinson, Parent Trustee	4	5
Mr D Jayne, Parent Trustee	4	8
Mrs H Kelly, Parent Trustee	3	3
Mr K Timney, Staff Trustee	1	3
Mr K Urch, Trustee	10	11

At the start of the year the position of Chair of the Academy Board was an Acting role. However, the position was confirmed as permanent very early in the year which has aided the school with a degree of certainty and continuity which has been key.

In September 2016 two new Trustees, with a wealth of relevant experience and skills, will join the Governing Body following a successful targeted recruitment process.

The Board has continued to undergo both formal and informal training which has been delivered by an NGA consultant. Further training of Trustees to have appropriate skills and expertise areas is on going based on analysis of the NGA skills audit that all Trustees have completed.

The Chair was instrumental in leading the Governors through the Principal recruitment process with the extremely positive appointment of an experienced Principal key to the further improvement of the school.

Governance Reviews

The Board are committed to undergoing regular reviews and enlisted the support of a National Leader of Governance to assist with the review during this year.

The NLG attended an extraordinary meeting of the Board to facilitate a review of the Board's operation and identify areas for development.

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GOVERNANCE STATEMENT (continued)

Review of Value for money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by applying the four principles of value for money:

- Challenge - Is the School's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?
- Compare - How does the School's student performance and financial performance compare? How does it compare with other schools? How does it compare with similar schools?
- Consult - How does the School seek the views of stakeholders about the services the School provides?
- Compete - How does the School secure efficient and effective services? Are services of appropriate quality, economic?

Therefore, the Trustees, and the Senior Leadership Team and Managers, will:

- make comparisons with other similar schools using data provided by GASH, GASBM and the Government, e.g. benchmarking tools, quality of teaching and learning, levels of expenditure.
- challenge proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual student achievement targets.
- require suppliers to compete on grounds of cost, and quality / suitability of services / products / backup
- consult individuals and organisations on quality / suitability of service we provide to parents and students, and services we receive from providers, e.g. Sex and relationship education, student reports, assigned inspector, Ofsted, Finance consultant.

The Trustees and Senior Leadership Team and Managers apply the principles of value for money when making decisions to improve the educational outcomes of the school by:

- the allocation of resources to best promote the aims and values of the School;
- the targeting of resources to best improve standards and the quality of provision; and
- the use of resources to best support the various educational needs of all students.

The Governing Body is accountable for the way in which the School's resources are allocated to meet the objectives set out in the School Development Plan. Trustees need to secure the best possible outcome for students, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the School's achievements and services.

The Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy remains a 'going concern'. The Trustees who are part of the Business and Finance Group receive and approve the Annual Accounts and External Auditors' Management Letter. The Governing Body receive the signed Annual Accounts with all related documentation.

The Business Manager, supported by the Finance Office, is always striving to find value for money in terms of suitability, efficiency, time and cost. Measures already in place are detailed in the Financial Policy, which is permanently available for all staff and Trustees.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis and that long term contracts remain competitive.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newent Community School and Sixth Form Centre for the year to 31st August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year to 31st August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Mr Ken Jollans as internal reviewer to undertake a programme of checks.

In addition, the school intends to further develop a programme of peer reviews over the coming year.

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

- Budget setting and review process
- Capital funds and work undertaken
- Financial procedures
- VAT procedures
- Procurement of Contracts
- Payroll systems

The scheduled programme of work has been delivered in full during the year.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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GOVERNANCE STATEMENT (continued)

On a termly basis the reviewer reports to the board of trustees, through the Business and Finance Group on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

On an annual basis the reviewer attends a Business and Finance Group Meeting to report on the progress made over the year and provides recommendations for any necessary improvements.

Review of Effectiveness

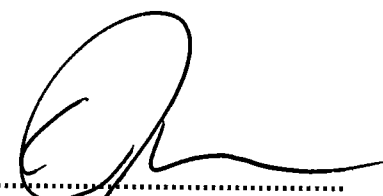
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal reviewer;
- the work of external auditors;
- the work of executive managers within the Academy who have the 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 Business and Finance Group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on their behalf, by:


.....
Mrs K Elen
Chair, Parent Trustee


.....
Mr A Johnson
Principal and Accounting Officer

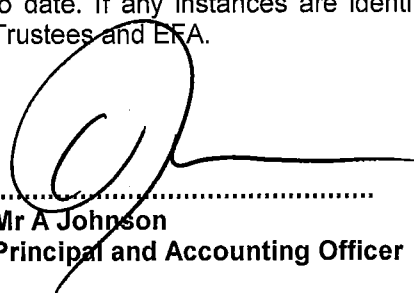
NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Newent Community School and Sixth Form Centre I have considered my responsibility to notify the academy trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust 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 2015.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and EFA.



.....
Mr A Johnson
Principal and Accounting Officer

Date: 7 December 2016

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31ST AUGUST 2016

The trustees (who act as governors of Newent Community School and Sixth Form Centre and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on its behalf by:

.....

.....
Mrs K Elen
Chair, Parent Trustee

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

We have audited the financial statements of Newent Community School and Sixth Form Centre for the year ended 31st August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NEWENT
COMMUNITY SCHOOL AND SIXTH FORM CENTRE**

Matters on which we are required to report by exception

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

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



Nicola Smith (Senior statutory auditor)

for and on behalf of

Davies Mayers Barnett LLP

Chartered Accountants
Statutory Auditors

Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS
7 December 2016

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NEWENT
COMMUNITY SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 22nd September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Newent Community School and Sixth Form Centre during the year 1st September 2015 to 31st August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Newent Community School and Sixth Form Centre and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Newent Community School and Sixth Form Centre and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Newent Community School and Sixth Form Centre and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Newent Community School and Sixth Form Centre's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Newent Community School and Sixth Form Centre's funding agreement with the Secretary of State for Education dated 31st August 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1st September 2015 to 31st August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NEWENT
COMMUNITY SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION FUNDING AGENCY**
(continued)

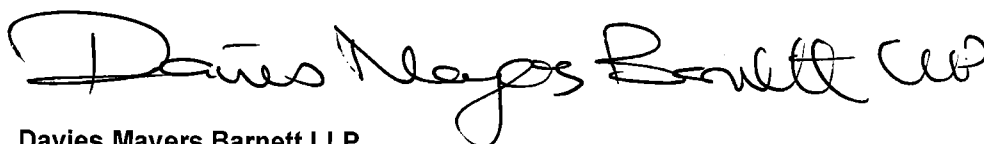
Approach (continued)

In this regard, we have carried out the following:

- specific testing of a sample of items of income and expenditure to ensure appropriately applied for the intended purposes intended;
- specific testing of a sample of system controls relevant to the above items;
- a general review of correspondence with the EFA regarding Academy governance matters during the year; and
- a general review and discussion of the Academy's internal processes for establishing and maintaining systems of control and documentation regarding these matters.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1st September 2015 to 31st August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Davies Mayers Barnett LLP

Chartered Accountants
Reporting Accountants

Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

7 December 2016

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	-	342,298	342,298	244,831
Charitable activities:	3					
Funding for the Academy's educational operations		273,615	5,380,975	-	5,654,590	5,878,473
Other trading activities	4	95,599	41,793	-	137,392	139,775
Investments	5	2,541	-	-	2,541	1,347
TOTAL INCOME		371,755	5,422,768	342,298	6,136,821	6,264,426
EXPENDITURE ON:						
Raising funds		59,762	41,793	-	101,555	118,061
Academy's educational operations		250,669	5,460,365	550,877	6,261,911	6,643,016
TOTAL EXPENDITURE	6	310,431	5,502,158	550,877	6,363,466	6,761,077
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	15	61,324 (12,326)	(79,390) (14,606)	(208,579) 26,932	(226,645) -	(496,651) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		48,998	(93,996)	(181,647)	(226,645)	(496,651)
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(414,000)	-	(414,000)	43,000
NET MOVEMENT IN FUNDS		48,998	(507,996)	(181,647)	(640,645)	(453,651)
RECONCILIATION OF FUNDS:						
Total funds brought forward		85,946	(1,289,689)	20,217,556	19,013,813	19,467,464
TOTAL FUNDS CARRIED FORWARD		134,944	(1,797,685)	20,035,909	18,373,168	19,013,813

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)

REGISTERED NUMBER: 08153177

**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		19,949,479		19,912,561
CURRENT ASSETS					
Debtors	13	297,499		306,717	
Cash at bank and in hand		905,959		887,356	
		1,203,458		1,194,073	
CREDITORS: amounts falling due within one year	14	(496,769)		(303,821)	
NET CURRENT ASSETS			706,689		890,252
TOTAL ASSETS LESS CURRENT LIABILITIES			20,656,168		20,802,813
Defined benefit pension scheme liability	18		(2,283,000)		(1,789,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			18,373,168		19,013,813
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	485,315		499,311	
Restricted fixed asset funds	15	20,035,909		20,217,556	
Restricted income funds excluding pension liability		20,521,224		20,716,867	
Pension reserve		(2,283,000)		(1,789,000)	
Total restricted income funds			18,238,224		18,927,867
Unrestricted income funds	15		134,944		85,946
TOTAL FUNDS			18,373,168		19,013,813

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

.....
Mrs K Elen
Chair, Parent Trustee

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>357,509</u>	<u>164,386</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,541	1,347
Purchase of tangible fixed assets		(587,795)	(473,837)
Capital grants from DfE/EFA		246,348	244,831
Net cash used in investing activities		<u>(338,906)</u>	<u>(227,659)</u>
Change in cash and cash equivalents in the year		18,603	(63,273)
Cash and cash equivalents brought forward		<u>887,356</u>	<u>950,629</u>
Cash and cash equivalents carried forward	21	<u><u>905,959</u></u>	<u><u>887,356</u></u>

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES

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 of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, 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 accounts 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Newent Community School and Sixth Form Centre constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Newent Community School and Sixth Form Centre prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Newent Community School and Sixth Form Centre for the year ended 31st August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

Going concern

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES (continued)

Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year 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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable (where there are no performance related conditions), where the receipt is probable and the amount can be reliably measured.

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

Agency arrangements

The Academy Trust acts as an agent in distributing certain monies to students, for example 16-19 Bursary funding from EFA in so far as these are not discretionary in nature. However, the Trustees believe the amounts to be immaterial in the period covered by these financial statements and have therefore not excluded this income and expenditure from the Statement of financial activities.

The Academy Trust also acts as an agent in distributing school bus passes to students. Payments received from parents of students and subsequent payments to the provider of the School bus service are excluded from the Statement of financial activities on the basis that the Academy Trust does not have control over the charitable application of the funds. The funds received and paid and, any balances held, are disclosed in the notes to the financial statements.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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 allocated on the portion of the asset's use.

Costs of raising funds are costs incurred to raise funds for the Academy's charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities and Governance costs are costs incurred on the Academy's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation

All assets costing more than £2,000 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold property	-	2%
Motor vehicles	-	33%
Fixtures and fittings	-	10% - 25%
Computer equipment	-	25%

A full year's depreciation is charged on assets in the year of acquisition.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES (continued)

Freehold Property

The Academy owns the property it operates from. The valuation of the Freehold Buildings has been considered by Trustees and included at what they consider a reasonable estimate of current market value.

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 or services it must provide.

Provisions

Provisions are recognised when the Academy has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

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

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and 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 recognised in the period to which they relate.

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NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust 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 Balance sheet date. The amounts charged to operating surplus 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 incorporating income and expenditure account 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 Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education Funding Agency, the Department for Education and Local Authority.

Critical accounting estimates and areas of judgement

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 trust 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Capital Grants	-	-	342,298	342,298	244,831

In 2015, of the total income from donations and capital grants, £Nil was to unrestricted funds, £Nil was to restricted funds and £244,831 was to restricted fixed asset funds.

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	4,976,187	4,976,187	5,156,696
Other DfE/EFA grants	-	163,091	163,091	156,848
	-	5,139,278	5,139,278	5,313,544
Other government grants				
Local authority grants	-	120,824	120,824	112,198
	-	120,824	120,824	112,198
Other funding				
Other income from the academy's educational operations	66,557	47,659	114,216	104,692
Catering services	145,850	-	145,850	163,882
School funds	61,208	73,214	134,422	184,157
	273,615	120,873	394,488	452,731
	273,615	5,380,975	5,654,590	5,878,473

In 2015, of the total income from charitable activities, £245,492 was to unrestricted funds, £5,632,981 was to restricted funds and £Nil was to restricted fixed asset funds.

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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities and services	61,411	41,793	103,204	122,665
Other income	34,188	-	34,188	17,110
	<u>95,599</u>	<u>41,793</u>	<u>137,392</u>	<u>139,775</u>

In 2015, of the total income from other trading activities, £87,180 was to unrestricted funds, £52,595 was to restricted funds and £Nil was to restricted fixed asset funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	2,541	-	2,541	1,347

In 2015, of the total investment income, £1,347 was to unrestricted funds, £Nil was to restricted funds and £Nil was to restricted fixed asset funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Raising funds	3,687	56,686	41,182	101,555	118,061
Educational operations:					
Direct costs	3,762,145	-	492,872	4,255,017	4,552,844
Support costs	910,555	809,737	286,602	2,006,894	2,090,172
	<u>4,676,387</u>	<u>866,423</u>	<u>820,656</u>	<u>6,363,466</u>	<u>6,761,077</u>

In 2015 of the total expenditure, £324,489 was to unrestricted funds, £5,903,259 was was to restricted funds and £533,329 was to restricted fixed asset funds..

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2016

7. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Pension cost	68,000	65,000
Technology costs	39,598	79,126
Premises costs	258,860	280,567
Other support costs	233,009	273,151
Governance costs	13,995	13,980
Wages and salaries	842,555	845,019
Depreciation	550,877	533,329
	<u>2,006,894</u>	<u>2,090,172</u>

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	550,877	533,329
Auditors' remuneration - audit	11,265	11,250
Auditors' remuneration - other services	2,730	2,730
Operating lease rentals	60,988	71,318
	<u>625,860</u>	<u>618,627</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,545,175	3,801,582
Social security costs	285,235	266,330
Operating costs of defined benefit pension schemes	670,150	629,762
	<u>4,500,560</u>	<u>4,697,674</u>
Supply teacher costs	70,120	92,164
Staff restructuring costs	37,707	78,886
Pension finance cost	68,000	65,000
	<u><u>4,676,387</u></u>	<u><u>4,933,724</u></u>

Staff restructuring costs comprise:

Severance payments	<u><u>37,707</u></u>	<u><u>78,886</u></u>
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Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £37,707 (2015 - £78,886). Individually the payments were £1,758, £14,370, £12,214, £2,165 and £7,200.

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

	2016 No.	2015 No.
Teachers	65	71
Administration and support	101	106
Management	8	8
	<u><u>174</u></u>	<u><u>185</u></u>

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

	2016 No.	2015 No.
In the band £60,001 - £ 70,000	1	1
In the band £80,001 - £90,000	0	1

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2016 pension contributions amounted to £11,157 (2015 - £20,991).

The key management of the Academy comprise the Trustees and the Senior leadership team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £564,549 (2015 - £517,352).

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10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016 £	2015 £
Mrs K H Harrison, Principal (resigned 30/04/16)	Remuneration	55,000-60,000	80,000-85,000
	Pension contributions paid	5,000-10,000	10,000-15,000
G Balmer, acting Principal (appointed 01/05/16)	Remuneration	25,000-30,000	N/A
	Pension contributions paid	0-5,000	N/A
Mr K Timney, Staff Trustee	Remuneration	15,000-20,000	5,000-10,000
	Pension contributions paid	0-5,000	0-5,000
Mrs M Hood, Staff Trustee (resigned 18/07/2016)	Remuneration	40,000-45,000	15,000-20,000
	Pension contributions paid	5,000-10,000	0-5,000

During the period ended 31st August 2016, no travel and subsistence expenses were reimbursed to Trustees (2015 - £Nil).

Related party transactions involving Trustees are set out in the Related party transactions note.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31st August 2016 was £1,517 (2015 - £1,964). The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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12. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1st September 2015	20,925,208	8,463	444,056	64,071	21,441,798
Additions	560,863	-	21,615	5,317	587,795
At 31st August 2016	<u>21,486,071</u>	<u>8,463</u>	<u>465,671</u>	<u>69,388</u>	<u>22,029,593</u>
Depreciation					
At 1st September 2015	1,233,813	5,983	255,735	33,706	1,529,237
Charge for the year	429,721	2,408	101,403	17,345	550,877
At 31st August 2016	<u>1,663,534</u>	<u>8,391</u>	<u>357,138</u>	<u>51,051</u>	<u>2,080,114</u>
Net book value					
At 31st August 2016	<u>19,822,537</u>	<u>72</u>	<u>108,533</u>	<u>18,337</u>	<u>19,949,479</u>
At 31st August 2015	<u>19,691,395</u>	<u>2,480</u>	<u>188,321</u>	<u>30,365</u>	<u>19,912,561</u>

13. DEBTORS

	2016 £	2015 £
Trade debtors	25,562	127,106
Other debtors	20,149	112,288
Prepayments and accrued income	251,788	67,323
	<u>297,499</u>	<u>306,717</u>

14. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	168,252	110,204
Other taxation and social security	79,101	79,764
Other creditors	20,357	22,702
Accruals and deferred income	229,059	91,151
	<u>496,769</u>	<u>303,821</u>

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14. CREDITORS: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1st September 2015	63,203	63,354
Resources deferred during the year	43,523	63,203
Amounts released from previous years	(63,203)	(63,354)
	<u>43,523</u>	<u>63,203</u>
Deferred income at 31st August 2016	<u>43,523</u>	<u>63,203</u>

At the balance sheet date the academy was holding funds received in advance for school bus passes and other funding specific to future years. This income has been deferred accordingly.

15. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	85,946	371,755	(310,431)	(12,326)	-	134,944
Restricted funds						
General Annual Grant (GAG)	357,769	4,976,187	(4,966,315)	(14,606)	-	353,035
School Fund Account	102,361	73,214	(128,496)	-	-	47,079
Other Government grants	-	120,824	(96,858)	-	-	23,966
Other DfE/EFA grants	30,349	163,091	(141,369)	-	-	52,071
Other income	8,832	89,452	(89,120)	-	-	9,164
Pension reserve	(1,789,000)	-	(80,000)	-	(414,000)	(2,283,000)
	<u>(1,289,689)</u>	<u>5,422,768</u>	<u>(5,502,158)</u>	<u>(14,606)</u>	<u>(414,000)</u>	<u>(1,797,685)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DfE/EFA Capital Grants	1,161,757	342,298	(53,497)	-	-	1,450,558
Predecessor School Surplus	26,859	-	-	-	-	26,859
Capital donations on conversion	18,908,772	-	(448,772)	-	-	18,460,000
Capital expenditure from GAG	54,871	-	(26,027)	14,606	-	43,450
Other donations	65,297	-	(22,581)	12,326	-	55,042
	<u>20,217,556</u>	<u>342,298</u>	<u>(550,877)</u>	<u>26,932</u>	<u>-</u>	<u>20,035,909</u>
Total restricted funds	<u>18,927,867</u>	<u>5,765,066</u>	<u>(6,053,035)</u>	<u>12,326</u>	<u>(414,000)</u>	<u>18,238,224</u>
Total of funds	<u>19,013,813</u>	<u>6,136,821</u>	<u>(6,363,466)</u>	<u>-</u>	<u>(414,000)</u>	<u>18,373,168</u>

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

Restricted funds include GAG and other grants receivable from the DfE/EFA and Local Authority towards the Academy's educational activities. School funds held in respect of educational visits and events are also included in Restricted funds.

Restricted fixed asset funds include amounts receivable from the DfE/EFA in respect of tangible fixed assets held for Academy use.

The Pension reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme overseen by the Local Authority.

Transfers from Restricted and Unrestricted funds to Restricted fixed asset funds relate to fixed asset additions funded by GAG and other Unrestricted income.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2016.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2016

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	19,949,479	19,949,479	19,912,561
Current assets	200,948	689,084	313,426	1,203,458	1,194,073
Creditors due within one year	(66,004)	(203,769)	(226,996)	(496,769)	(303,821)
Provisions for liabilities and charges	-	(2,283,000)	-	(2,283,000)	(1,789,000)
	<u>134,944</u>	<u>(1,797,685)</u>	<u>20,035,909</u>	<u>18,373,168</u>	<u>19,013,813</u>

17. CAPITAL COMMITMENTS

As at 31st August 2016 the Academy had capital commitments of £Nil (2015 - £Nil).

18. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Costs incurred in the period relating to TPS were £413,129 and relating to LGPS were £245,022 (2015 - £381,144 TPS, £235,618 LGPS).

Contributions amounting to £20,357 (LGPS) were payable to the scheme at 31st August 2016 (2015 - £22,702 LGPS) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2016

18. PENSION COMMITMENTS (continued)

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 TPS in the period amounted to £413,129 (2015 - £381,144)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2016 was £253,513 (2015 - £288,892), of which employer's contributions totalled £205,915 (2015 - £235,618) and employees' contributions totalled £47,598 (2015 - £53,274). The agreed contribution rates for future years are 26.9% for employers and between 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	2.40 %	4.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Inflation assumption (CPI)	2.10 %	2.70 %
Commutation of pensions to lump sums pre-April 2008	50.00 %	50.00 %
Commutation of pensions to lump sums post-April 2008	75.00 %	75.00 %

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18. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	22.5	22.5
Females	24.6	24.6
Retiring in 20 years		
Males	24.4	24.4
Females	27.0	27.0

The Academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,116,000	817,000
Bonds	345,000	261,000
Property	115,000	95,000
Cash/liquidity	66,000	12,000
Total market value of assets	<u>1,642,000</u>	<u>1,185,000</u>

The actual return on scheme assets was £236,000 (2015 - £37,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(218,000)	(240,000)
Net interest cost	(68,000)	(65,000)
Total operating charge	<u>(286,000)</u>	<u>(305,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	2,974,000	2,641,000
Current service cost	218,000	240,000
Interest cost	117,000	103,000
Contributions by employees	49,000	53,000
Actuarial losses/(gains)	601,000	(44,000)
Benefits paid	(34,000)	(19,000)
Closing defined benefit obligation	<u>3,925,000</u>	<u>2,974,000</u>

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18. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	1,185,000	887,000
Interest income	49,000	38,000
Actuarial gains and (losses)	187,000	(1,000)
Contributions by employer	206,000	227,000
Contributions by employees	49,000	53,000
Benefits paid	(34,000)	(19,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	1,642,000	1,185,000
	<hr/>	<hr/>

Changes in assumptions at 31st August 2016:

	Approximate % increase in employer liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	14%	544,000
1 year increase in member life expectancy	3%	118,000
0.5% increase in the Salary Increase Rate	5%	211,000
0.5% increase in the Pension Increase Rate	8%	317,000

19. OPERATING LEASE COMMITMENTS

At 31st August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts due within one year	42,303	54,718
Amounts due between one and five years	71,181	93,226
	<hr/>	<hr/>
Total	113,484	147,944
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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**20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(226,645)	(496,651)
Adjustment for:		
Depreciation charges	550,877	533,329
Dividends, interest and rents from investments	(2,541)	(1,347)
Decrease in debtors	105,168	234,557
Increase in creditors	192,948	61,329
Capital grants from DfE and other capital income	(342,298)	(244,831)
Defined benefit pension scheme cost less contributions payable	12,000	13,000
Defined benefit pension scheme finance cost	68,000	65,000
Net cash provided by operating activities	357,509	164,386

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand and at bank	905,959	887,356
Total	905,959	887,356

22. MEMBERS' LIABILITY

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

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The following related party transactions took place in the current and prior year:

During the current year, the Academy purchased clothing and equipment from Gooch Sports, a partnership in which Mrs J Gooch, a Trustee, is a partner for £200 (2015 - £1,330).

In entering into the transactions above, the Trust has complied with the requirements of the EFA's Academies Financial Handbook 2015.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016**

24. AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing school bus passes to students. In the year ended 31 August 2016 the Academy received £156,826 (2015 - £166,187) from parents and paid £170,883 (2015 - £161,902) to the operator of the bus service. An amount of £31,541 (2015 - £33,726) is included within deferred income in relation to monies received in advance from parents for the year ending 31 August 2017.

25. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		19,467,464	19,013,813
Total funds reported under FRS 102		<u>19,467,464</u>	<u>19,013,813</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015
		£
Net income/(expenditure) previously reported under UK GAAP		(478,651)
Change in recognition of LGPS interest cost		(18,000)
Net income/(expenditure) reported under FRS 102		<u>(496,651)</u>

Explanation of changes to previously reported funds and net income/expenditure:

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income/expense by £18,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.