

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

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2015**

**NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

<b>Members and Trustees</b>	Mr D Pettit, Chair (resigned 16th September 2014) Mrs K Elen, Acting Chair (September 2014 to September 2015) / Chair (appointed September 2015), Parent Trustee <sup>1</sup> Mr L Hampton-Whitehead, Parent Trustee <sup>1</sup> Mr D Hogg, Trustee Mr C Germaine, Trustee (appointed Member 12th May 2015) Mr D Jayne, Parent Trustee (appointed Member 12th May 2015)
<b>Trustees</b>	Mrs K H Harrison, Principal and Accounting Officer <sup>1</sup> Mrs R Armstrong, Parent Trustee (resigned 4th December 2014) Mrs J Gooch, Trustee <sup>1</sup> Mr M Harwood-Browne, Trustee (resigned 2nd April 2015) Mrs M Hood, Staff Trustee (appointed 20th April 2015) Mrs S Hutchinson, Parent Trustee Mrs H Kelly, Parent Trustee (appointed 20th April 2015) Mr K Timney, Staff Trustee (appointed 20th April 2015) Mr K Urch, Trustee (appointed 20th April 2015) <sup>1</sup>
	<sup>1</sup> Member of the Business and Finance Group
<b>Company registered number</b>	08153177
<b>Principal and registered office</b>	Watery Lane Newent Gloucestershire GL18 1QF
<b>Company secretary</b>	Mrs A Price (appointed 1st September 2014) Harrison Clark Rickerbys Limited (resigned 1st September 2014)
<b>Senior leadership team</b>	Mrs K H Harrison, Principal Mr G Balmer, Vice Principal Mrs A Price, Business Manager Mr M Wycherley, Assistant Principal Mr M John, Assistant Principal Miss L Rogers, Faculty Director - Sixth Form Miss D Hughes, Faculty Director - STEM Mr D Williams, Faculty Director - Communications
<b>Statutory auditors</b>	Davies Mayers Barnett LLP Pillar House 113/115 Bath Road Cheltenham Gloucestershire GL53 7LS
<b>Bankers</b>	Lloyds Bank Plc 19 East Gate Street Gloucester Gloucestershire GL1 1NU

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31ST AUGUST 2015

Administrative details (continued)

Solicitors	Harrison Clark Rickerbys Limited Ellenborough House Wellington Street Cheltenham Gloucestershire GL50 1YD
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**NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

The Trustees present their annual report together with the audited financial statements of Newent Community School and Sixth Form Centre (the Academy) for the period 1st September 2014 to 31st August 2015. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy for 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 1,037 in the School census on October 2014.

**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 the 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.

**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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

**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. The Board has organised a facilitated meeting with the Senior Leadership Team to review the Academy's vision statement, which is due to take place in December 2015. It meets at least 3 times per year.

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
- Student Voice and Community Trustee
- Careers Trustee

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

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 tri-weekly 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

**Connected organisations, including related party relationships**

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

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.

**Objectives and Activities**

**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 2015**

**Objectives, strategies and activities**

This was the third year of operation for Newent Community School and Sixth Form Centre as an Academy Trust. The first year had been particularly challenging, following the decision by Ofsted in January 2013 to categorise the School as inadequate in a number of areas and the subsequent departure of the Headteacher. A Statement of Action (SoA) was agreed with HM Inspector of Schools with the overall aim of ensuring that the School was removed from the Ofsted "special measures" category by July 2014 with the rating of "good". The SoA was supported by a detailed Rapid Improvement Plan which was implemented effectively and at pace by the Academy's management team lead by Mrs Kirsten Harrison, who was confirmed in the role of Principal in April 2014, initially under the overall supervision of the Academy Executive Board and into 2014 / 2015 under the newly constituted Full Governing Body.

The Academy was removed from Ofsted's "special measures" category and rated "good" in each of the four categories of Progress and Achievement, Quality of Teaching and Learning, Behaviour and Safety and Leadership and Management, ahead of target in February 2014. 2014 / 2015 has been a year of building progress and maintaining at least an Ofsted "good" judgment at the next inspection on the changed Ofsted Framework of September 2015.

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 was 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.

**Strategic report**

**Achievements and performance**

The removal of the School from Ofsted's "special measures" category and the rating of the School as "good" in all four Ofsted review categories was supported and underpinned by strong progress in a range of measures as identified in the Academy's Statement of Action. From the Statement of Action, the Academy has drawn up a fully developed Five Year School Development Plan focusing on Learning and Teaching (Progress and Achievement), Leadership and Management, Behaviour and Safety, Personal Well-being, Growth and Development, Community and Environment.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

**Achievements and performance (continued)**

In the key areas of student progress and attainment at GCSE level, headline targets and results for 2015 are shown below, alongside actual results for the two preceding years. The reduced figures for 2015 reflect the less able academic profile of the 2015 GCSE cohort.

Actual Achievement Targets

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

At a more detailed level the results for particular groups, including statemented students and students with low prior attainment, showed improvement, with particular improved or sustained performance in Maths, English Literature, Biology, Chemistry, Physics, Fine Art, Business Studies, Child Development, French, Drama, Psychology and PE. "A" level results were in line with national benchmarks, confirming Ofsted's evaluation of the sixth form as "good". However, much work remains to be done to meet the ambitious targets which we will continue to set for ourselves.

**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 94.3% was almost on our 95% target; this was in line with the best attendance levels in the past 5 years.
- Student recruitment data - Decrease from 148 to 129 Year 7 Recruitment; maintenance of Y12 recruitment numbers - 95 in 2015.
- The Academy' financial year resulted in a deficit of £478,651 (before actuarial gains in the year), compared with a budgeted deficit of £369,155 (budgeted revenue deficit £330k, adjusted for capital movements of £40k for comparability). The variation is due to income received being less than expected and actual depreciation charged being in excess of budget.

Additional highlights during the year included:

- The School's 50<sup>th</sup> Anniversary celebrations attended by over 1,000 former students.
- National PSHE Association presented the School as a case study for best practice.
- Sporting success at county, regional and national level for a number of individual students and teams.
- The Kenya exchange project, which brought 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 refurbishment of all the student toilets and welfare facilities.

**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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

**Financial review**

The Academy achieved a revenue deficit of £251,243 (before actuarial gains in the year), which decreased the revenue reserves to carry forward to £585,257 (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 £244,831, which includes a successful Capital Improvement Fund bid of £207,120 for the refurbishment of doors and windows across the School. 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 2015 the net book value of fixed assets was £19,912,561. Movements in tangible fixed assets are shown in note 13 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 Five Year School 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 £85,946 (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 totaling £499,311 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 £1,789,000 at the year end.

**Investment Policy**

The Academy considers on an on-going basis whether it is prudent to deposit funds into an account where improved terms are offered. During 2014/2015 the main focus in terms of cash management was to ensure that there were no short term cash flow issues. The Academy has considered options in a new Investment Policy in 2014/2015 for roll out in 2015/2016 using a 32 day notice investment account.

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 2015**

**Principal risks and uncertainties**

The Academy operates a Risk Management and Assessment Protocol and has established a risk register and risk review process.

Where necessary, measures of control and mitigation are put in place in order to manage risk.

The principal risks, some of which are inter-related, include:

- Failure to maintain the momentum of change and improvement evident from the Academy's movement out of "special measures" and into Ofsted's "good" category, and the potential reputational damage as a result.
- Unsatisfactory improvements to Governance including a failure to recruit sufficient 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 are:

- 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 17. Future contribution rates are adjusted so as to reduce this deficit.

**Plans for future periods**

The medium and long term plans which will provide the focus of the Academy's activity during 2015 / 2016 are laid down in the School Development Plan comprising wide-ranging Rapid Improvement Plans in all the key areas of development for the Academy.

A number of organisational changes have taken place with effect from September 2015 which are intended to bear fruit during 2015 / 2016. These include:

- Further alterations to the curriculum to respond to the new National Curriculum.
- The introduction of 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.

**Funds held as custodian trustee on behalf of others**

For the year ending 31 August 2015 there are no assets and arrangements for safe custody.

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TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31ST AUGUST 2015

**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 on 2 December 2015 and signed on the Board's 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 6 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 D Pettit, Chair (resigned 16th September 2014)	0	0
Mrs K Elen, Acting Chair (September 2014 to September 2015) / Chair (appointed September 2015), Parent Trustee	6	6
Mr L Hampton-Whitehead, Parent Trustee	4	6
Mr D Hogg, Trustee	5	6
Mr C Germaine, Trustee	6	6
Mr D Jayne, Parent Trustee	4	6
Mrs K H Harrison, Principal and Accounting Officer	6	6
Mrs R Armstrong, Parent Trustee (resigned 4th December 2014)	1	1
Mrs J Gooch, Trustee	5	6
Mr M Harwood-Browne, Trustee (resigned 2nd April 2015)	2	3
Mrs M Hood, Staff Trustee (appointed 20th April 2015)	2	3
Mrs S Hutchinson, Parent Trustee	6	6
Mrs H Kelly, Parent Trustee (appointed 20th April 2015)	3	3
Mr K Timney, Staff Trustee (appointed 20th April 2015)	3	3
Mr K Urch, Trustee (appointed 20th April 2015)	3	3

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.

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**GOVERNANCE STATEMENT (continued)**

**Governance (continued)**

Attendance at Business and Finance Group meetings throughout the year was as follows:

	Meetings attended	Out of a possible
Mrs K Elen, Acting Chair (September 2014 - September 2015) / Chair September 2015, Parent Trustee	3	3
Mrs J Gooch, Trustee	2	3
Mr L Hampton-Whitehead, Parent Trustee	2	3
Mrs K H Harrison, Principal and Accounting Officer	3	3
Mr K Urch, Trustee	3	3

Following removal from "Special Measures" in February 2014, the Board has undertaken a process of restructuring of governance and recruited additional Trustees to create a Full Governing Board with five Trustee Groups with delegated responsibilities - Standards, Community, Business and Finance, Resources and Personnel and an Executive Group constituted of the Chairs of the other Trustee Groups.

The Chair of the Academy Executive Board (AEB) resigned in September 2014. The Vice-Chair was appointed Acting Chair and the Board of Trustees decided not to continue the AEB but instead to conduct a thorough review of the Board's organisational structure and delegated authorities.

The number of Trustees on the Board was reduced to seven as a result of several resignations and so a recruitment campaign was carried out to recruit Trustees with appropriate skills and expertise.

The Acting Chair was appointed Chair in September 2015.

The Board has undergone both formal and informal training over the past year, for example, Roles and Responsibilities training delivered by an NGA consultant, tours of the School and briefings with members of the Senior Leadership Team.

Further training of Trustees to ensure they have appropriate skills and expertise is ongoing.

**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:

What is Value for Money?

Trustees will apply 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?

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**GOVERNANCE STATEMENT (continued)**

**Review of Value for Money (continued)**

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

- make comparisons with other / similar schools using data provided by GASH, GASBM and the Government, eg benchmarking tools, quality of teaching and learning, levels of expenditure.
- challenge proposals, examining them for effectiveness, efficiency, and cost, eg 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, eg Sex and Relationship Education, student reports, assigned inspector, Ofsted, Finance consultant.

The benefits of a Value for Money Statement

Value for Money is a statutory duty to secure continuous improvements in the way that services and functions are exercised by the most economic, efficient and effective means possible. Whilst value for money does not apply statutorily to school Governing Bodies, schools are expected to demonstrate that they are following value for money principles in their expenditure of public money, and as part of their evaluation of standards, the curriculum, and partnership with parents and management. This is not a new process, but an opportunity to build on what the school has already achieved.

Improving Educational Outcome

The Trustees and School Leadership Team and Managers apply the principles of value for money when making decisions about:

- 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.

Targeted improvement

Trustees and School Leaders and Managers will deploy staff to provide value for money in terms of quality of teaching, quality of learning, adult-student ratio, and curriculum management.

Focus on Individual Students

The School has a robust tracking system for monitoring achievement and is continually looking at how data can inform staff in order for them to support and extend the learning of students.

Trustees and School Leaders and Managers review the quality of children's learning, by cohort, class and group, to provide teaching which enables children to achieve nationally expected progress, eg setting of annual student achievement targets and striving to improve on or maintain previous years exam results and attendance.

Collaboration

The School collaborates with other institutions throughout the year to undertake programmes to monitor the quality of teaching and learning. This is beneficial to both schools allowing for the sharing of ideas, good practice and discussion of issues. Any outcomes are used to aid the development of whole School training schedules and further monitoring programmes.

Financial Governance and Oversight

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 receives and approves the Annual Accounts and External Auditors' Management Letter. The Governing Body receive the signed Annual Accounts with all related documentation.

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**GOVERNANCE STATEMENT (continued)**

**Review of Value for Money (continued)**

Better Purchasing

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 details 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.

Maximising Income Generation

As a Community School, Trustees and the Senior Leadership Team are continually looking to generate income by utilisation of the School's buildings when they are not needed for the school's use. The latest project has seen the development of the music facilities for out of hours use by local groups and bands.

Lessons Learned

The School has reached the end of its third year of operations and we have continued to identify the options open to us. The continued curriculum development to support high student achievements remains our top priority.

**Governance reviews**

An external governance review was undertaken in December 2013 by a National Leader of Governance. Key recommendations included the need to focus on the Academy's vision and strategic direction, embedding an effective leadership and governance culture, establishing firm benchmarks and processes of challenge, and the robust use of information to improve teaching and leadership including the impact of the Pupil Premium. These recommendations were followed up by the Academy Executive Board and have helped to inform the restructuring of the Governing Body and management priorities and future development plan. The Lead HMI at inspection in February 2014 Ofsted judged governance to be "good".

The Board of Trustees has undergone fundamental change over the past year, both structurally and in composition. This necessitated the need to formulate a comprehensive Development Plan to ensure the effective operation of the new structure and new Trustees in as short a time as possible. A skills audit of all Trustees has also been carried out and is currently being analysed. In September 2015, the Board's 'Executive group' met with a National Leader of Governance regarding support and advice to set up internal self-review processes and also identify support and mentoring for the Chair. This work is ongoing.

The Academy has scheduled a further external governance review led once again by an NLG in January 2016 to externally benchmark progress in the development of governance impact.

The Business and Finance Group and the Resources and Personnel Group have the delegated executive authority to assist the decision making of the Board of Trustees. This enables more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility and to ensure sound management of the Academy's finances and resources. Including proper planning; monitoring and probity, consistent with the Academy's funding agreement. These Trustee Groups are sub-committees of the Full Governing Body and main Board of Trustees, fulfilling the role of Business and Finance Group and Audit Committee.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newent Community School and Sixth Form Centre for the year 1st September 2014 to 31st August 2015 and up to the date of approval of the annual report and financial statements.



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

**GOVERNANCE STATEMENT (continued)**

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1st September 2014 to 31st August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The Risk and Control Framework**

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

In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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 have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr Ken Jollans as Responsible Officer.

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

- Testing of payroll systems
- Order, Purchasing and Payment processes
- Review of income recognition
- Review of accounting systems

The Responsible Officer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Going forward termly reviews are planned to take place.

We confirm that the Responsible Officer function has delivered their schedule of work as planned. There have been no material control issues arising from the Responsible Officer reports.

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

**Review of Effectiveness**

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 2 December 2015 and signed on its behalf, by:

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

.....  
Mrs K H Harrison, Principal and Accounting Officer

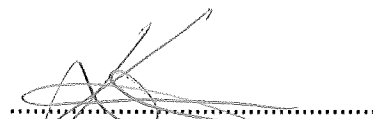
**NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

**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 Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State For Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the Academy Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2014).

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.



.....  
**Mrs K H Harrison, Principal and  
Accounting Officer**

Date: 2 December 2015

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

**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

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 (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 2 December 2015 and signed on its behalf by:

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

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

**INDEPENDENT AUDITORS' REPORT 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 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

**Respective responsibilities of Trustees and auditors**

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

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31st August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**Opinion on other matter prescribed by the Companies Act 2006**

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

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

**INDEPENDENT AUDITORS' REPORT 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  
2 December 2015

**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 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Newent Community School and Sixth Form Centre during the year 1st September 2014 to 31st August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Newent Community School and Sixth Form Centre and 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 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 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 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1st September 2014 to 31st August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**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)**

In this regard we have carried out the following:

- specific testing of a sample of items of income and of expenditure to ensure appropriately applied for the purposes intended;
- specific testing of a sample of system controls relevant to the above items;
- a general review of relevant correspondence with the EFA regarding Academy governance matters during the year; and
- a general review and discussion of the Academy's internal procedures 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 2014 to 31st August 2015 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

2 December 2015



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

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds:</b>						
Voluntary income	2	46,022	179,310	-	225,332	211,645
Activities for generating funds	3	107,398	80,524	-	187,922	201,228
Investment income	4	1,347	-	-	1,347	1,240
Incoming resources from charitable activities	5	179,252	5,425,742	244,831	5,849,825	6,872,590
<b>TOTAL INCOMING RESOURCES</b>		<b>334,019</b>	<b>5,685,576</b>	<b>244,831</b>	<b>6,264,426</b>	<b>7,286,703</b>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds:</b>						
Costs of activities for generating funds		83,287	81,547	-	164,834	175,589
Charitable activities	7	241,202	5,789,732	533,329	6,564,263	6,833,924
Governance costs	8	-	13,980	-	13,980	14,190
<b>TOTAL RESOURCES EXPENDED</b>	6	<b>324,489</b>	<b>5,885,259</b>	<b>533,329</b>	<b>6,743,077</b>	<b>7,023,703</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>9,530</b>	<b>(199,683)</b>	<b>(288,498)</b>	<b>(478,651)</b>	<b>263,000</b>

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

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

		Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
	Note					
Transfers between Funds	16	-	(61,090)	61,090	-	-
<hr/>						
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>9,530</b>	<b>(260,773)</b>	<b>(227,408)</b>	<b>(478,651)</b>	<b>263,000</b>
Actuarial gains and losses on defined benefit pension schemes		-	25,000	-	25,000	(398,000)
<hr/>						
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>9,530</b>	<b>(235,773)</b>	<b>(227,408)</b>	<b>(453,651)</b>	<b>(135,000)</b>
<hr/>						
Total funds at 1st September 2014		76,416	(1,053,916)	20,444,964	19,467,464	19,602,464
<hr/>						
<b>TOTAL FUNDS AT 31ST AUGUST 2015</b>		<b>85,946</b>	<b>(1,289,689)</b>	<b>20,217,556</b>	<b>19,013,813</b>	<b>19,467,464</b>
<hr/> <hr/>						

All activities relate to continuing operations.

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

The notes on pages 29 to 46 form part of these financial statements.

**NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE**

(A company limited by guarantee)  
REGISTERED NUMBER: 08153177

**BALANCE SHEET  
AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	13		19,912,561		19,972,053
<b>CURRENT ASSETS</b>					
Debtors	14	306,717		541,274	
Cash at bank and in hand		887,356		950,629	
		<u>1,194,073</u>		<u>1,491,903</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	<b>(303,821)</b>		<b>(242,492)</b>	
<b>NET CURRENT ASSETS</b>			<b>890,252</b>		<b>1,249,411</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>20,802,813</b>		<b>21,221,464</b>
Defined benefit pension scheme liability	19		<b>(1,789,000)</b>		<b>(1,754,000)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<b>19,013,813</b>		<b>19,467,464</b>
<b>FUNDS OF THE ACADEMY</b>					
<b>Restricted funds:</b>					
Restricted funds	16	499,311		700,084	
Restricted fixed asset funds	16	20,217,556		20,444,964	
Restricted funds excluding pension liability		<u>20,716,867</u>		<u>21,145,048</u>	
Pension reserve		<u>(1,789,000)</u>		<u>(1,754,000)</u>	
Total restricted funds			<b>18,927,867</b>		<b>19,391,048</b>
Unrestricted funds	16		<b>85,946</b>		<b>76,416</b>
<b>TOTAL FUNDS</b>			<b>19,013,813</b>		<b>19,467,464</b>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2015 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)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	21	164,386	308,175
Returns on investments and servicing of finance	22	1,347	1,240
Capital expenditure and financial investment	22	(229,006)	64,111
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(63,273)</b>	<b>373,526</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31ST AUGUST 2015**

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(63,273)	373,526
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>(63,273)</b>	<b>373,526</b>
Net funds at 1st September 2014	950,629	577,103
<b>NET FUNDS AT 31ST AUGUST 2015</b>	<b>887,356</b>	<b>950,629</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

**1. ACCOUNTING POLICIES**

**Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: 'Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. On review, the Trustees have concluded that they are happy to adopt the going concern basis in preparing the annual financial statements, subject to the successful completion of the Statement of Action as referred to in the Trustees' Report.

**Incoming resources**

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

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

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

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**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 note 25.

**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.

**Resources expended**

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

**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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**Tangible fixed assets and depreciation (continued)**

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

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.

**Leased assets**

Rentals under operating leases are charged to the Statement of financial activities 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 quinquennial valuations using a prospective benefit method. As stated in note 19, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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**1. ACCOUNTING POLICIES (continued)**

**Pensions (continued)**

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus / deficit are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**Fund accounting**

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

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

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

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
School funds	4,847	179,310	184,157	177,150
Other donations	41,175	-	41,175	34,495
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	46,022	179,310	225,332	211,645
	<hr/>	<hr/>	<hr/>	<hr/>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Hire of facilities and services	70,422	52,595	123,017	109,189
Other income	36,976	27,929	64,905	92,039
	<hr/>	<hr/>	<hr/>	<hr/>
	107,398	80,524	187,922	201,228
	<hr/>	<hr/>	<hr/>	<hr/>



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**4. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	1,347	-	1,347	1,240

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	5,156,696	5,156,696	5,932,170
Capital grants	-	244,831	244,831	435,451
Other DfE/EFA grants	-	156,848	156,848	138,955
Local authority grants	-	112,198	112,198	164,215
Catering services	179,252	-	179,252	201,799
	179,252	5,670,573	5,849,825	6,872,590

**6. RESOURCES EXPENDED**

	Staff costs 2015 £	Premises 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Costs of activities for generating funds	56,856	51,685	56,293	164,834	175,589
Educational operations - Direct costs (note 7 refers)	3,966,849	-	539,222	4,506,071	4,849,056
Educational operations - Support costs (note 7 refers)	892,019	813,896	352,277	2,058,192	1,984,868
Governance	-	-	13,980	13,980	14,190
	4,915,724	865,581	961,772	6,743,077	7,023,703

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**7. CHARITABLE ACTIVITIES**

	Total funds 2015 £	Total funds 2014 £
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	3,966,849	4,255,700
Educational supplies and services	154,798	174,543
Examination fees	110,414	99,557
Staff development	21,423	19,357
Other direct costs	67,699	158,243
School funds	184,888	141,656
	<u>4,506,071</u>	<u>4,849,056</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	845,019	757,762
Depreciation	533,329	509,803
Pension cost	47,000	50,000
Maintenance of premises and equipment	56,251	76,729
Cleaning	23,071	22,271
Rent and rates	22,315	23,536
Heat and light	141,410	146,057
Insurance	37,520	39,706
Security and transport	12,925	11,887
Catering	114,484	131,356
Computer expenses	79,126	95,150
Other support costs	145,742	120,611
	<u>2,058,192</u>	<u>1,984,868</u>
	<u><u>6,564,263</u></u>	<u><u>6,833,924</u></u>

**8. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Legal and professional fees	-	-	-	295
Auditors' remuneration	-	11,250	11,250	11,250
Auditors' non-audit costs	-	2,730	2,730	2,645
	<u>-</u>	<u>13,980</u>	<u>13,980</u>	<u>14,190</u>
	<u><u>-</u></u>	<u><u>13,980</u></u>	<u><u>13,980</u></u>	<u><u>14,190</u></u>

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**9. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	533,329	509,803
Auditors' remuneration	11,250	11,250
Auditors' remuneration - non-audit	2,730	2,645
Operating lease rentals:		
- other operating leases	71,318	88,370
	<u>71,318</u>	<u>88,370</u>

**10. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	3,801,582	4,005,521
Social security costs	266,330	290,124
Other pension costs (Note 19)	629,762	595,388
	<u>4,697,674</u>	<u>4,891,033</u>
Supply teacher costs	92,164	149,510
Staff restructuring costs	78,886	56,084
Pension finance cost	47,000	50,000
	<u>4,915,724</u>	<u>5,146,627</u>

**b. Staff severance payments**

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £78,886 (2014: £56,084). These were for the following individual amounts in 2015: £18,000, £16,240, £15,672, £11,368, £5,247, £4,430, £3,103, £2,850 and £1,976.

**c. Staff numbers**

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

	2015 No.	2014 No.
Teachers	64	75
Administration and support	42	47
Management	8	5
	<u>114</u>	<u>127</u>

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**10. STAFF (continued)**

**d. Higher paid staff**

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

	2015 No.	2014 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2015 pension contributions amounted to £20,991 (2014: £27,827).

**11. TRUSTEES' REMUNERATION AND EXPENSES**

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

	2015 £	2014 £
Mrs K H Harrison - Remuneration	80,000-85,000	75,000-80,000
Mrs K H Harrison - Employer's pension contributions	10,000-15,000	10,000-15,000
Mrs C Llewellyn - Remuneration	n/a	40,000-45,000
Mrs C Llewellyn - Employer's pension contributions	n/a	5,000-10,000
Mr K Timney - Remuneration	5,000-10,000	n/a
Mr K Timney - Employer's pension contributions	0-5,000	n/a
Mrs M Hood - Remuneration	15,000-20,000	n/a
Mrs M Hood - Employer's pension contributions	0-5,000	n/a

During the period ended 31st August 2015, no travel and subsistence expenses were reimbursed to Trustees (2014: £Nil).

Related party transactions involving Trustees are set out in note 24.

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31st August 2015 was £1,964 (2014 - £1,321). The cost of this insurance is included in the total insurance cost.

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**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1st September 2014	20,512,461	8,463	400,955	46,082	20,967,961
Additions	412,747	-	43,101	17,989	473,837
At 31st August 2015	20,925,208	8,463	444,056	64,071	21,441,798
<b>Depreciation</b>					
At 1st September 2014	815,309	3,190	159,721	17,688	995,908
Charge for the year	418,504	2,793	96,014	16,018	533,329
At 31st August 2015	1,233,813	5,983	255,735	33,706	1,529,237
<b>Net book value</b>					
At 31st August 2015	19,691,395	2,480	188,321	30,365	19,912,561
At 31st August 2014	19,697,152	5,273	241,234	28,394	19,972,053

**14. DEBTORS**

	2015 £	2014 £
Trade debtors	127,106	56,092
Other debtors	112,288	37,599
Prepayments and accrued income	67,323	447,583
	306,717	541,274

**15. CREDITORS:  
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	110,204	53,633
Other taxation and social security	79,764	79,313
Other creditors	22,702	22,163
Accruals and deferred income	91,151	87,383
	303,821	242,492

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

	£
<b>Deferred income</b>	
Deferred income at 1st September 2014	63,354
Resources deferred during the year	63,203
Amounts released from previous years	(63,354)
	<hr/>
Deferred income at 31st August 2015	63,203
	<hr/> <hr/>

Income received during the period ended 31st August 2015 specific to funding for future years has been deferred accordingly.

**16. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	76,416	334,019	(324,489)	-	-	85,946
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restricted funds</b>						
General Annual Grant (GAG)	576,096	5,156,696	(5,320,882)	(54,141)	-	357,769
School Fund Account	85,334	179,310	(157,538)	(4,745)	-	102,361
Other Government grants	-	112,198	(112,198)	-	-	-
Other DfE/EFA grants	26,595	156,848	(153,094)	-	-	30,349
Other income	12,059	80,524	(81,547)	(2,204)	-	8,832
Pension reserve	(1,754,000)	-	(60,000)	-	25,000	(1,789,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(1,053,916)	5,685,576	(5,885,259)	(61,090)	25,000	(1,289,689)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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**16. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DfE/EFA Capital Grants	959,217	244,831	(42,291)	-	-	1,161,757
Predecessor School Surplus	26,859	-	-	-	-	26,859
Capital donations on conversion	19,357,930	-	(449,158)	-	-	18,908,772
Capital expenditure from GAG	23,107	-	(22,377)	54,141	-	54,871
Other donations	77,851	-	(19,503)	6,949	-	65,297
	<u>20,444,964</u>	<u>244,831</u>	<u>(533,329)</u>	<u>61,090</u>	<u>-</u>	<u>20,217,556</u>
Total restricted funds	<u>19,391,048</u>	<u>5,930,407</u>	<u>(6,418,588)</u>	<u>-</u>	<u>25,000</u>	<u>18,927,867</u>
Total of funds	<u>19,467,464</u>	<u>6,264,426</u>	<u>(6,743,077)</u>	<u>-</u>	<u>25,000</u>	<u>19,013,813</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 between Restricted funds and Restricted fixed asset funds relate to fixed asset additions funded by GAG 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 2015.

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**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	19,912,561	19,912,561	19,972,053
Current assets	226,258	654,120	313,695	1,194,073	1,491,903
Creditors due within one year	(140,312)	(154,809)	(8,700)	(303,821)	(242,492)
Provisions for liabilities and charges	-	(1,789,000)	-	(1,789,000)	(1,754,000)
	<u>85,946</u>	<u>(1,289,689)</u>	<u>20,217,556</u>	<u>19,013,813</u>	<u>19,467,464</u>

**18. CAPITAL COMMITMENTS**

As at 31st August 2015 the Academy had capital commitments of £Nil (2014: £Nil).

**19. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teachers' 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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £22,702 (LGPS) were payable to the scheme at 31st August 2015 (2014 - 22,163 (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 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



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**19. PENSION COMMITMENTS (continued)**

Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the period amounted to £381,144 (2014: £396,118).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2015 was £288,892, of which employer's contributions totalled £235,618 and employees' contributions totalled £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.

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**19. PENSION COMMITMENTS (continued)**

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.80	817,000	6.30	639,000
Bonds	3.80	261,000	3.20	186,000
Property	3.80	95,000	4.50	53,000
Cash	3.80	12,000	3.30	9,000
Total market value of assets		<u>1,185,000</u>		<u>887,000</u>
Present value of scheme liabilities		<u>(2,974,000)</u>		<u>(2,641,000)</u>
Deficit in the scheme		<u><u>(1,789,000)</u></u>		<u><u>(1,754,000)</u></u>

The expected rates of return are set equal to the discount rate per the actuary's assumptions.

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(2,974,000)	(2,641,000)
Fair value of scheme assets	<u>1,185,000</u>	<u>887,000</u>
Net liability	<u><u>(1,789,000)</u></u>	<u><u>(1,754,000)</u></u>

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

	2015 £	2014 £
Current service cost	(240,000)	(200,000)
Interest on obligation	(103,000)	(98,000)
Expected return on scheme assets	<u>56,000</u>	<u>48,000</u>
Total	<u><u>(287,000)</u></u>	<u><u>(250,000)</u></u>
Actual return on scheme assets	<u><u>37,000</u></u>	<u><u>114,000</u></u>

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**19. PENSION COMMITMENTS (continued)**

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

	2015 £	2014 £
Opening defined benefit obligation	2,641,000	2,016,000
Current service cost	240,000	200,000
Interest cost	103,000	98,000
Contributions by scheme participants	53,000	52,000
Actuarial (Gains)/losses	(44,000)	279,000
Benefits paid	(19,000)	(4,000)
	<u>2,974,000</u>	<u>2,641,000</u>
Closing defined benefit obligation	<u>2,974,000</u>	<u>2,641,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	887,000	692,000
Expected return on assets	56,000	48,000
Actuarial gains and (losses)	(19,000)	(119,000)
Contributions by employer	227,000	218,000
Contributions by employees	53,000	52,000
Benefits paid	(19,000)	(4,000)
	<u>1,185,000</u>	<u>887,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £25,000 gain (2014 - £398,000 loss).

The Academy expects to contribute £227,000 to its Defined benefit pension scheme in 2016.

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31st August	3.80 %	5.50 %
Rate of increase in salaries	4.10 %	4.00 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.90 %
Commutation of pensions to lump sums pre-April 2008	50.00 %	50.00 %
Commutation of pensions to lump sums post-April 2008	75.00 %	- %

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**19. 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:

	2015	2014
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

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £
Defined benefit obligation	(2,974,000)	(2,641,000)	(2,016,000)
Scheme assets	1,185,000	887,000	692,000
Deficit	(1,789,000)	(1,754,000)	(1,324,000)
Experience adjustments on scheme liabilities	44,000	(279,000)	(48,000)
Experience adjustments on scheme assets	(19,000)	(119,000)	48,000

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2015	Approximate increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	14%	406
1 year increase in member life expectancy	3%	89
0.5% increase in the Salary Increase Rate	7%	209
0.5% increase in the Pension Increase Rate	6%	184

**20. OPERATING LEASE COMMITMENTS**

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

	2015 £	2014 £
Other		
Within 1 year	22,442	26,997
Between 2 and 5 years	33,022	27,222

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**21. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Net incoming resources before revaluations	(478,651)	263,000
Returns on investments and servicing of finance	(1,347)	(1,240)
Depreciation of tangible fixed assets	533,329	509,803
Capital grants from DfE/EFA	(244,831)	(395,345)
Decrease in debtors	234,557	57,921
Increase/(decrease) in creditors	61,329	(157,964)
FRS 17 pension cost less contribution payable	13,000	(18,000)
FRS 17 pension finance costs	47,000	50,000
<b>Net cash inflow from operations</b>	<b>164,386</b>	<b>308,175</b>

**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,347	1,240
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(473,837)	(331,234)
Capital grants from DfE	244,831	395,345
<b>Net cash (outflow)/inflow capital expenditure</b>	<b>(229,006)</b>	<b>64,111</b>

**23. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	950,629	(63,273)	-	887,356
<b>Net funds</b>	<b>950,629</b>	<b>(63,273)</b>	<b>-</b>	<b>887,356</b>

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**24. RELATED PARTY TRANSACTIONS**

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

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 £1,330.

During the prior year, Mr K Jollans, a Trustee who resigned during the prior year, sold a motor vehicle to the Academy for £7,260. The transaction was carried out at cost to facilitate the purchase of a former leased vehicle.

In entering into the transactions above, the Trust has complied with the requirements of the EFA's Academies Financial Handbook 2014.

**25. AGENCY ARRANGEMENTS**

The Academy acts as an agent in distributing school bus passes to students. In the year ended 31 August 2015 the Academy received £166,187 from parents and paid £161,902 to the operator of the bus service. An amount of £33,726 (2014: £39,124) is included within deferred income in relation to monies received in advance from parents for the year ending 31 August 2016.