

**NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)**

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2013

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31ST AUGUST 2013

Governors	Mr D Pettit, Chair (appointed 23rd July 2012) Mrs K H Harrison, Principal and Accounting Officer (appointed 8th April 2013) Mrs J Steele, Principal and Accounting Officer (appointed 23rd July 2012, resigned 8th April 2013) Mrs R Armstrong, Parent Governor (appointed 23rd July 2012) Mr G Bodger (appointed 23rd July 2012) Mrs K Elen, Parent Governor (appointed 23rd July 2012) Mr C Germaine (appointed 23rd July 2012) Mr D Hampson, Staff Governor (appointed 10th December 2012, resigned 19th July 2013) Mr L Hampton-Whitehead, Parent Governor (appointed 23rd July 2012, resigned 31st August 2012) (appointed 9th April 2013) Mr M Harwood-Browne (appointed 10th December 2012) Mr D Hogg, Parent Governor (appointed 23rd July 2012, resigned 5th January 2013) Dr S A Huckvale (appointed 23rd July 2012, resigned 21st April 2013) Mrs S Hutchinson, Parent Governor (appointed 23rd July 2012) Mr D Jayne, Parent Governor (appointed 23rd July 2012) Mrs J Jenkins, Parent Governor (appointed 30th April 2013, resigned 7th September 2013) Mr K R Jollans (appointed 23rd July 2012) Mr A King (appointed 23rd July 2012) Mrs C Llewellyn, Staff Governor (appointed 23rd July 2012) Mr P Nolan, Parent Governor (appointed 15th October 2012) Mrs M Pearce (appointed 23rd July 2012, resigned 30th July 2013) Mr K Stacey, Staff Governor (appointed 23rd July 2012, resigned 27th June 2013) Mrs B Wickham, Parent Governor (appointed 15th October 2012, resigned 12th March 2013) Miss D Harrill, Staff Governor (appointed 23rd July 2012, resigned 10th September 2012) Mr A Hayes, Parent Governor (appointed 23rd July 2012, resigned 24th September 2012) Ms Ann Vizor (appointed 23rd July 2012, resigned 31st August 2012)
Company secretary	Harrison Clark Rickerbys LLP
Senior management team	Mrs K H Harrison, Principal Mr G Balmer, Acting Deputy Head Teacher Mr M Wycherley, Acting Deputy Head Teacher Mr M John, Assistant Head Teacher Mr B Cheeseman, Assistant Head Teacher Mrs A Price, Business Manager
Principal and registered office	Watery Lane Newent Gloucestershire GL18 1QF
Company registered number	08153177

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Advisers (continued)

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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GOVERNORS' REPORT
FOR THE PERIOD ENDED 31ST AUGUST 2013

The Governors present their annual report together with the audited financial statements of Newent Community School and Sixth Form Centre (the Academy) for the period ended 31st August 2013. The Governors confirm that the Annual Report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

CONSTITUTION

The Academy was incorporated on 23 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 Governors 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 Governors who served throughout the year except as noted 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.

GOVERNORS' INDEMNITIES

The Academy Trust provides indemnity insurance to cover the liability of Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

PRINCIPAL ACTIVITIES

The principal activity of Newent Community School and Sixth Form Centre is to advance education for the public benefit by establishing and developing a school offering a broad and balanced curriculum.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The number of Governors 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 Governors. Up to 7, and at least 2, Parent Governors are elected by parents of registered students at the school. A Parent Governor must be a parent of a student at the school at the time when (s)he is elected. The number of Parent Governors required shall be made up by Parent Governors appointed by the Board of Governors if the number of parents standing for election is less than the number of vacancies. In appointing a Parent Governor the Board of Governors 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 Governors may be appointed through such process as the members of the trust may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Governors. The Governors may appoint up to 3 Co-opted Governors. The Secretary of State may also appoint additional Governors under certain circumstances.

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31ST AUGUST 2013

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS (continued)

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

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

Governors are appointed or elected based on the skills that they will bring to the Board of Governors. On appointment Governors receive information relating to the Trust and attend a briefing and receive an induction pack on the role and responsibilities of Governors. Governors are given the opportunity and encouraged to attend training sessions on relevant issues and changes in legislation etc. The topics covered are regularly reviewed to ensure that Governors are kept up to date as far as possible.

ORGANISATIONAL STRUCTURE

The Board of Governors is responsible for the strategic direction of the school. It reviews progress towards educational objectives and results. It also approves major expenditure requests and sets the budget for the following year. It meets at least 3 times per year.

In addition to the full Board of Governors the following committees met during the year to carry out delegated responsibilities:

- Strategy and Operations Committee
- Business and Finance Committee
- Teaching and Learning Committee
- Personnel Committee
- Pastoral Guidance, Development and Support Committee
- Learning Environment Committee

Terms of reference for each committee 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 each responsible for managing their own departments 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 frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Principal and the Board of Governors as required for approval. Each member of the Senior Leadership Team has specific responsibilities to assist the Principal to manage certain aspects of the Academy.

RISK MANAGEMENT

The Governors have assessed the major risks to which the Academy is exposed. Policies and procedures have been put into place to minimise these risks, including budget management and forecasting procedures, the procurement of adequate insurance cover, investing in staff training and continuing professional development, and continued local marketing and advertising highlighting the achievement of our students. We also provide a budget for staff cover costs and maintain a large number of policies and procedures which protect our staff, students and the Academy, also reducing the risk of safeguarding failures.

The pension scheme is reviewed by qualified actuaries on behalf of the Academy. The Trustees of the Local Government Pension Scheme (LGPS) arrange for appropriate contribution rates to be paid by the members and the employer to ensure that the pension scheme is properly funded over time.

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GOVERNORS' REPORT (continued)
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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 some courses, furthering the pursuit of the Academy's charitable activities.

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.

During the year the Academy established a link with Deer Park School, Cirencester. The Headteacher of Deer Park School provides mentoring and additional support to the Principal as well as chairing the Academy's Statement of Action Monitoring Group, which also involves members of the Board of Governors and Senior Leadership Team.

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 benefits 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 interests 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 most able and gifted 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 pastoral care and guidance of students is a key feature of the school.

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GOVERNORS' REPORT (continued)
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OBJECTIVES, STRATEGIES AND ACTIVITIES

This was the first year of operation for Newent Community School and Sixth Form Centre as an Academy Trust. A number of targets were set relating in particular to student achievement, progress and attendance. The OFSTED inspection carried out in January 2013 deemed the school to be inadequate in a number of areas, following which the Principal was replaced and a Statement of Action (SoA) was established and agreed with HM Inspector of Schools. This included a re-evaluation of the Academy's short-to-medium term objectives and targets. The overall target in the SoA is the removal from the OFSTED "special measures" category by July 2014 with the rating of "good". Three priority areas of focus are identified, namely:

- Leadership & Management, aimed at improving the effectiveness of leaders at all levels in the Academy.
- Pupil Progress & Raising Achievement, aimed at raising the achievement of students of all ability levels, particularly the less able and those with Special Educational Needs (SEN), so that they make consistently good progress.
- Improving the quality of teaching and learning, so that it is consistently good.

Each of these focus areas is supported by a detailed Rapid Improvement Plan with identified actions, timescales, costs, impacts, milestones and arrangements for monitoring and evaluation. The SoA also contains specific and detailed targets related to achievement and progress for the period 2013-15. The headline targets for 2013 at Key Stage 4 are compared with actual results in the Achievements and Performance section below.

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. Despite the short-term pressures arising from the priorities listed in the SoA, the Academy sees an active policy of engagement with the wider community, including our feeder primary schools, 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 non-uniform days, sponsored activities and various extra-curricular fundraising events.

PUBLIC BENEFIT

The Governors 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 Governors consider how planned activities will contribute to the aims and objectives they have set.

Achievements and performance

In the key areas of student progress and attainment at GCSE level, headline targets and results for 2013 are shown below, alongside actual results for the two preceding years. (NB: Value added scores for 2013 are estimates based on the RAISE ready reckoner 2012.)

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GOVERNORS' REPORT (continued)
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Achievements and performance (continued)

		Actual Achievement			Targets
		2011	2012	2013	2013
Attainment	% 5A* - C (EM)	62	62	63	68
	% 5A* - G	97	93	98	100
	% English C+	73	71	74	77
	% Maths C+	73	74	79	74
Progress: Value Added	English	998.6	999.1	1000.6	1001
	Maths	1000.7	999.7	1002	1001
	Science	998.5	999.9	998.6	1001
	Languages	998.4	999.5	999.3	1001
	Humanities	1000.3	1000.7	1000.7	1001

At a more detailed level the results for particular groups highlighted by the OFSTED report, including students with Special Educational Needs, showed strong improvement. Seen in the context of an overall decline in GCSE grades nationally, these results were encouraging. "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.

The overall attendance level of 93.9% was almost on our 94% target; this was the best attendance level in the past 5 years.

Additional highlights during the year included:

- The achievement of the Healthy Life and Living National Accreditation (as one of only five schools nationally to gain this new award).
- The return visit to his old school of the Wales and British Lions rugby international, Alex Cuthbert
- The under-15 boys team winning the Cricket County Championships
- Sporting success at county, regional and national level for a number of individual students
- Two year 13 students achieving places at Oxford University
- A group of Year 8 PSHE students achieving national recognition for their work on the Prime Minister's dementia project.
- The Kenya exchange project, which brought the whole school together to raise funds, support and awareness.
- Participation in the multilateral European Comenius exchange project

GOING CONCERN

After making appropriate enquiries, the Board of Governors 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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GOVERNORS' REPORT (continued)
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Financial review

FINANCIAL REPORT FOR THE PERIOD & KEY FINANCIAL PERFORMANCE INDICATORS

The Academy started the year with a credit balance of £8,555 and managed to achieve a revenue surplus of £399,013 during its first year of operation, which increased the reserves to carry forward to £407,568 (restricted and unrestricted fund). The main element of grant income, the General Annual Grant (GAG) was in line with budget. Additional revenue income, made up mainly of funds relating to students with Special Educational Needs and the Pupil Premium, was somewhat higher than budgeted, the budget having been drawn up before the full details of this funding had been disclosed. Revenue expenditure was broadly in line with budget. The Academy did not experience any difficulties with regard to cash-flow during the financial year

The Governors felt that it was appropriate and necessary for the Academy to build up a surplus during the year in the expectation that financial pressures are likely to increase in future years, particularly in the context of reduced student numbers as a result of demographic factors as well as increased local competition among schools for year 7 and year 12 students, affected also by the impact of the OFSTED judgement on the Academy's reputation.

Total capital income was £724,063, including a grant of £562,703 for a major roof replacement project. In accordance with the Academies Accounts Direction 2013, such grants are shown in the Statement of Financial Activities as restricted income in the 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 2013 the net book value of fixed assets was £20,150,622. 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.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Academy has developed risk management procedures as outlined above. The governors have assessed the major risks to which the Academy is exposed and a formal review of the Trust's risk management process is undertaken on an annual basis.

PRINCIPAL RISKS AND UNCERTAINTIES

The Academy operates a Risk Management Policy 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 implement the post-OFSTED Statement of Action effectively and on schedule, and the potential reputational damage as a result
 - Unsatisfactory progress in teaching standards
 - Unsatisfactory progress in student achievement (including specific groups e.g. students with SEN)
 - Unsatisfactory improvements to leadership and management, including governance
- 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

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GOVERNORS' REPORT (continued)
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PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Key controls in place are:

- An organisational structure with defined roles, responsibilities and authorisation levels
- The establishment of a SoA monitoring group involving Senior Leaders and Governors as well as the Principal, chaired by the Head of Deer Park School, a National Leader in Education, to ensure effective progress is maintained.
- Financial planning, budgeting and management reporting, highlighting areas of financial risk
- A Marketing and PR programme with external specialist support
- Formal written and published policies 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.

RESERVES POLICY

The Governors 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 post-OFSTED Statement of Action, alongside the anticipated impact of falling student rolls in the next few years, will require adjustments to the Academy's management and staffing structure 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 governors believe that the Academy's current level of free reserves of £53,728 (total funds less the amount held in fixed assets and restricted funds) is much less than is needed on an on-going basis. The Academy intends to make every effort to build up free reserves to the level needed.

There are a number of restricted funds representing the residual unspent element of grants and other income received during the year totaling £353,840 which will be spent for the specific purposes concerned. There was also a negative pension reserve at the year-end amounting to £1,324,000.

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 2012-13 the main focus in terms of cash management was to ensure that there were no short term cash flow issues during the first year as an Academy. With a year's experience under our belt the Academy plans to adopt a new Investment Policy in 2013-14. The policy will aim to ensure that 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.

Plans for the future

The short terms plans which will provide the focus of the Academy's activity during 2013-4 are laid down in the post-OFSTED Statement of Action, comprising wide-ranging Rapid Improvement Plans in the key areas of:

- Leadership & Management
- Pupil Progress & Achievement
- Improving the Quality of Teaching & Learning so that it is consistently good.

The overall aim of the Statement of Action is to exit OFSTED's special measures category as a good school by July 2014.

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GOVERNORS' REPORT (continued)
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Plans for the future (continued)

A number of organisational changes have taken place with effect from September 2013 which are intended to bear fruit during 2013-14. These include alterations to the curriculum, with more emphasis on the core subjects of English, Maths and Science, a number of changes in the way the Academy supports students with Special Educational Needs, and a change to the format of the school day, placing more emphasis on learning and with a shorter lunch break.

The reduction in student numbers, which is particularly evident in the junior years, will make it necessary for the Academy to restructure in order to save costs in line with reduced income. The Academy's financial position is somewhat protected during 2013-14 owing to the delayed effect of reduced student numbers on grant funding, but there will be a considerable impact in 2014-15 and it will be important for the Academy to have the correct staffing structure and cost base in place in advance.

Having appointed Mrs Harrison as Principal on a fixed term basis following the departure of Mrs Steele, the governors plan to advertise for and recruit a permanent Principal to be in place for September 2014.

FUNDS HELD AS CUSTODIAN

For the year ending 31 August 2013 there are no assets and arrangements for safe custody segregation.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor 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 was approved by order of the Board of Governors on 18 November 2013 and signed on its behalf by:

.....
Mr D Pettit, Chair

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, 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 Governors 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 Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Board of Governors has formally met 11 times during the period. Attendance during the period at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mr D Pettit	10	11
Mrs K H Harrison, Principal and Accounting Officer (appointed 08/04/13)	4	4
Mrs J Steele, Principal and Accounting Officer (resigned 08/04/13)	5	6
Mrs R Armstrong, Parent Governor	9	11
Mr G Bodger	8	11
Mrs K Elen, Parent Governor	10	11
Mr C Germaine	11	11
Mr D Hampson, Staff Governor (appointed 10/12/12, resigned 19/07/13)	6	9
Mr L Hampton-Whitehead, Parent Governor (appointed 09/04/13)	4	5
Mr M Harwood-Browne	8	10
Mr D Hogg, Parent Governor (resigned 05/01/13)	4	4
Dr S A Huckvale (resigned 21/04/13)	6	6
Mrs S Hutchinson, Parent Governor	11	11
Mr D Jayne, Parent Governor	9	11
Mrs J Jenkins, Parent Governor (appointed 30/04/13, resigned 07/09/13)	1	4
Mr K R Jollans	11	11
Mr A King	9	11
Mrs C Llewellyn, Staff Governor	9	11
Mr P Nolan, Parent Governor (appointed 15/10/13)	10	10
Mrs M Pearce (resigned 30/07/13)	9	10
Mr K Stacey, Staff Governor (resigned 27/06/13)	7	9
Mrs B Wickham, Parent Governor (appointed 23/07/12, resigned 12/03/13)	4	5
Miss D Harrill, Staff Governor (resigned 10/09/12)	0	1
Mr A Hayes, Parent Governor (resigned 24/09/12)	0	1
Ms Ann Vizor (resigned 31/08/12)	0	0

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GOVERNANCE STATEMENT (continued)

The Business and Finance Committee is a sub-committee of the main Board of Governors. Its main purpose is to assist the decision making of the Board of Governors by enabling more detailed consideration to be given to the best means of fulfilling the Board of Governors' responsibility to ensure sound management of the Academy's finances and resources, including proper planning; monitoring and probity, consistent with the Academy's funding agreement.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
Mr G Bodger	3	6
Mr C Germaine	6	6
Mr D Hampson (resigned 19/07/13)	4	6
Mr L Hampton-Whitehead (appointed 09/04/13)	3	3
Mrs K H Harrison (appointed 08/04/13)	1	3
Dr S A Huckvale (resigned 21/04/13)	1	3
Mr K R Jollans	6	6
Mrs C Llewellyn	3	6
Mrs M Pearce (resigned 30/07/13)	5	6
Mrs J Steele (resigned 08/04/13)	3	3

The Strategy and Operations Committee, which is also a sub-committee of the main Board of Governors, fulfilled the role of Audit Committee during the period. The purpose of this committee, acting as Audit Committee, is to review the risks to internal financial control at the Academy Trust.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
Mr G Bodger	2	3
Mrs K H Harrison (appointed 08/04/13)	0	1
Dr S A Huckvale (resigned 12/04/13)	2	2
Mr D Jayne	3	3
Mr K R Jollans	3	3
Mr A King	0	3
Mrs M Pearce (resigned 30/07/13)	3	3
Mr D Pettit	2	2
Mrs J Steele (resigned 08/04/13)	1	1

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 period 23rd July 2012 to 31st August 2013 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Board of Governors 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 Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 23rd July 2012 to 31st August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

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 Governors;
- regular reviews by the Business and Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Tanya Rome and Deborah Anderson-Dixon, as Responsible Officers (ROs).

The ROs' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On an annual basis, the ROs report jointly to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

We confirm that the RO function has delivered their schedule of work as planned. There have been no material control issues arising from the RO reports. The frequency of the ROs visits is being reviewed for 2013/14.

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Business and Finance Committee 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 Governors on 18 November 2013 and signed on their behalf, by:

.....
Mr D Pettit, Chair

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date except for one ex gratia payment in the period for £50,000 which was made to a member of staff without prior consent of the Secretary of State as required under the Funding Agreement, retrospective consent for this payment is being sought. In addition, the FMGS submitted in December 2012 concluded non-compliant in a number of areas. An action plan has been implemented and we are now compliant.

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31ST AUGUST 2013

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Governors on 18 November 2013 and signed on its behalf by:

.....
Mr D Pettit, Chair

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 period ended 31st August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 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 GOVERNORS AND AUDITORS

As explained more fully in the Governors' Responsibilities Statement, the Governors (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 Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' Report for the financial period 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 Governors' 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

18 November 2013

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 20th September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, 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 period 23rd July 2012 to 31st August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE'S
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 23rd July 2012 to 31st August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

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

In this regard we have carried out the following:

- specific testing of a sample of items of income and expenditure to ensure appropriately applied for the 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 processes for establishing and maintaining systems of control and documentation regarding these matters.

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 23rd July 2012 to 31st August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- An ex gratia payment in the period for £50,000 was made to a member of staff without prior consent of the Secretary of State. Retrospective consent for this payment is being sought.
- The FMGS submitted in December 2012 concluded non-compliant in a number of areas. An action plan has been implemented and the Academy is now compliant.

Davies Mayers Barnett LLP

Chartered Accountants
Reporting Accountants

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

18 November 2013

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
FOR THE PERIOD ENDED 31ST AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Transfer on conversion	2,26	8,555	79,031	20,283,105	20,370,691
Voluntary income	2	35,953	216,048	40,000	292,001
Activities for generating funds	3	108,111	128,012	-	236,123
Investment income	4	932	-	-	932
Incoming resources from charitable activities:					
Funding for the Academy Trust's Educational operations	5	227,563	6,412,045	724,064	7,363,672
TOTAL INCOMING RESOURCES		381,114	6,835,136	21,047,169	28,263,419
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income		26,567	213,549	-	240,116
Costs of activities for generating funds		74,064	128,011	-	202,075
Charitable activities:					
Academy Trust's Educational operations	7	253,258	6,111,511	486,105	6,850,874
Governance costs	8	-	51,890	-	51,890
Other resources expended					
Transfer on conversion	26	-	1,316,000	-	1,316,000
TOTAL RESOURCES EXPENDED	6	353,889	7,820,961	486,105	8,660,955
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS					
		27,225	(985,825)	20,561,064	19,602,464
Transfers between Funds	16	26,503	15,665	(42,168)	-
NET MOVEMENT IN FUNDS FOR THE YEAR		53,728	(970,160)	20,518,896	19,602,464
<i>Total funds at 23rd July 2012</i>		-	-	-	-
TOTAL FUNDS AT 31ST AUGUST 2013		53,728	(970,160)	20,518,896	19,602,464

All of the Academy's activities derive from acquisitions in the current financial period.

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

The notes on pages 25 to 43 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 2013**

	Note	£	2013 £
FIXED ASSETS			
Tangible assets	13		20,150,622
CURRENT ASSETS			
Debtors	14	599,195	
Cash at bank and in hand		577,103	
		<hr/>	
		1,176,298	
CREDITORS: amounts falling due within one year	15	(400,456)	
		<hr/>	
NET CURRENT ASSETS			775,842
			<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			20,926,464
Defined benefit pension scheme liability	19		(1,324,000)
			<hr/>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			19,602,464
			<hr/> <hr/>
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	16	353,840	
Restricted fixed asset funds	16	20,518,896	
		<hr/>	
Restricted funds excluding pension liability		20,872,736	
Pension reserve		(1,324,000)	
		<hr/>	
Total restricted funds			19,548,736
Unrestricted funds	16		53,728
			<hr/>
TOTAL FUNDS			19,602,464
			<hr/> <hr/>

The financial statements were approved by the Governors, and authorised for issue, on 18 November 2013 and are signed on their behalf, by:

.....
Mr D Pettit, Chair

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31ST AUGUST 2013

	Note	2013 £
Net cash flow from operating activities	21	182,659
Returns on investments and servicing of finance	22	932
Capital expenditure and financial investment	22	267,286
Cash transferred on conversion to an academy trust	26	126,226
INCREASE IN CASH IN THE PERIOD		577,103

All of the cash flows are derived from acquisitions in the current financial period.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31ST AUGUST 2013

	2013 £
Increase in cash in the period	577,103
MOVEMENT IN NET FUNDS IN THE PERIOD	577,103
NET FUNDS AT 31ST AUGUST 2013	577,103

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2013

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards 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 Governors 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 Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. On review, the Governors 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 Governors 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. For legacies, entitlement is the earlier of the Academy being notified of an impending distribution or the legacy being received.

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.

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.

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.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2013

1. ACCOUNTING POLICIES (continued)

Freehold Property

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

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Newent Community School and Sixth Form Centre to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Newent Community School and Sixth Form Centre. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 26.

Resources expended

All 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 Governors' 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 PERIOD ENDED 31ST AUGUST 2013

1. ACCOUNTING POLICIES (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, on a straight line basis, over their expected useful lives on the following bases:

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

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.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2013

1. ACCOUNTING POLICIES (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 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 Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and the Department for Education 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 2013 £	Restricted funds 2013 £	Total funds 2013 £
Transfer on conversion	8,555	20,362,136	20,370,691
Donations - capital	-	40,000	40,000
School funds	36	171,940	171,976
Other donations	35,917	44,108	80,025
Subtotal	35,953	256,048	292,001
Voluntary income	44,508	20,618,184	20,662,692

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2013

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Hire of facilities and services	95,397	56,282	151,679
Other income	12,714	71,730	84,444
	<u>108,111</u>	<u>128,012</u>	<u>236,123</u>

4. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Investment income	932	-	932
	<u>932</u>	<u>-</u>	<u>932</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
DfE/EFA grants			
General Annual Grant (GAG)	-	6,046,742	6,046,742
Start up grant	-	25,000	25,000
Capital grants	-	647,767	647,767
Other DfE/EFA grants	-	111,291	111,291
	<u>-</u>	<u>6,830,800</u>	<u>6,830,800</u>
Other government grants			
Local authority grants	-	305,309	305,309
	<u>-</u>	<u>305,309</u>	<u>305,309</u>
Other funding			
Catering services	226,755	-	226,755
Other income	808	-	808
	<u>227,563</u>	<u>-</u>	<u>227,563</u>
	<u>227,563</u>	<u>7,136,109</u>	<u>7,363,672</u>

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2013

6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £
Costs of generating voluntary income	15,268	11,870	212,978	240,116
Costs of activities for generating funds	92,596	43,727	65,752	202,075
Educational operations - Direct costs (note 7 refers)	4,376,149	-	410,229	4,786,378
Educational operations - Support costs (note 7 refers)	763,276	915,647	385,573	2,064,496
Governance	-	-	51,890	51,890
Other resources expended - transfer on conversion	-	-	1,316,000	1,316,000
	<u>5,247,289</u>	<u>971,244</u>	<u>2,442,422</u>	<u>8,660,955</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
DIRECT COSTS			
Wages and salaries	-	4,376,149	4,376,149
Educational supplies and services	-	181,579	181,579
Examination fees	-	103,812	103,812
Staff development	-	15,496	15,496
Other direct costs	-	109,342	109,342
	<u>-</u>	<u>4,786,378</u>	<u>4,786,378</u>
SUPPORT COSTS			
Wages and salaries	116,170	647,106	763,276
Depreciation	-	486,105	486,105
Pension cost	-	50,000	50,000
Maintenance of premises and equipment	-	194,646	194,646
Cleaning	1,488	22,285	23,773
Rent and rates	-	23,539	23,539
Heat and light	-	145,743	145,743
Insurance	-	41,840	41,840
Security and transport	-	10,418	10,418
Catering	125,600	26,718	152,318
Computer expenses	-	60,221	60,221
Other support costs	10,000	102,617	112,617
	<u>253,258</u>	<u>1,811,238</u>	<u>2,064,496</u>
	<u>253,258</u>	<u>6,597,616</u>	<u>6,850,874</u>

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8. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Legal and professional fees	-	36,070	36,070
Auditors' remuneration	-	9,500	9,500
Auditors' non audit costs	-	6,320	6,320
	-	51,890	51,890
	-	51,890	51,890

9. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2013 £
Depreciation of tangible fixed assets: - owned by the charity	486,105
Auditors' remuneration	9,500
Auditors' remuneration - non-audit	6,320
Operating leases	97,051
	97,051

10. STAFF COSTS

Staff costs were as follows:

	2013 £
Wages and salaries	4,239,574
Social security costs	306,566
Pension costs	599,319
Supply teacher costs	51,830
Compensation payments	50,000
	5,247,289
Total	5,247,289

The average number of persons (including the senior management team) employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2013 No
Teachers	81
Administration and support	49
Management	6

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STAFF COSTS (continued)

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

	2013
	No.
£60,001 - £70,000	1
£100,001-£110,000	1

The employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013 pension contributions amounted to £11,888.

11. GOVERNORS' REMUNERATION AND EXPENSES

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration, including employer pension contributions fell within the following bands:

	2013
	£
Mrs K H Harrison, Principal and Accounting Officer	35,000-40,000
Mrs J Steele, Principal and Accounting Officer	110,000-115,000
Mr D Hampson, Staff Governor	25,000-30,000
Mrs C Llewellyn, Staff Governor	50,000-55,000
Mr K Stacey, Staff Governor	40,000-45,000
Miss D Harrill, Staff Governor	0-5,000

During the period ended 31st August 2013, no travel and subsistence expenses were reimbursed to Governors.

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

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31st August 2013 was £808.

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 £
Cost				
Additions	252,926	-	118,841	8,714
Transfers on conversion	20,000,000	1,203	239,088	15,955
At 31st August 2013	<u>20,252,926</u>	<u>1,203</u>	<u>357,929</u>	<u>24,669</u>
Depreciation				
Charge for the period	405,059	397	74,482	6,167
At 31st August 2013	<u>405,059</u>	<u>397</u>	<u>74,482</u>	<u>6,167</u>
Net book value				
At 31st August 2013	<u><u>19,847,867</u></u>	<u><u>806</u></u>	<u><u>283,447</u></u>	<u><u>18,502</u></u>

	Total £			
Cost				
Additions	380,481			
Transfers on conversion	20,256,246			
At 31st August 2013	<u>20,636,727</u>			
Depreciation				
Charge for the period	486,105			
At 31st August 2013	<u>486,105</u>			
Net book value				
At 31st August 2013	<u><u>20,150,622</u></u>			

On conversion the Governors agreed to base their valuation of their freehold land and buildings on insurance valuation. This was chosen in favour of having a formal valuation done as the cost of a formal valuation would be onerous compared with the additional benefit derived by the users of the accounts.

Due to the Academy buildings being deemed specialist in nature and therefore not traded in an open market, insurance valuation was deemed to be a reasonable estimate of depreciated replacement cost for recognition purposes.

14. DEBTORS

	2013 £
Trade debtors	90,101
Other debtors	93,376
Prepayments and accrued income	415,718
	<u>599,195</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS:
Amounts falling due within one year

	2013 £
Trade creditors	134,192
EFA creditor: abatement of GAG	73,209
Other taxation and social security	88,790
Other creditors	22,441
Accruals and deferred income	81,824
	400,456
	£
Deferred income	
Resources deferred during the year	52,810

Deferred Income

Income received during the period ended 31st August 2013 specific to funding for future years has been deferred accordingly.

16. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Unrestricted funds					
Unrestricted funds	-	381,114	(353,889)	26,503	53,728
	-	381,114	(353,889)	26,503	53,728
Restricted funds					
General Annual Grant (GAG)	-	6,046,742	(5,787,582)	(10,915)	248,245
Start up grant	-	25,000	(25,025)	25	-
Other DfE/EFA Grants	-	111,291	(95,647)	5,856	21,500
Other Government grants	-	229,012	(249,711)	20,699	-
School fund account	-	250,971	(175,532)	-	75,439
Other Income	-	172,120	(163,464)	-	8,656
Pension reserve	-	-	(1,324,000)	-	(1,324,000)
	-	6,835,136	(7,820,961)	15,665	(970,160)

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16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

DfE/EFA Capital Grants	-	647,767	(22,198)	(39,514)	586,055
Predecessor School Surplus	-	26,859	-	-	26,859
Capital donations on conversion	-	20,256,246	(449,158)	-	19,807,088
Capital expenditure from GAG	-	-	(1,092)	4,368	3,276
Other donations	-	116,297	(13,657)	(7,022)	95,618
	-	<u>21,047,169</u>	<u>(486,105)</u>	<u>(42,168)</u>	<u>20,518,896</u>
Total restricted funds	-	<u>27,882,305</u>	<u>(8,307,066)</u>	<u>(26,503)</u>	<u>19,548,736</u>
Total of funds	-	<u><u>28,263,419</u></u>	<u><u>(8,660,955)</u></u>	<u><u>-</u></u>	<u><u>19,602,464</u></u>

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

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 2013.

The Restricted General Fund includes 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 the Restricted General Fund.

The Restricted Fixed Asset Fund includes 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 Unrestricted Fund to Restricted Fund relate to the catering deficit incurred deemed to be a GAG cost.

Transfers between Restricted Fund to Restricted Fixed Asset Fund relate to revenue costs initially charged to GAG but funded by a capital grant, together with fixed asset additions funded by GAG.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	20,150,622	20,150,622
Current assets	53,728	739,048	383,522	1,176,298
Creditors due within one year	-	(385,208)	(15,248)	(400,456)
Provisions for liabilities and charges	-	(1,324,000)	-	(1,324,000)
	<u>53,728</u>	<u>(970,160)</u>	<u>20,518,896</u>	<u>19,602,464</u>

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18. CAPITAL COMMITMENTS

As at 31st August 2013, the Academy had capital commitments of £245,045.

19. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Costs incurred in the period relating to TPS were £417,615 and relating to LGPS were £223,704.

Contributions amounting to £Nil (TPS) and £22,441 (LGPS) were payable to the scheme at 31st August 2013 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). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

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19. PENSION COMMITMENTS (continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

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19. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31st August 2013 was £274,357, of which employer's contributions totalled £223,704 and employees' contributions totalled £50,653. The agreed contribution rates for future years are 23.7% for employers and will vary depending on salary banding between 5.5-7.5% 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.

As described in note 26 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

Initial Funding Position of the New Scheduled Body

As Newent Community School and Sixth Form Centre gained academy status with effect from 1st September 2012 and has become a scheduled body, the manager of the LGPS has made allowance for a proportionate transfer of the deficit within the Fund from Gloucestershire County Council to the Academy.

As a result of which the initial deficit allocation for the Academy was the capitalised value of the deficit contributions which it had been due to make over the recovery period for Gloucestershire County Council at the 2010 valuation, i.e. 20 years.

This approach gave a deficit allocated to the Academy at commencement of approximately £1,316,000.

Employer Contributions

The contribution rate payable is made up of a normal rate for future service plus additional amounts in relation to the deficit taken on. On this basis the contribution rate which applies from 1st September 2012 is a normal future service contribution rate of 20.0% of pensionable pay per annum plus additional contributions in relation to the deficit.

An allowance is included within the above future service contribution rate for the expected costs associated with ill health early retirements and also for the administrative costs of running the Fund. The cost of any non-ill health early retirements, however, should be payable via additional contributions.

To recover the above deficit of £1,316,000 via additional contributions, based on a recovery period of 20 years, the additional contribution rate required is 7.3% of pensionable pay per annum (the same rate identified for Gloucestershire County Council at the 2010 valuation), leading to an overall employer contribution rate applicable from 1st September 2012 of 27.3% of pensionable pay.

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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 2013 %	Fair value at 31 August 2013 £
Equities	6.60	498,000
Bonds	3.80	138,000
Property	4.70	42,000
Cash	3.60	14,000
Total market value of assets		<u>692,000</u>
Present value of scheme liabilities		<u>(2,016,000)</u>
(Deficit)/surplus in the scheme		<u><u>(1,324,000)</u></u>

The amounts recognised in the Balance Sheet are as follows:

	2013 £
Present value of funded obligations	(2,016,000)
Fair value of scheme assets	692,000
Net liability	<u><u>(1,324,000)</u></u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2013 £
Current service cost	(183,000)
Interest on obligation	(73,000)
Expected return on scheme assets	23,000
Total	<u><u>(233,000)</u></u>
Actual return on scheme assets	<u><u>72,000</u></u>

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

	2013 £
Opening defined benefit obligation	1,661,000
Current service cost	183,000
Interest cost	73,000
Contributions by scheme participants	51,000
Actuarial Losses	48,000
Closing defined benefit obligation	<u><u>2,016,000</u></u>

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19. PENSION COMMITMENTS (continued)

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

	2013 £
Opening fair value of scheme assets	345,000
Expected return on assets	23,000
Actuarial gains and (losses)	48,000
Contributions by employer	225,000
Contributions by employees	51,000
	692,000
	692,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £NIL.

The Academy expects to contribute £228,000 to its Defined Benefit Pension Scheme in 2014.

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

	2013
Discount rate for scheme liabilities	4.60 %
Expected return on scheme assets at 31st August	5.90 %
Rate of increase in salaries	4.60 %
Rate of increase for pensions in payment / inflation	2.80 %
Inflation assumption (CPI)	2.90 %
Commutation of pensions to lump sums	50.00 %

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

	2013
Retiring today	
Males	21.7
Females	23.6
Retiring in 20 years	
Males	23.5
Females	25.8

Amounts for the current period are as follows:

Defined benefit pension schemes

	2013 £
Defined benefit obligation	(2,016,000)
Scheme assets	692,000
Deficit	(1,324,000)
Experience adjustments on scheme liabilities	(48,000)
Experience adjustments on scheme assets	48,000
	(1,324,000)

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19. PENSION COMMITMENTS (continued)

Sensitivity Analysis

Change in assumptions at 31 August 2013	Approximate increase to Liability	% Approximate Employer monetary amount (£)
0.5% decrease in Real Discount Rate	12	251,000
1 year increase in member life expectancy	3	60,000
0.5% increase in the Salary Increase Rate	6	117,000
0.5% increase in the Pension Increase Rate	6	128,000

20. OPERATING LEASE COMMITMENTS

At 31st August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	2013 £
Other	
Within 1 year	25,313
Between 2 and 5 years	58,259
	<u>83,572</u>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £
Net incoming resources before revaluations	19,602,464
Returns on investments and servicing of finance	(932)
Net transfer from local authority on conversion	(19,054,691)
Depreciation of tangible fixed assets	486,105
Capital grants from DfE/EFA	(647,767)
Increase in debtors	(590,241)
Increase in creditors	379,721
FRS 17 pension cost less contribution payable	(42,000)
FRS 17 pension finance costs	50,000
Net cash inflow from operations	<u>182,659</u>

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

	2013 £
Returns on investments and servicing of finance	
Interest received	932
	<u>932</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(380,481)
Capital grants from DfE	647,767
	267,286
Net cash inflow capital expenditure	267,286

23. ANALYSIS OF CHANGES IN NET FUNDS

	23 July 2012 £	Cash flow £	31 August 2013 £
Cash at bank and in hand:	-	577,103	577,103
	-	577,103	577,103
Net funds	-	577,103	577,103

24. CONTINGENT LIABILITIES

In the event, during the period of the funding agreement, of the sale or disposal by other means of any asset for which a capital grant of whatever amount was received, the company shall, if it does not reinvest the proceeds, repay to the Secretary of State the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the company serving notice, the company shall repay to the Secretary of State sums determined by reference to:

- (a) The value at that time of the Academy's site and premises and other assets held for the purposes of the company, and
- (a) The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

25. RELATED PARTY TRANSACTIONS

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

No related party transactions to note.

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26. CONVERSION TO AN ACADEMY TRUST

On 1st September 2012 Newent Community School and Sixth Form Centre converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Newent Community School and Sixth Form Centre from Gloucestershire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income and other resources expended.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Freehold land and buildings	-	-	20,000,000	20,000,000
- Other tangible fixed assets	-	-	256,246	256,246
Other assets	-	-	8,954	8,954
Budget surplus on LA funds	8,555	-	38,640	47,195
Budget surplus on other school funds	-	79,031	-	79,031
LGPS pension deficit	-	(1,316,000)	-	(1,316,000)
Other identified assets and liabilities	-	-	(20,735)	(20,735)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/(liabilities)	8,555	(1,236,969)	20,283,105	19,054,691
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The above net assets include £126,226 that were transferred as cash.