

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

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31ST AUGUST 2014

Members and Trustees	Mr D Pettit, Chair (resigned 16th September 2014) ¹ Mrs K Elen, Acting Chair, Parent Trustee ¹ Mr L Hampton-Whitehead, Staff Trustee ¹ Mr D Hogg (appointed 16th June 2014) Mr K R Jollans (resigned 20th February 2014) ¹ Mr P Nolan (resigned 20th June 2014) ¹
Trustees	Mrs K H Harrison, Principal and Accounting Officer ¹ Mrs R Armstrong, Parent Trustee Mr G Bodger Mr C Germaine Mrs J Gooch (appointed 14th July 2014) Mr M Harwood-Browne, Staff Trustee Mrs S Hutchinson, Parent Trustee Mr D Jayne, Parent Trustee Mr A King (resigned 31st August 2014) Mrs C Llewellyn, Staff Trustee (resigned 31st August 2014) Mrs J Jenkins (resigned 7th September 2013)
	¹ Member of the Academies Executive Board
Company secretary	Ann Price (appointed 1st September 2014) Harrison Clark Rickerbys LLP (resigned 31st August 2014)
Senior management team	Mrs K H Harrison, Acting Headteacher to 23rd April 2014/ Principal from 24th April 2014 Mr G Balmer, Acting Deputy Headteacher to 31st August 2014/ Vice Principal from 1st September 2014 Mr M Wycherley, Acting Deputy Headteacher to 31st August 2014/ Assistant Headteacher from 1st September 2014 Mr M John, Assistant Headteacher Mr B Cheeseman, Assistant Headteacher to 31st August 2014 Mrs A Price, Business Manager
Principal and registered office	Watery Lane Newent Gloucestershire GL18 1QF
Company registered number	08153177
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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31ST AUGUST 2014**

Administrative details (continued)

Solicitors	Harrison Clark Rickerbys LLP Ellenborough House Wellington Street Cheltenham Gloucestershire GL50 1YD
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NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2014

The Trustees present their annual report together with the audited financial statements of Newent Community School and Sixth Form Centre (the Academy) for the period 1st September 2013 to 31st August 2014. The annual report serves the purposes of both a trustee's report, and a directors' report under company law.

The trust operates an academy for students aged 11-19 serving the town of Newent and surrounding villages including a growing proportion of students travelling into school from the city of Gloucester by bus to attend the school. It has a capacity for 1400 students but currently has a roll of 1105 in the school census on October 2013.

Structure, governance and management

Constitution

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

The Trustees act as the governors for the charitable activities of the Academy and are also the directors of the Charitable Company for the purposes of Company law. The Charitable Company is known as Newent Community School and Sixth Form Centre.

Details of the Trustees who served throughout the year 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.

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

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

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2014

Policies and procedures adopted for the induction and training of Trustees

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

Organisational structure

The Board of Trustees is responsible for the strategic direction of the school. It meets at least 3 times per year.

The Board of Trustees has delegated executive authority to an Academy Executive Board (AEB) comprising the Chair and Vice Chair of Trustees, two Parent governors and the Principal. Other governors or identified individuals can be co-opted on to the Board for specific duties / tasks.

The AEB reviews progress towards educational objectives and results. It also approves major expenditure requests and sets, and makes the relevant recommendation, the budget for the following year to the Board of Trustees. It meets at least 6 times per year.

Other Governors carry out delegated responsibilities in particular areas including:

- Business and Finance Governor
- Link Governor – three roles: Curriculum, Progress and Achievement, Teaching and Learning
- Community Governor
- Learning Environment /Health and Safety Governor
- SEN Governor
- Pupil Premium Governor
- Feeder School Governor – two roles
- Communication Governor
- Personnel Governor

Terms of reference, roles and responsibilities and training for each governor 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 teams within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

The Principal manages the Academy on a daily basis supported by a Senior Leadership Team. The Senior Leadership Team meets bi- weekly to discuss emerging matters and to help to develop strategies for future development to be put to the Principal and the Academy Executive Board as required for approval. Each member of the Senior Leadership Team has specific responsibilities to assist the Principal to lead and manage key strategic and operational aspects of the Academy.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2014

Connected organisations, including related party relationships

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

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

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

Objectives and Activities

Objects and aims

The Academy Trust's objects are specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy"); and
- to promote for the 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 quality of the pastoral care and guidance of students are key features of the ethos and community of the school.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2014

Objectives, strategies and activities

This was the second year of operation for Newent Community School and Sixth Form Centre as an Academy Trust. The first year had been particularly challenging, following the decision by OFSTED in January 2013 to categorise the school as inadequate in a number of areas and the subsequent departure of the Headteacher. A Statement of Action (SoA) was agreed with HM Inspector of Schools with the overall aim of ensuring that the school was removed from the OFSTED “special measures” category by July 2014 with the rating of “Good”. The SoA was supported by a detailed Rapid Improvement Plan which was implemented effectively and at pace by the Academy’s management team lead by Mrs Kirsten Harrison, who was confirmed in the role of Principal during the year, under the overall supervision of the Academy Executive Board.

The Academy was removed from OFSTED’s special measures category and rated “good” in each of the four categories of Progress and Achievement, Quality of Teaching and Learning, Behaviour and Safety and Leadership and Management, ahead of target in February 2014.

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

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

The Academy was involved in a wide range of activities in support of local, national and international charities, including The Prime Minister’s National Dementia Initiative, the Freedom to Choose campaign against forced marriages and non-uniform days to raise funds for the National Lifeboat Association and Sports Aid, sponsored activities and various extra-curricular fundraising events.

Public benefit

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

Strategic Report

Achievements and performance

The removal of the school from OFSTED’s special measures category and the rating of the school as “good” in all four OFSTED review categories was supported and underpinned by strong progress in a range of measures as identified in the Academy’s Statement of Action.

In the key areas of student progress and attainment at GCSE level, headline targets and results for 2014 are shown below, alongside actual results for the two preceding years. (NB: Value added scores for 2014 are estimates based on the RAISE ready reckoner 2013.) The reduced figures for 2014 reflect the less able academic profile of the 2014 GCSE cohort and changes to the GCSE grade boundaries in the summer 2014 exam programme.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2014

Achievements and performance (continued)

Actual Achievement Targets

	2012	2013	2014
%5A* - C (EM)	62	62	57
Attainment % 5A-G	94	98	97
% English C+	71	73	67
% Maths C+	74	77	75
English	999.1	1000.6	
Progress: Maths	999.7	1002	
Value Science	999.9	998.6	
Added Languages	999.5	999.3	
Humanities	1000.7	1000.7	

At a more detailed level the results for particular groups highlighted by the OFSTED report, including students with Special Educational Needs, showed 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.

Key performance indicators

In addition to the OFSTED judgement and the GCSE and A level results referred to above, the Academy achieved the following results with regard to its key performance indicators:

- The overall attendance level of 93.9% was almost on our 94% target; this was in line with the best attendance levels in the past 5 years.
- Student recruitment data – Increase from 134 to 148 Year 7 Recruitment; maintenance of Y12 recruitment numbers – 91 2014.
- The Academy achieved a financial surplus of £263,000 (before actuarial losses in the year), compared with a budgeted deficit of £25,000.

Additional highlights during the year included:

- Achievement of reaccreditation for Healthy Schools Status
- The under 14 and under-15 boys teams reaching the national finals of the 'name' Cricket league coming 4th overall nationally
- Sporting success at county, regional and national level for a number of individual students and teams
- 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. In partnership with Lakers School and Dene Magna Academy the three schools successfully achieved a Connection Classrooms project grant.

Going concern

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2014

Financial review

The Academy achieved a revenue surplus of £308,679 (before actuarial losses in the year), which increased the revenue reserves to carry forward to £748,247 (excluding the pension reserve). Total Income, including the General Annual Grant (GAG) as well as other income, was in line with budget. Expenditure was over 3% lower than budget as a result of effective management and strong financial controls. The Academy did not experience any difficulties with regard to cash-flow during the financial year.

The Trustees 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.

Total capital income was £435,451, which includes a successful Academies Capital Maintenance Fund bid of £400,000 for the refurbishment of toilet facilities within the school. In accordance with the Academy Accounts Direction, such grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2014 the net book value of fixed assets was £19,972,053. 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.

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 maintain the momentum of change and improvement evident from the Academy's movement out of Special Measures and into OFSTED's "Good" category, and the potential reputational damage as a result
- Unsatisfactory improvements to Governance including a failure to recruit sufficient governors with the necessary skills and experience
- A shortfall in funding as a result of falling rolls
- Increased local competition for VI formers leading to a reduction in student numbers
- A failure of the Academy's IT systems
- A major failure in utility supply

Key controls in place are:

- An organisational structure with defined roles, responsibilities and authorisation levels
- The appointment of a new permanent Principal from April 2014
- Financial planning, budgeting and management reporting, highlighting areas of financial risk
- A Marketing and PR programme
- Formal written and published policies and protocols including a Business Continuity Plan
- With regard to pension risks, the Academy has recognised its share of the Local Government Pension Scheme (LGPS) deficit in accordance with Financial Reporting Standard 17. Future contribution rates are adjusted so as to reduce this deficit.

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TRUSTEES' REPORT (continued)
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Reserves policy

The Trustees review the reserve levels of the Academy annually. Reserves are needed to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. In addition the changes and improvements required in line with the Five Year School Development Plan, alongside the anticipated impact of reduced student numbers , will require adjustments to the Academy's management and staffing structure and resources which will involve short term costs, including some one-off items, over and above the Academy's normal revenue expenditure.

With this in mind the trustees believe that the Academy's current level of free reserves of £76,416 (total funds less the amount held in fixed assets and restricted funds) will be crucial to support the Academy's activities in the coming years. There are a number of restricted funds representing the residual unspent element of grants and other income received during the year totalling £671,831 which will be spent for the specific purposes concerned. There was also a negative pension reserve in respect of the Local Government Pension Scheme amounting to £1,754,000 at the year end.

Investment Policy

The Academy considers on an on-going basis whether it is prudent to deposit funds into an account where improved terms are offered. During 2013-14 the main focus in terms of cash management was to ensure that there were no short term cash flow issues The Academy will consider options for a new Investment Policy in 2014-15.

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

Plans for future periods

The medium and long term plans which will provide the focus of the Academy's activity during 2014 / 2015 are laid down in the School Development Plan comprising wide-ranging Rapid Improvement Plans in all the key areas of development for the Academy.

A number of organisational changes have taken place with effect from September 2014 which are intended to bear fruit during 2014 / 2015. These include further alterations to the curriculum, particularly at post 16 to reflect the rise in the participation age and the continued emphasis on the core subjects of English, Maths and Science, a number of changes in the way the Academy supports students with Special Educational Needs and students that attract Pupil Premium Funding.

The reduction in student numbers, which is particularly evident in the junior years, will make it necessary for the Academy to continue restructuring in order to save costs in line with reduced income and to ensure that the organisational structure is appropriate and fit for purpose.

Funds held as custodian trustee on behalf of others

For the year ending 31 August 2014 there are no assets and arrangements for safe custody segregation.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2014**

Disclosure of information to auditors

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

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

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 8 December 2014 and signed on the board's behalf by:

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Pettit (resigned 16th September 2014)	5	5
Mrs K Elen, Acting Chair, Parent Trustee	4	5
Mr L Hampton-Whitehead, Staff Trustee	5	5
Mr D Hogg	1	1
Mr K R Jollans (resigned 20th February 2014)	2	2
Mr P Nolan, Parent Trustee (resigned 20th June 2014)	4	4
Mrs K H Harrison, Principal and Accounting Officer	4	5
Mrs R Armstrong, Parent Trustee	4	5
Mr G Bodger (resigned 19th March 2014)	1	3
Mr C Germaine	4	5
Mrs J Gooch	0	0
Mr M Harwood-Browne, Staff Trustee	5	5
Mrs S Hutchinson, Parent Trustee	5	5
Mr D Jayne, Parent Trustee	2	5
Mr A King (resigned 31st August 2014)	5	5
Mrs J Jenkins (resigned 7th September 2013)	0	0
Miss C Llewellyn, Staff Trustee (resigned 31st August 2014)	3	5

Following removal from Special Measures in February 2014, the board has undertaken a process of restructuring of governance and sought to recruit additional governors to support the work of the board.

The trustees have maintained the Academy Executive Board with delegated executive powers and have also further extended and restructured the board of trustees to include governors with identified roles and responsibilities outlined in terms of reference and key areas of scrutiny. The calendar of 'Support and Challenge' topics outlines lines of reporting to the Academy Executive Board and the senior leadership team and staff links.

Recruitment of governors with appropriate skills and expertise areas is ongoing.

Governance reviews:

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

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GOVERNANCE STATEMENT (continued)

The Lead HMI at inspection in February 2014 Ofsted judged governance to be good.

The Academy Executive Board has the delegated executive authority to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' 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. The Academy Executive Board is a sub-committee of the main Board of Trustees, fulfilling the role of Business and Finance Committee and Audit Committee.

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of a possible
Mr D Pettit (resigned 16th September 2014)	15	15
Mrs K Elen, Parent Trustee	15	15
Mr L Hampton-Whitehead, Staff Trustee	3	4
Mr K R Jollans (resigned 20th February 2014)	8	9
Mr P Nolan (resigned 20th June 2014)	14	15
Mrs K H Harrison, Principal and Accounting Officer	15	15

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newent Community School and Sixth Form Centre for the year 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Business and Finance Governor 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.

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GOVERNANCE STATEMENT (continued)

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

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

We confirm that the Responsible Officer function has delivered their schedule of work as planned. There have been no material control issues arising from the Responsible Officer reports. The frequency of the Responsible Officers visits is being reviewed for 2014/15.

Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the 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 trustees on 8 December 2014 and signed on its behalf, by:

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

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Newent Community School and Sixth Form Centre I have considered my responsibility to notify the Academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the Academy board of trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2013).

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

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

Date: 8 December 2014

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2014

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 8 December 2014 and signed on its behalf by:

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

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

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF NEWENT COMMUNITY
SCHOOL AND SIXTH FORM CENTRE**

We have audited the financial statements of Newent Community School and Sixth Form Centre for the year ended 31st August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31st August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

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

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF NEWENT COMMUNITY
SCHOOL AND SIXTH FORM CENTRE**

Matters on which we are required to report by exception

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

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

Nicola Smith (Senior Statutory Auditor)

for and on behalf of

Davies Mayers Barnett LLP

Chartered Accountants
Statutory Auditors

Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS
8 December 2014

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

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

In accordance with the terms of our engagement letter dated 22nd September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Newent Community School and Sixth Form Centre during the year 1st September 2013 to 31st August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Newent Community School and Sixth Form Centre's funding agreement with the Secretary of State for Education dated 31st August 2012, and the Academies Financial Handbook extant from 1st September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1st September 2013 to 31st August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

In this regard we have carried out the following:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1st September 2013 to 31st August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Davies Mayers Barnett LLP

Chartered Accountants
Reporting Accountants

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

8 December 2014

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

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31ST AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer on conversion	2	-	-	-	-	20,370,691
Voluntary income	2	75,294	136,351	-	211,645	292,001
Activities for generating funds	3	96,230	104,998	-	201,228	236,123
Investment income	4	1,240	-	-	1,240	932
Incoming resources from charitable activities:						
Funding for the Academy Trust's Educational operations	5	201,799	6,235,340	435,451	6,872,590	7,363,672
TOTAL INCOMING RESOURCES		374,563	6,476,689	435,451	7,286,703	28,263,419
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income		58,431	126,456	-	184,887	240,116
Costs of activities for generating funds		73,994	101,595	-	175,589	202,075
Charitable activities:						
Academy Trust's Educational operations	7	219,450	5,919,784	509,803	6,649,037	6,850,874
Governance costs	8	-	14,190	-	14,190	51,890
Other resources expended						
Transfer on conversion		-	-	-	-	1,316,000
TOTAL RESOURCES EXPENDED	6	351,875	6,162,025	509,803	7,023,703	8,660,955
NET INCOMING RESOURCES BEFORE TRANSFERS		22,688	314,664	(74,352)	263,000	19,602,464

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

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31ST AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	16	-	(420)	420	-	-
NET INCOME FOR THE YEAR		22,688	314,244	(73,932)	263,000	19,602,464
Actuarial gains and losses on defined benefit pension schemes		-	(398,000)	-	(398,000)	-
NET MOVEMENT IN FUNDS FOR THE YEAR		22,688	(83,756)	(73,932)	(135,000)	19,602,464
<i>Total funds at 1st September 2013</i>		<i>53,728</i>	<i>(970,160)</i>	<i>20,518,896</i>	<i>19,602,464</i>	<i>-</i>
TOTAL FUNDS AT 31ST AUGUST 2014		76,416	(1,053,916)	20,444,964	19,467,464	19,602,464

All activities relate to continuing operations.

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

The notes on pages 26 to 45 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 2014**

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	13		19,972,053		20,150,622
CURRENT ASSETS					
Debtors	14	541,274		599,195	
Cash at bank and in hand		950,629		577,103	
			<u>1,491,903</u>		<u>1,176,298</u>
CREDITORS: amounts falling due within one year	15	(242,492)		(400,456)	
NET CURRENT ASSETS			1,249,411		775,842
TOTAL ASSETS LESS CURRENT LIABILITIES			21,221,464		20,926,464
Defined benefit pension scheme liability	19		(1,754,000)		(1,324,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			19,467,464		19,602,464
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	16	700,084		353,840	
Restricted fixed asset funds	16	20,444,964		20,518,896	
Restricted funds excluding pension liability		21,145,048		20,872,736	
Pension reserve		(1,754,000)		(1,324,000)	
Total restricted funds			19,391,048		19,548,736
Unrestricted funds	16		76,416		53,728
TOTAL FUNDS			19,467,464		19,602,464

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2014 and are signed on their behalf, by:

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

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	21	308,175	182,659
Returns on investments and servicing of finance	22	1,240	932
Capital expenditure and financial investment	22	64,111	267,286
Cash transferred on conversion to an academy trust	25	-	126,226
INCREASE IN CASH IN THE YEAR		373,526	577,103

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31ST AUGUST 2014

	2014 £	2013 £
Increase in cash in the year	373,526	577,103
MOVEMENT IN NET FUNDS IN THE YEAR	373,526	577,103
Net funds at 1st September 2013	577,103	-
NET FUNDS AT 31ST AUGUST 2014	950,629	577,103

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2014

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 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. On review, the 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.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2014

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 25.

Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2014

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation (continued)

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

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

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

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

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

Leased assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Taxation

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

Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 19, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2014

1. ACCOUNTING POLICIES (continued)

Pensions (continued)

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

Fund accounting

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

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

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

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Transfer on conversion	-	-	-	20,370,691
Donations - capital	-	-	-	40,000
School funds	43,902	133,248	177,150	171,976
Other donations	31,392	3,103	34,495	80,025
Subtotal	<u>75,294</u>	<u>136,351</u>	<u>211,645</u>	<u>292,001</u>
Voluntary income	<u><u>75,294</u></u>	<u><u>136,351</u></u>	<u><u>211,645</u></u>	<u><u>20,662,692</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2014

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of facilities and services	61,504	47,685	109,189	151,679
Other income	34,726	57,313	92,039	84,444
	<u>96,230</u>	<u>104,998</u>	<u>201,228</u>	<u>236,123</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Investment income	1,240	-	1,240	932
	<u>1,240</u>	<u>-</u>	<u>1,240</u>	<u>932</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	5,932,170	5,932,170	6,046,742
Start up grant	-	-	-	25,000
Capital grants	-	435,451	435,451	647,767
Other DfE/EFA grants	-	138,955	138,955	111,291
	<u>-</u>	<u>6,506,576</u>	<u>6,506,576</u>	<u>6,830,800</u>
Other government grants				
Local authority grants	-	164,215	164,215	305,309
	<u>-</u>	<u>164,215</u>	<u>164,215</u>	<u>305,309</u>
Other funding				
Catering services	201,799	-	201,799	226,755
Other income	-	-	-	808
	<u>201,799</u>	<u>-</u>	<u>201,799</u>	<u>227,563</u>
	<u>201,799</u>	<u>6,670,791</u>	<u>6,872,590</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 YEAR ENDED 31ST AUGUST 2014

6. RESOURCES EXPENDED

	Staff costs		Other costs	Total	<i>Total</i>
	2014	Premises	2014	2014	2013
	£	2014	£	£	£
Costs of generating voluntary income	3,800	-	181,087	184,887	<i>240,116</i>
Costs of activities for generating funds	83,165	35,197	57,227	175,589	<i>202,075</i>
Educational operations - Direct costs (note 7 refers)	4,251,900	-	424,079	4,675,979	<i>4,786,378</i>
Educational operations - Support costs (note 7 refers)	807,762	818,102	347,194	1,973,058	<i>2,064,496</i>
Governance	-	-	14,190	14,190	<i>51,890</i>
Other resources expended - transfer on conversion	-	-	-	-	<i>1,316,000</i>
	<hr/> 5,146,627 <hr/>	<hr/> 853,299 <hr/>	<hr/> 1,023,777 <hr/>	<hr/> 7,023,703 <hr/>	<hr/> <i>8,660,955</i> <hr/>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2014

7. CHARITABLE ACTIVITIES

	Total funds 2014 £	<i>Total funds 2013 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,251,900	4,376,149
Educational supplies and services	163,018	181,579
Examination fees	96,454	103,812
Staff development	19,357	15,496
Other direct costs	145,250	109,342
	<hr/> 4,675,979 <hr/>	<hr/> 4,786,378 <hr/>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	757,762	763,276
Depreciation	509,803	486,105
Pension cost	50,000	50,000
Maintenance of premises and equipment	76,729	194,646
Cleaning	22,271	23,773
Rent and rates	23,536	23,539
Heat and light	146,057	145,743
Insurance	39,706	41,840
Security and transport	477	10,418
Catering	131,356	152,318
Computer expenses	95,150	60,221
Other support costs	120,211	112,617
	<hr/> 1,973,058 <hr/>	<hr/> 2,064,496 <hr/>
	<hr/> 6,649,037 <hr/>	<hr/> 6,850,874 <hr/>

8. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Legal and professional fees	-	295	295	36,070
Auditors' remuneration	-	11,250	11,250	9,500
Auditors' non audit costs	-	2,645	2,645	6,320
	<hr/> - <hr/>	<hr/> 14,190 <hr/>	<hr/> 14,190 <hr/>	<hr/> 51,890 <hr/>

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
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9. NET INCOMING RESOURCES

This is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	509,803	486,105
Auditors' remuneration	10,750	9,500
Auditors' remuneration - non-audit	2,645	6,320
Operating lease rentals:		
- other operating leases	88,370	97,051
	88,370	97,051

10. STAFF

a. Staff costs

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	4,005,521	4,239,574
Social security costs	290,124	306,566
Other pension costs (Note 19)	595,388	599,319
	4,891,033	5,145,459
Supply teacher costs	149,510	51,830
Staff restructuring costs	56,084	50,000
Pension finance cost	50,000	50,000
	5,146,627	5,297,289

b. Staff severance payments

Included in staff restructuring costs are non-contractual severance payments totalling £56,084 (2013: £50,000). 4 of the non-contractual payments exceeded £5,000 individually, and these were for £17,325, £11,025, £8,000 and £14,522.

c. Staff numbers

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

	2014	2013
	No.	No.
Teachers	75	81
Administration and support	47	49
Management	5	6
	127	136

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10. STAFF (continued)

d. Higher paid staff

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

	2014	<i>2013</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	2	<i>1</i>
In the band £70,001 - £80,000	1	<i>0</i>
In the band £100,001 - £110,000	0	<i>1</i>
	<hr/> 3 <hr/>	<hr/> <i>2</i> <hr/>

The employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014 pension contributions amounted to £27,827 (2013:£11,888).

11. TRUSTEES' REMUNERATION AND EXPENSES

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

	2014	<i>2013</i>
	£	<i>£</i>
Mrs K H Harrison, Principal and Accounting Officer	85,000-90,000	<i>35,000-40,000</i>
Mrs J Steele, Headteacher and Accounting Officer	n/a	<i>110,000-115,000</i>
Mr D Hampson, Staff Governor	n/a	<i>25,000-30,000</i>
Mrs C Llewellyn, Staff Governor	50,000-55,000	<i>50,000-55,000</i>
Mr K Stacey, Staff Governor	n/a	<i>40,000-45,000</i>
Miss D Harrill, Staff Governor	n/a	<i>0-5,000</i>

During the period ended 31st August 2014, no travel and subsistence expenses were reimbursed to Trustees.

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

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31st August 2014 was £1,321 (2013 - £808). The cost of this insurance is included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS
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13. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost				
At 1st September 2013	20,252,926	1,203	357,929	24,669
Additions	259,535	7,260	43,026	21,413
At 31st August 2014	<u>20,512,461</u>	<u>8,463</u>	<u>400,955</u>	<u>46,082</u>
Depreciation				
At 1st September 2013	405,059	397	74,482	6,167
Charge for the year	410,250	2,793	85,239	11,521
At 31st August 2014	<u>815,309</u>	<u>3,190</u>	<u>159,721</u>	<u>17,688</u>
Net book value				
At 31st August 2014	<u>19,697,152</u>	<u>5,273</u>	<u>241,234</u>	<u>28,394</u>
<i>At 31st August 2013</i>	<u>19,847,867</u>	<u>806</u>	<u>283,447</u>	<u>18,502</u>
				Total
				£
Cost				
At 1st September 2013				20,636,727
Additions				331,234
At 31st August 2014				<u>20,967,961</u>
Depreciation				
At 1st September 2013				486,105
Charge for the year				509,803
At 31st August 2014				<u>995,908</u>
Net book value				
At 31st August 2014				<u>19,972,053</u>
<i>At 31st August 2013</i>				<u>20,150,622</u>

On conversion the Trustees 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.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
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14. DEBTORS

	2014 £	2013 £
Trade debtors	56,092	90,101
Other debtors	37,599	93,376
Prepayments and accrued income	447,583	415,718
	541,274	599,195

15. CREDITORS:
Amounts falling due within one year

	2014 £	2013 £
Trade creditors	53,633	134,192
EFA creditor: abatement of GAG	-	73,209
Other taxation and social security	79,313	88,790
Other creditors	22,163	22,441
Accruals and deferred income	87,383	81,824
	242,492	400,456

		£
Deferred income		
Deferred income at 1st September 2013		52,810
Resources deferred during the year		63,354
Amounts released from previous years		(52,810)
		63,354

Income received during the period ended 31st August 2014 specific to funding for future years has been deferred accordingly.

16. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	53,728	374,563	(351,875)	-	-	76,416
	53,728	374,563	(351,875)	-	-	76,416

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2014

16. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	248,245	5,932,170	(5,515,172)	(89,147)	-	576,096
School Fund Account	75,439	133,248	(123,353)	-	-	85,334
Other Government grants	-	164,215	(252,942)	88,727	-	-
Other DfE/EFA grants	21,500	138,955	(133,860)	-	-	26,595
Other income	8,656	108,101	(104,698)	-	-	12,059
Pension reserve	(1,324,000)	-	(32,000)	-	(398,000)	(1,754,000)
	<u>(970,160)</u>	<u>6,476,689</u>	<u>(6,162,025)</u>	<u>(420)</u>	<u>(398,000)</u>	<u>(1,053,916)</u>

Restricted fixed asset funds

DfE/EFA Capital Grants	586,055	435,451	(34,036)	(28,253)	-	959,217
Predecessor School Surplus	26,859	-	-	-	-	26,859
Capital donations on conversion	19,807,088	-	(449,158)	-	-	19,357,930
Capital expenditure from GAG	3,276	-	(8,842)	28,673	-	23,107
Other donations	95,618	-	(17,767)	-	-	77,851
	<u>20,518,896</u>	<u>435,451</u>	<u>(509,803)</u>	<u>420</u>	<u>-</u>	<u>20,444,964</u>
Total restricted funds	<u>19,548,736</u>	<u>6,912,140</u>	<u>(6,671,828)</u>	<u>-</u>	<u>(398,000)</u>	<u>19,391,048</u>
Total of funds	<u><u>19,602,464</u></u>	<u><u>7,286,703</u></u>	<u><u>(7,023,703)</u></u>	<u><u>-</u></u>	<u><u>(398,000)</u></u>	<u><u>19,467,464</u></u>

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

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.

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 2014.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2014

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	19,972,053	19,972,053	20,150,622
Current assets	76,416	942,576	472,911	1,491,903	1,176,298
Creditors due within one year	-	(242,492)	-	(242,492)	(400,456)
Provisions for liabilities and charges	-	(1,754,000)	-	(1,754,000)	(1,324,000)
	<u>76,416</u>	<u>(1,053,916)</u>	<u>20,444,964</u>	<u>19,467,464</u>	<u>19,602,464</u>

18. CAPITAL COMMITMENTS

As at 31st August 2014 the Academy had capital commitments of £Nil (2013: £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 2012 and of the LGPS 31 March 2013.

Costs incurred in the period relating to TPS were £396,118 (2013: £417,615) and relating to LGPS were £199,270 (2013: £223,704).

Contributions amounting to £Nil (TPS) and £22,163 (LGPS) were payable to the schemes at 31st August 2014 (2013: £22,441 LGPS) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2014 was £267,547, of which employer's contributions totalled £217,270 and employees' contributions totalled £50,277. The agreed contribution rates for future years are 27.6% for employers and between 5.5-12.5% for employees.

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

Employer Contributions

At 31st March 2013, a formal valuation of the LGPS was undertaken and determined the contributions payable to the fund from 1st April 2014 to 31st March 2017. The employer contribution rate payable is made up of a normal rate for future service plus additional amounts in relation to the deficit valued at 31st March 2013.

On this basis the contribution rate which applies from 1st April 2013 is a normal future service contribution rate of 19.4% 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 deficit via additional contributions, based on a recovery period of 20 years, the additional contribution rate required is 7.5% of pensionable pay per annum (the same rate identified for Gloucestershire County Council at the 2013 valuation), leading to an overall employer contribution rate applicable from 1st April 2013 of 26.9% of pensionable pay, which is being phased in with a maximum increase of 2.5% per annum.

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NOTES TO THE FINANCIAL STATEMENTS
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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 2014 %	Fair value at 31 August 2014 £	<i>Expected return at 31 August 2013 %</i>	<i>Fair value at 31 August 2013 £</i>
Equities	6.30	639,000	<i>6.60</i>	<i>498,000</i>
Bonds	3.20	186,000	<i>3.80</i>	<i>138,000</i>
Property	4.50	53,000	<i>4.70</i>	<i>42,000</i>
Cash	3.30	9,000	<i>3.60</i>	<i>14,000</i>
Total market value of assets		887,000		<i>692,000</i>
Present value of scheme liabilities		(2,641,000)		<i>(2,016,000)</i>
(Deficit)/surplus in the scheme		(1,754,000)		<i>(1,324,000)</i>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period

The amounts recognised in the Balance Sheet are as follows:

	2014 £	<i>2013 £</i>
Present value of funded obligations	(2,641,000)	<i>(2,016,000)</i>
Fair value of scheme assets	887,000	<i>692,000</i>
Net liability	(1,754,000)	<i>(1,324,000)</i>

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

	2014 £	<i>2013 £</i>
Current service cost	(200,000)	<i>(183,000)</i>
Interest on obligation	(98,000)	<i>(73,000)</i>
Expected return on scheme assets	48,000	<i>23,000</i>
Total	(250,000)	<i>(233,000)</i>
Actual return on scheme assets	114,000	<i>72,000</i>

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

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

	2014	<i>2013</i>
	£	<i>£</i>
Opening defined benefit obligation	2,016,000	<i>1,661,000</i>
Current service cost	200,000	<i>183,000</i>
Interest cost	98,000	<i>73,000</i>
Contributions by scheme participants	52,000	<i>51,000</i>
Actuarial Losses	279,000	<i>48,000</i>
Benefits paid	(4,000)	<i>-</i>
	<hr/> 2,641,000 <hr/>	<hr/> <i>2,016,000</i> <hr/>
Closing defined benefit obligation	2,641,000	<i>2,016,000</i>

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

	2014	<i>2013</i>
	£	<i>£</i>
Opening fair value of scheme assets	692,000	<i>345,000</i>
Expected return on assets	48,000	<i>23,000</i>
Actuarial gains and (losses)	(119,000)	<i>48,000</i>
Contributions by employer	218,000	<i>225,000</i>
Contributions by employees	52,000	<i>51,000</i>
Benefits paid	(4,000)	<i>-</i>
	<hr/> 887,000 <hr/>	<hr/> <i>692,000</i> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £398,000 (2013 - £NIL).

The Academy expects to contribute £240,000 to its Defined Benefit Pension Scheme in 2015.

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

	2014	<i>2013</i>
Discount rate for scheme liabilities	3.70 %	<i>4.60 %</i>
Expected return on scheme assets at 31st August	5.50 %	<i>5.90 %</i>
Rate of increase in salaries	4.00 %	<i>4.60 %</i>
Rate of increase for pensions in payment / inflation	2.70 %	<i>2.80 %</i>
Inflation assumption (CPI)	2.90 %	<i>2.90 %</i>
Commutation of pensions to lump sums	50.00 %	<i>50.00 %</i>

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

	2014	<i>2013</i>
Retiring today		
Males	22.5	<i>21.7</i>
Females	24.6	<i>23.6</i>
Retiring in 20 years		
Males	24.4	<i>23.5</i>
Females	27.0	<i>25.8</i>

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NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014	2013
	£	£
Defined benefit obligation	(2,641,000)	<i>(2,016,000)</i>
Scheme assets	887,000	<i>692,000</i>
Deficit	(1,754,000)	<i>(1,324,000)</i>
Experience adjustments on scheme liabilities	(279,000)	<i>(48,000)</i>
Experience adjustments on scheme assets	(119,000)	<i>48,000</i>

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

	Approximate increase to Employer Liability	%Approximate monetary (£000)	amounts
Change in assumptions at 31 August 2014			
0.5% decrease in Real Discount Rate	14%	361	
1 year increase in member life expectancy	3%	79	
0.5% increase in the Salary Increase Rate	7%	185	
0.5% increase in the Pension Increase Rate	6%	164	

20. OPERATING LEASE COMMITMENTS

At 31st August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£	£
Other		
Within 1 year	26,997	<i>25,313</i>
Between 2 and 5 years	27,222	<i>58,259</i>

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NOTES TO THE FINANCIAL STATEMENTS
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21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	263,000	19,602,464
Returns on investments and servicing of finance	(1,240)	(932)
Net transfer from local authority on conversion	-	(19,054,691)
Depreciation of tangible fixed assets	509,803	486,105
Capital grants from DfE/EFA	(395,345)	(647,767)
Decrease/(increase) in debtors	57,921	(590,241)
(Decrease)/increase in creditors	(157,964)	379,721
FRS 17 pension cost less contribution payable	(18,000)	(42,000)
FRS 17 pension finance costs	50,000	50,000
	308,175	182,659
Net cash inflow from operations	308,175	182,659

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	1,240	932
	1,240	932
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(331,234)	(380,481)
Capital grants from DfE	395,345	647,767
	64,111	267,286
Net cash inflow capital expenditure	64,111	267,286

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	31 August 2014 £
Cash at bank and in hand:	577,103	373,526	950,629
Net funds	577,103	373,526	950,629
	577,103	373,526	950,629

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2014

24. RELATED PARTY TRANSACTIONS

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

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

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

In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

25. 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 as net incoming resources 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)
Net assets/(liabilities)	<u>8,555</u>	<u>(1,236,969)</u>	<u>20,283,105</u>	<u>19,054,691</u>

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