

Company Registration No. 08153177 (England and Wales)

**NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 14
Governance statement	15 - 20
Statement on regularity, propriety and compliance	21
Statement of trustees' responsibilities	22
Independent auditor's report on the accounts	23 - 25
Independent reporting accountant's report on regularity	26 - 27
Statement of financial activities including income and expenditure account	28
Balance sheet	29
Statement of cash flows	31
Notes to the accounts including accounting policies	32 - 55

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mrs K Elen
Mr L Hampton-Whitehead
Mr D Hogg
Mr C Germaine
Mr D Jayne (Resigned 8 September 2017)

Trustees

Mrs K Elen (Chair)
Mr L Hampton-Whitehead (Parent Trustee)
Mr D Hogg (Trustee)
Mr C Germaine (Trustee)
Mr D Jayne (Parent Trustee) (Resigned 8 September 2017)
Mrs J Gooch (Trustee) (Resigned 5 October 2018)
Mrs H Kelly (Parent Trustee)
Mr K Timney (Staff Trustee) (Resigned 31 August 2018)
Mr K Urch (Trustee) (Resigned 24 August 2018)
Mr A Johnson (Principal and Accounting Officer)
Mrs A Coole (Trustee) (Resigned 11 September 2018)
Mr J O'Keefe (Trustee) (Resigned 15 March 2018)
Ms K Steger (Staff Trustee) (Resigned 3 December 2018)
Mr G Spaul (Trustee) (Appointed 25 September 2017)
Mr G Bodger (Trustee) (Appointed 16 July 2018)
Mr D Pettit (Trustee) (Appointed 16 July 2018)
Mrs J Niland (Parent Trustee) (Appointed 19 November 2018)
Mrs C Spedding (Parent Trustee) (Appointed 19 November 2018)

Senior management team

Mr A Johnson (Principal)
Mr R Phillips (Vice Principal)
Mrs J A Price (Business Manager)
Mr M John (Assistant Principal)
Miss L Rogers (Director - Sixth Form)
Mrs M Hood (Senior Teacher to February 2018)
Miss K Gordelier (Senior Teacher)
Mr D Williams (Senior Teacher)

Company secretary

Mrs J Price

Company registration number

08153177 (England and Wales)

Registered office

Watery Lane
Newent
Gloucestershire
GL18 1QF
England

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor	Baldwins Audit Services Pillar House 113/115 Bath Road Cheltenham Gloucestershire GL53 7LS
Bankers	Lloyds Bank Plc 19 Eastgate Street Gloucester Gloucestershire GL1 1NU
Solicitors	Browne Jacobson LLP Victoria Square House Victoria Square Birmingham B2 4BU

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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

The academy trust operates an academy for pupils aged 11-19 serving the town of Newent and surrounding villages, including a proportion of students travelling from the city of Gloucester by bus to attend the school. It has a pupil capacity for 1,400 and had a roll of 854 in the school census on October 2018.

We are a high achieving school at the very heart of our community. We have a strong tradition of academic success within a positive and caring learning environment based upon mutual trust and respect.

At Newent we strive to develop confident, well informed and caring young adults who have self-belief and fully participate in their local, national and international communities; the academy provides a wealth of additional opportunities for students to achieve these aims.

Structure, governance and management

Constitution

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 charitable company operates as Newent Community School and Sixth Form Centre.

The trustees of Newent Community School and Sixth Form Centre are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

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.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 and other trustees with specific duties/tasks make up the full governing body of the academy trust.

The full governing body and its delegated trustee Groups (Strategy, Standards, Community, Finance and Resources) review the academy trust's progress towards its educational objectives and results. It also approves major expenditure requests on the recommendation of the Finance and Resources Group, and sets, and makes the relevant recommendations regarding the budget for the following year to the board of trustees. The Finance and Resources Group meets at least 5 times per year.

Other trustees carry out delegated responsibilities in particular areas including:

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

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

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

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

The Principal manages the academy trust on a daily basis supported by a Senior Leadership Team. The Senior Leadership Team meets twice a week to discuss emerging matters and one extended meeting to develop strategies for future development to be put to the appropriate trustee group or the full governing body as appropriate and as required for approval. Each member of the Senior Leadership Team has specific responsibilities to assist the Principal to lead and manage key strategic and operational aspects of the academy trust.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Arrangements for setting pay and remuneration of key management personnel

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

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

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

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

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	1.64

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
---	---

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Related parties and other connected charities and organisations

During the year the academy trust's wholly owned subsidiary trading company, Newent Community Sports Limited, continued to trade from its commencement in May 2017. This company has a first accounting period of 16 months ending 31 August 2018. The purpose of the subsidiary is to facilitate the letting of the astroturf, tennis courts and all external pitches. In addition, the management of The Clubhouse is included within the scope of the company's activities.

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

The academy trust 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 Friends of Newent Community School is a parent, staff and friends of the academy association which raises funds to support the activities of the academy trust. This is a separate registered charity and maintains its own accounts. During this twelve month period the Friends Association have purchased a number of additional resources for the academy as well as subsidising some activities.

Following submission of a grant application in the autumn 2017 the academy trust entered into a contract with the National Cyber Security Centre to receiving funding as a Cyber Schools Hub. The work undertaken within the contract is to inspire students, particularly girls, to consider a career in Computing Science.

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

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

Objectives and activities

Objects and aims

The academy trust has had stability with staffing at a senior level during the year following the recruitment of the Principal and Vice Principal the previous year.

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 trust"); and
- to promote, for the benefit of the inhabitants of Newent and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interest of social welfare and the object of improving the condition of life of the said inhabitants. The academy trust 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.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

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

The School has continued to develop the parental engagement on all levels and during 2018 has undertaken a series of surveys during Parents' Evenings. The results continue to be extremely encouraging with:

- 97% of parents confirming that their child feels safe and secure at the school
- 95% of parents confirming their child is happy at the school
- 97% of parents confirming they are satisfied with the standard of care and support their child receives
- 96% of parents confirming they are satisfied with the quality of teaching that their child receives
- 96% of parents confirming they are satisfied with the level of challenge in their child's lessons

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

Objectives, strategies and activities

This was the sixth year of operation for Newent Community School and Sixth Form Centre as an academy trust.

The Ofsted judgement in February 2014 rated the school as "good" in each of the four categories of Progress and Achievement, Quality of Teaching and Learning, Behaviour and Safety and Leadership and Management. The period following this judgement had a continued focus of building progress and maintaining at least an Ofsted "good" judgement at the next inspection. Therefore, following a return visit of Ofsted in March 2018, the academy trust was pleased to confirm the "good" judgement had been maintained.

The Ofsted Report is very clear that the Principal has the ability to bring about positive change and demonstrates that the school has the capacity to improve further. In particular, the commitment to supporting pupils' physical and mental health is demonstrated by the achievement of the Mental Health Champions Award in 2017.

It was considered through the visit that the academy trust has successfully halted a decline in outcomes for disadvantaged pupils through changes in leadership and partnership with a 'disadvantage pilot' project. This was seen as improving both the achievement and attendance of disadvantaged pupils currently at the school.

The Ofsted Inspectors considered that safeguarding is effective and that the safeguarding arrangements are fit for purpose. Records were noted as being detailed and of high quality. Pupils confirmed to Inspectors that they feel safe and are safe in the school. Pupils receive and understand the advice provided about potential risks and how to stay safe in various situations, including on the internet. Bullying is rare at the academy trust and, when it does occur, pupils are confident that it is dealt with swiftly and effectively. Finally, most parents believe that their children are safe, happy and well looked after at school.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Specific priorities in the new academic year are:

- To ensure teachers are using data to ensure challenge in every lesson for all students and to improve the effectiveness of feedback given
- To continue to increase numbers coming into Year 7
- To develop cross party working, with Trustees and members of the Senior Leadership Team, to investigate all aspects of soft or hard federations and forming or joining a Multi Academy Trust
- To continue to develop the Sixth Form including to increase numbers within both Year 12 and Year 13
- To carry on the work of developing the academy trust as a Hub of Excellence which started during 2016/2017 linking with external agencies and companies to benefit the students and wider school company

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

As part of these activities the academy trust achieved, in the summer of 2017, recognition as the first secondary school in Gloucestershire to achieve the GHLL Mental Health Champion Award.

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

During the four year period following the School's Ofsted "good" judgement in 2014 the focus has been on embedding progress and maintaining at least an Ofsted "good" judgement. This was successfully achieved in March 2018 when, following an Ofsted visit, the academy trust was deemed to have maintained the "good" judgement and comments that the academy trust has the capacity to improve further.

Our pupil admission number (PAN) remains at 239, however, due to the falling demographic this figure was not achieved in September 2017. It is particularly pleasing that, only a year after the new Senior Leadership Team was formed, the student intake in September 2018 exceeded the previous year. There is a strategic target to continue to grow the student intake annually which is evidence in the marketing campaigns.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

In the key areas of student progress and attainment at GCSE level the school continued to improve.

The School is extremely pleased with the performance under the new Government accountability measures which are detailed below:

Progress 8 score	-0.17
Attainment 8 score	45.88
Percentage of pupils who have achieved level 4 or above in English and Mathematics at the end of KS4	68%
Percentage of pupils who have achieved level 5 or above in English and Mathematics at the end of KS4	42.75%

(NB - Provisional results which do not take into account positive remarks in a number of subjects).

In 2018 KS4 outcomes, 79% of students achieved grades 4+ in GCSE English and 73% achieved grades 4+ in Maths. Over 12% of all grades achieved were either a grade 9-7 or A*-A.

The government now measure schools based upon the number of students who have achieved a grade 5+ in both English and mathematics. In this measure the school has increased by 10 percentage points since last year. We have also seen an increase in the number of students who have achieved the English Baccalaureate.

2018 has been another successful year for our Year 13 students with a 92 % pass rate at A Level as well as in a range of other courses available at the school in the Sixth Form. Our Extended Project Qualification (EPQ) results were outstanding this year, with half of our students gaining either A* or A grades.

Key performance indicators

The academy trust achieved the following results with regard to its other key performance indicators:

- The overall attendance level of 94.06% is comparable to the previous year's of 94.3% which was the best figure in the past eight years.
- The student recruitment data reflected an increase from 834 to 854 students in all year groups. The Year 7 numbers increased marginally to 147 students for September 2018, from 146 the previous year and 135 in September 2016. However, the academy trust saw an increase of in year admissions for all other year groups during the summer of 2018 totaling 19 students. This is a clear vindication of the marketing strategy implemented during the year
- The academy trust's financial year resulted in a revenue deficit of £517,421 (before actuarial adjustments), compared with a budgeted in year deficit of £473,000.

Additional highlights during the year included:

- The successful grant application to the National Cyber Security Centre to develop the Academy a Cyber Schools Hub
- Sporting success at county, regional and national level for a number of individual students and teams.
- The Kenya exchange project continued to bring the whole School together to raise funds, support and awareness. In partnership with Lakers School and Dene Magna School the three schools very successfully undertook a joint student exchange visit to St George's School.
- Completion of the new build in March 2018 which is promoted as the Sixth Form Centre.
- A successful ESFA Condition Improvement Fund application in April 2018 relating to erection of a perimeter fencing as part of enhancing safeguarding provision around the facilities.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Going concern

The Board of Trustees is aware that this is a difficult time in the educational sector because of the funding situation over the last few years. Gloucestershire is one of the lowest funded authorities as far as per pupil funding is concerned, which has an ongoing impact on the level of funding received.

In addition the Forest of Dean has been in a demographic dip over the past 5 years which initially impacted on the academy. However, in each of the last 3 years the academy has seen an increase to its pupil numbers across all year groups and forward projections, at year 7, clearly indicate the academy will continue to increase numbers on roll.

The Board of Trustees is working closely with the Education and Skills Funding Agency regarding future budgets and a recovery plan. After reviewing this information the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details of the going concern basis can be found in the Accounting Policies.

Financial review

Most of the academy trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The academy trust reported a restricted revenue deficit (before transfers and pension adjustments) of £502,711 in the year, which decreased the restricted revenue reserves to carry forward to £46,435 (excluding the pension reserve). In addition, the academy trust has unrestricted revenue funds to carry forward of £119,043. Total revenue income, including the General Annual Grant (GAG) as well as other income, was in line with budget. However, revenue expenditure was lower than budget as a result of effective management and strong financial controls. The academy trust did not experience any difficulties with regard to cash flow during the financial year.

Total capital income was £203,639, which includes a successful Capital Improvement Fund bid of £85,171 for the erection of perimeter fencing to enhance the safeguarding provision around the facilities. In accordance with the Academies Accounts Direction, such grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2018 the net book value of fixed assets was £20,074,516. Movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy trust.

As previously noted the academy trust opened a wholly own subsidiary company, Newent Community Sports Limited, which commenced trading 1 May 2017. The income and expenditure of this subsidiary company, are incorporated within these financial statements. From incorporation of the company the progress has been significant both in terms of financial benefits and from a marketing aspect in the local community and wider afield.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

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

With this in mind the trustees believe that the academy trust's current level of free reserves of £119,043 (total funds less the amount held in fixed assets and restricted funds) will be crucial to support the academy trust's activities in the coming years. There are a number of restricted funds representing the residual unspent element of grants and other income received during the year totaling £165,507 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 £1,683,000 at the year end, however, this deficit reduced during the period ending 31 August 2018.

Recovery plan

Given the deficit position on GAG as at 31 August 2018 of £119,072, the trustees have approved and implemented a recovery plan, alongside requesting assistance from the ESFA, in order to recover the financial position of the trust. The trustees are confident that the position is manageable without a detrimental effect on the education of the pupils of the academy.

Investment policy

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

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

Due to the falling revenue reserves the academy trust predicts that the 32 day notice investment account balance will be eradicated early in September 2018.

Principal risks and uncertainties

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

- Failure to maintain the momentum of change and improvement implemented to achieve the Ofsted's "Good" category
- Unsatisfactory improvements to Governance including a failure to recruit trustees with the necessary skills and experience
- A shortfall in funding as a result of falling rolls
- Increased local competition for lower School and Sixth Form students leading to a reduction in student numbers
- A failure of the academy trust's IT systems

Key controls in place:

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

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

To ensure the academy trust's risk of fraud and mismanagement of funds is maintained we continue to engage the services of Mr K Jollans as an internal reviewer. This involves termly visits to carry out a laid out programme of checks on financial systems and records. The report produced following each visit is made available to all trustees and discussed in detail, as appropriate, by the Finance and Resources Governors Group.

As part of Finance and Resources Governors Group's work they review the financial performance through the use of a Monthly Management Pack. This includes a review of cashflow together with actual income and expenditure against budget.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The academy is involved in raising money for charities and each year has a programme of planned events. Events are split into three categories: whole school eg Children in Need, Poppy Appeal, etc; tutorial charity where each tutorial undertakes an activity and elects a charity to receive the money raised; and staff fundraising eg Macmillan Coffee Morning, etc. Depending on the nature of trips and events eg Kenya Community Trip, students may undertake fundraising such as bag packing in a local supermarket to raise additional funds. Any promotional material produced clearly states the nature of the fundraising and the destination. All monies raised are passed on to the charities and no funds are retained by the academy. The academy raises funds through parental, student and community donations. On one occasion during the year, due to an employee being a parent, matched funding of a fundraising event was achieved with Barclays Bank. The event was the Auction of Promises in November 2017.

The academy maintains records to support the total sums raised and once monies have been collected the full amount is paid or transferred to the relevant charity.

The academy does not employ or work with professional fundraisers to carry out fundraising for local and national charities. However, where particular fundraising campaigns have been set up for raising funds for capital projects, external advice has been sought accordingly. This ensures that the academy is compliant with the recognised standards. All charities the academy raises funds for are carefully considered to ensure they too comply with the regulatory requirements and adhere to ethical standards.

The academy's fundraising complaints procedures is the standard complaints procedures documented within the academy's policies. The academy acknowledges that fundraising activities can create additional financial pressures on parents and therefore sets low contributions for fundraising activities for charities. The academy does not persistently approach or cause undue pressure on parents where contributions are not made.

Plans for future periods

The medium and long term plans which will provide the focus of the academy trust's activity during 2018/2019 are laid down in the Development Plan which has been reviewed in full as a result of the appointment of the new Principal from September 2016.

A number of organisational changes have taken place with effect from September 2016 which continued to be embedded through 2017/2018. These include:

- Further alterations to the curriculum to respond to the new National Curriculum.
- The continued roll out of the three year GCSE courses in response to the changes in specifications and at post 16 to reflect the changes to course organisation and specifications.
- The rise in the participation age and the continued emphasis on the core subjects of English, Maths and Science.
- A number of changes in the way the academy trust supports students with Special Education Needs and students that attract Pupil Premium Funding.
- The reduction in student numbers, which is particularly evident in the junior years, will make it necessary for the academy trust 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.
- The introduction of a safeguarding reporting system, My Concern, from September 2017 which was made available for all staff to report or update a student record which is they are anxious or have a specific concern for.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2018 and signed on its behalf by:



Mrs K Elen
Chair

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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 Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs K Elen (Chair)	4	4
Mr L Hampton-Whitehead (Parent Trustee)	4	4
Mr D Hogg (Trustee)	1	4
Mr C Germaine (Trustee)	4	4
Mr D Jayne (Parent Trustee) (Resigned 8 September 2017)	0	0
Mrs J Gooch (Trustee) (Resigned 5 October 2018)	1	4
Mrs H Kelly (Parent Trustee)	4	4
Mr K Timney (Staff Trustee) (Resigned 31 August 2018)	2	4
Mr K Urch (Trustee) (Resigned 24 August 2018)	1	4
Mr A Johnson (Principal and Accounting Officer)	4	4
Mrs A Coole (Trustee) (Resigned 11 September 2018)	2	2
Mr J O'Keefe (Trustee) (Resigned 15 March 2018)	2	2
Ms K Steger (Staff Trustee) (Resigned 3 December 2018)	3	4
Mr G Spaul (Trustee) (Appointed 25 September 2017)	3	4
Mr G Bodger (Trustee) (Appointed 16 July 2018)	1	1
Mr D Pettit (Trustee) (Appointed 16 July 2018)	1	1
Mrs J Niland (Parent Trustee) (Appointed 19 November 2018)	0	0
Mrs C Spedding (Parent Trustee) (Appointed 19 November 2018)	0	0

Governance reviews

The board are committed to undergoing regular reviews and this year the Chair has undertaken 1:1 Contribution Reviews with all governors to further inform the ongoing review and development of the governing body.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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

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

Trustees	Meetings attended	Out of possible
Mrs K Elen (Chair)	6	6
Mr L Hampton-Whitehead (Parent Trustee)	6	6
Mr A Johnson (Principal and Accounting Officer)	6	6
Mr G Spaul (Trustee) (Appointed 25 September 2017)	4	6
Mrs J A Price (Business Manager)	6	6

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

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

Strategy group Committee member	Meetings attended	Out of possible
Mrs K Elen (Chair, Trustee)	4	4
Mr C Germaine (Trustee)	4	4
Mr L Hampton-Whitehead (Parent Trustee)	3	4
Mr D Hogg (Trustee)	4	4
Mr J O'Keefe (Trustee)	2	2
Mr A Johnson (Principal and Accounting Officer)	4	4

Standards group Committee member	Meetings attended	Out of possible
Mr D Hogg (Chair, Trustee)	3	4
Mr C Germaine (Trustee)	4	4
Mr A Coole (Trustee)	2	2
Mrs K Steger (Staff Trustee)	3	4
Mr L Hampton-Whitehead (Parent Trustee)	4	4
Mrs J Gooch (Trustee)	-	4
Mr R Phillips (Vice Principal)	4	4
Miss L Rogers (Director of Sixth Form)	2	2

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Community group Committee member	Meetings attended	Out of possible
Mr C Germaine (Chair, Trustee)	4	4
Mr D Hogg (Trustee)	1	4
Mrs H Kelly (Parent Trustee)	4	4
Mr K Timney (Staff Trustee)	1	4
Mr J O'Keefe (Trustee)	1	1
Mr M John (Assistant Principal)	3	4
Miss L Rogers (Director of Sixth Form)	3	4
Miss K Gordelier (Senior Teacher)	4	4

MAT Committee member	Meetings attended	Out of possible
Mr J O'Keefe (Chair, Trustee)	6	6
Mrs K Elen (Trustee)	8	8
Mr D Hogg (Trustee)	4	8
Mr L Hampton-Whitehead (Parent Trustee)	3	3
Mr K Urch (Trustee)	4	8
Mr A Coole (Trustee)	6	6
Mr A Johnson (Principal and Accounting Officer)	8	8
Mrs J A Price (Business Manager)	8	8

In July 2018 two new trustees, with a wealth of relevant experience and skills, joined the governing body following a successful targeted recruitment process.

Training of trustees to have appropriate skills and expertise areas is ongoing based on analysis of the NGA skills audit that all trustees have revisited.

Review of value for money

As accounting officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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

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

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

The governing body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'. The trustees of the Finance and Resources Group receive and approve the Annual Accounts and External Auditors' Management Letter. The governing body receive the signed Annual Accounts with all related documentation.

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newent Community School And Sixth Form Centre for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The risk and control framework

The academy trust'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 Finance and Resources of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

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

In addition, the school developed a peer review programme within a triad during the year. This review resulted in a detailed report with a comprehensive set of recommendations which will be subject to regular review within a timetabled meeting structure.

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

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

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

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

During the year the reviewer attended a Finance and Resources Group meeting to report on the progress made over the year and provide recommendations for any necessary improvements.

Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal reviewer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

GOVERNANCE STATEMENT (CONTINUED)

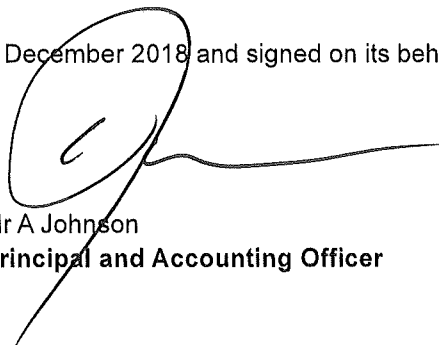
FOR THE YEAR ENDED 31 AUGUST 2018

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 12 December 2018 and signed on its behalf by:

K. Elen

Mrs K Elen
Chair

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line.

Mr A Johnson
Principal and Accounting Officer

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

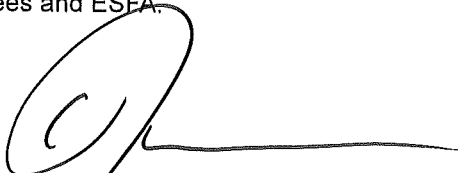
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Newent Community School and Sixth Form Centre I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



Mr A Johnson
Accounting Officer

12 December 2018

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Newent Community School and Sixth Form Centre for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 accounts 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 that grants received from ESFA/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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



Mrs K Elen
Chair

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Newent Community School and Sixth Form Centre for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Material uncertainty related to going concern

We draw your attention to note 1.2 in the financial statements which indicates that the academy incurred an operating deficit during the year ended 31 August 2018 resulting in a deficit of General Annual Grant of £119,072. These conditions indicate that a material uncertainty exists that may cast significant doubt on the academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

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

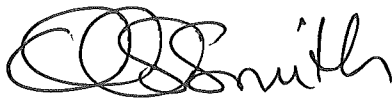
NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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



Nicola Smith (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

12 December 2018

Statutory Auditor

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 15 November 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Newent Community School and Sixth Form Centre during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Newent Community School and Sixth Form Centre and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Newent Community School and Sixth Form Centre and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Newent Community School and Sixth Form Centre and ESFA, 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 30 August 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes 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 2017 to 2018 issued by ESFA. 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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



Reporting Accountant
Baldwins Audit Services

Dated: 12 December 2018

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	4	4,003	12,923	203,639	220,565	914,376
Charitable activities:						
- Funding for educational operations	5	185,688	4,579,804	-	4,765,492	5,094,375
Other trading activities	6	124,699	38,605	-	163,304	119,401
Investments	7	2,049	-	-	2,049	1,557
Total		316,439	4,631,332	203,639	5,151,410	6,129,709
Expenditure on:						
Raising funds	8	69,192	38,806	-	107,998	80,887
Charitable activities:						
- Educational operations	9	261,957	5,274,237	496,387	6,032,581	5,714,856
Total	8	331,149	5,313,043	496,387	6,140,579	5,795,743
Net income/(expenditure)		(14,710)	(681,711)	(292,748)	(989,169)	333,966
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	21	-	500,000	-	500,000	417,000
Net movement in funds		(14,710)	(181,711)	(292,748)	(489,169)	750,966
Reconciliation of funds						
Total funds brought forward		133,753	(1,454,854)	20,445,235	19,124,134	18,373,168
Total funds carried forward		119,043	(1,636,565)	20,152,487	18,634,965	19,124,134

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	13		20,074,516		19,575,223
Current assets					
Debtors	15	235,022		625,650	
Cash at bank and in hand		439,841		1,195,974	
		<u>674,863</u>		<u>1,821,624</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(391,567)		(268,713)	
Net current assets			283,296		1,552,911
Total assets less current liabilities			<u>20,357,812</u>		<u>21,128,134</u>
Creditors: amounts falling due after more than one year	17		(39,847)		-
Net assets excluding pension liability			<u>20,317,965</u>		<u>21,128,134</u>
Defined benefit pension liability	21		(1,683,000)		(2,004,000)
Net assets			<u><u>18,634,965</u></u>		<u><u>19,124,134</u></u>
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			20,152,487		20,445,235
- General funds			46,435		549,146
- Pension reserve			(1,683,000)		(2,004,000)
Total restricted funds			<u>18,515,922</u>		<u>18,990,381</u>
Unrestricted income funds	19		119,043		133,753
Total funds			<u><u>18,634,965</u></u>		<u><u>19,124,134</u></u>

The accounts were approved by order of the board of trustees and authorised for issue on 12 December 2018.



Mrs K Elen
Chair

Company Number 08153177

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

BALANCE SHEET ACADEMY ONLY

AS AT 31 AUGUST 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	13	20,074,516	19,575,223
Investments	14	1	1
		<u>20,074,517</u>	<u>19,575,224</u>
Current assets			
Debtors	15	279,567	623,210
Cash at bank and in hand		392,834	1,179,821
		<u>672,401</u>	<u>1,803,031</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(389,106)	(263,092)
Net current assets		<u>283,295</u>	<u>1,539,939</u>
Total assets less current liabilities		<u>20,357,812</u>	<u>21,115,163</u>
Creditors: amounts falling due after more than one year	17	(39,847)	-
Net assets excluding pension liability		<u>20,317,965</u>	<u>21,115,163</u>
Defined benefit pension liability	21	(1,683,000)	(2,004,000)
Net assets		<u><u>18,634,965</u></u>	<u><u>19,111,163</u></u>
Funds of the academy trust:			
Restricted funds	19		
- Fixed asset funds		20,152,487	20,445,235
- General funds		46,435	549,146
- Pension reserve		(1,683,000)	(2,004,000)
Total restricted funds		<u>18,515,922</u>	<u>18,990,381</u>
Unrestricted income funds	19	<u>119,043</u>	<u>120,782</u>
Total funds		<u><u>18,634,965</u></u>	<u><u>19,111,163</u></u>

The accounts were approved by order of the board of trustees and authorised for issue on 12 December 2018.



Mrs K Elen
Chair

Company Number 08153177

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash used in operating activities	22		(551,308)		(156,108)
Cash flows from investing activities					
Dividends, interest and rents from investments		2,049		1,557	
Capital grants from DfE Group		631,355		473,221	
Capital funding received from sponsors and others		99,258		-	
Purchase of tangible fixed assets		(997,258)		(28,655)	
Net cash (used in)/provided by investing activities			(264,596)		446,123
Cash flows from financing activities					
New other loan		59,771		-	
Net cash provided by/(used in) financing activities			59,771		-
Net (decrease)/increase in cash and cash equivalents in the reporting period			(756,133)		290,015
Cash and cash equivalents at beginning of the year			1,195,974		905,959
Cash and cash equivalents at end of the year			439,841		1,195,974

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

The financial statements of the trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Newent Community School and Sixth Form Centre meets the definition of a public benefit entity under FRS 102.

The consolidated statement of financial activities and consolidated balance sheet consolidate the financial statements of the academy trust and its material subsidiary undertakings ('subsidiaries'). The results of subsidiaries are consolidated on a line-by-line basis.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts. Following a significant operating deficit, GAG reserves are in deficit by £119,072 at the end of the year. The trustees have reviewed the situation and believe that they can improve the position and will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Newent Community School and Sixth Form Centre and its material subsidiaries. The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The academy trust has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

The income and expenditure account for the year dealt with in the accounts of the academy trust was £989,169 deficit (2017: £320,995 surplus).

1.4 Income

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

Grants

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

General Annual Grant is recognised in full in the consolidated statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the consolidated statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Expenditure on raising funds

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

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

1.6 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets in the course of construction, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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 consolidated statement of financial activities.

1.7 Liabilities

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

1.8 Provisions

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

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.9 Leased assets

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

1.10 Investments

The academy trust's shareholding in the wholly owned subsidiary, Newent Community Sports Limited, is included in the balance sheet at the cost of the share capital owned less any impairment.

There is no readily available market value and the cost of valuation exceeds the benefit derived.

1.11 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Taxation

The academy trust 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 trust 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.

1.13 Pensions benefits

Retirement benefits to employees of the academy trust 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 trust.

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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains or losses.

1.14 Fund accounting

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

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

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

The academy is carrying a deficit of £119,072 on the GAG fund and a net deficit of £29 on restricted general funds (excluding pension reserve) plus unrestricted funds, due to an excess of expenditure over available funding. The academy has implemented a recovery plan to address the underlying causes.

1.15 Agency arrangements

The academy trust acts as an agent in distributing certain monies to students, for example 16-19 bursary funding from the ESFA in so far as these are not discretionary in nature.

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

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

3 Comparative year information

Year ended 31 August 2017	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Income and endowments from:				
Donations and capital grants	-	1,614	912,762	914,376
Charitable activities:				
- Funding for educational operations	181,508	4,912,867	-	5,094,375
Other trading activities	77,526	41,875	-	119,401
Investments	1,557	-	-	1,557
Total income and endowments	260,591	4,956,356	912,762	6,129,709
Expenditure on:				
Raising funds	43,654	37,233	-	80,887
Charitable activities:				
- Educational operations	215,311	5,014,435	485,110	5,714,856
Total expenditure	258,965	5,051,668	485,110	5,795,743
Net income/(expenditure)	1,626	(95,312)	427,652	333,966
Transfers between funds	(2,817)	21,143	(18,326)	-
Other recognised gains and losses				
Actuarial gains on defined benefit pension schemes	-	417,000	-	417,000
Net movement in funds	(1,191)	342,831	409,326	750,966

4 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	160,176	160,176	912,762
Other donations	4,003	56,386	60,389	1,614
	4,003	216,562	220,565	914,376

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	4,073,443	4,073,443	4,478,459
Other DfE / ESFA grants	-	151,794	151,794	143,130
	-	4,225,237	4,225,237	4,621,589
Other government grants				
Local authority grants	-	45,513	45,513	109,908
Other funds				
Catering services	147,289	-	147,289	151,669
School funds	20,297	142,207	162,504	147,701
Other income	18,102	166,847	184,949	63,508
	185,688	309,054	494,742	362,878
Total funding	185,688	4,579,804	4,765,492	5,094,375

6 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities and services	20,115	38,605	58,720	83,695
Other income	104,584	-	104,584	35,706
	124,699	38,605	163,304	119,401

7 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	2,049	-	2,049	1,557

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct costs	28,094	-	-	28,094	11,486
- Allocated support costs	-	44,148	35,756	79,904	69,401
Academy's educational operations					
- Direct costs	3,449,624	-	558,008	4,007,632	3,791,584
- Allocated support costs	965,272	691,506	368,171	2,024,949	1,923,272
	<u>4,442,990</u>	<u>735,654</u>	<u>961,935</u>	<u>6,140,579</u>	<u>5,795,743</u>

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Fees payable to auditor for:		
- Audit	9,600	9,130
- Other services	3,125	2,440
- Assurance services other than audit	3,100	3,450
Operating lease rentals	57,187	41,745
Depreciation of tangible fixed assets	496,387	485,110
Net interest on defined benefit pension liability	52,000	49,000
	<u></u>	<u></u>

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	78,730	3,928,902	4,007,632	3,791,584
Support costs				
Educational operations	183,227	1,841,722	2,024,949	1,923,272
	<u>261,957</u>	<u>5,770,624</u>	<u>6,032,581</u>	<u>5,714,856</u>

	2018 £	2017 £
Analysis of support costs		
Support staff costs	965,272	887,990
Depreciation	496,387	485,110
Technology costs	35,431	40,570
Premises costs	195,119	175,160
Other support costs	316,275	319,409
Governance costs	16,465	15,033
	<u>2,024,949</u>	<u>1,923,272</u>

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	3,250,458	3,257,037
Social security costs	301,810	297,323
Pension costs	764,514	664,593
Staff costs	4,316,782	4,218,953
Agency staff costs	58,165	38,658
Staff restructuring costs	68,043	4,924
Total staff expenditure	4,442,990	4,262,535

Staff restructuring costs comprise:

Redundancy payments	68,043	4,924
---------------------	--------	-------

Included within pension costs is a total of £32,599 relating to additional pension costs as a result of the redundancy programme in the year.

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment of £6,675 made on 31 August 2018.

Staff numbers

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

	2018 Number	2017 Number
Teachers	60	71
Administration and support	123	104
Management	8	8
	191	183

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	-
	<u>1</u>	<u>2</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £645,700 (2017: £640,480).

11 Trustees' remuneration and expenses

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

The value of trustees' remuneration and other benefits was as follows:

Mr A Johnson (Principal):

- Remuneration £80,000 - £85,000 (2017: £75,000 - £80,000)
- Employer's pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000)

Mr K Timney (Staff Trustee):

- Remuneration £15,000 - £20,000 (2017: £15,000 - £20,000)
- Employer's pension contributions £5,000 - £10,000 (2017: £0 - £5,000)

Mrs K Steger (Staff Trustee):

- Remuneration £45,000 - £50,000 (2017: £25,000 - £30,000)
- Employer's pension contributions £5,000 - £10,000 (2017: £0 - £5,000)

During the year, no trustees received any reimbursement of expenses (2017: £Nil).

Other related party transactions involving the trustees are set out within the related parties note.

12 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £460 (2017: £1,518). The cost of this insurance is included in the total insurance cost.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets Group and Academy

	Freehold property £	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 September 2017	21,575,251	88,245	468,488	8,463	22,140,447
Additions	937,559	53,127	4,994	-	995,680
At 31 August 2018	22,512,810	141,372	473,482	8,463	23,136,127
Depreciation					
At 1 September 2017	2,095,039	66,943	394,779	8,463	2,565,224
Charge for the year	450,256	17,996	28,135	-	496,387
At 31 August 2018	2,545,295	84,939	422,914	8,463	3,061,611
Net book value					
At 31 August 2018	19,967,515	56,433	50,568	-	20,074,516
At 31 August 2017	19,480,212	21,302	73,709	-	19,575,223

14 Fixed asset investments

	Shares in group undertakings
Historical cost:	
At 31 August 2018	1
At 31 August 2017	1

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Newent Community Sports Limited	UK	Ordinary	100

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Fixed asset investments

(Continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activities	Capital and reserves £	Profit/(loss) for the year £
Newent Community Sports Limited	Operation of clubhouse and sports related lettings	44,546	31,574
Registered company number 10721584			

15 Debtors

	2018 £ Group	2018 £ Academy	2017 £ Group	2017 £ Academy
Trade debtors	55,354	55,354	20,577	18,137
Other debtors	91,726	91,726	8,335	8,335
Prepayments and accrued income	87,942	132,487	596,738	596,738
	<u>235,022</u>	<u>279,567</u>	<u>625,650</u>	<u>623,210</u>

16 Creditors: amounts falling due within one year

	2018 £ Group	2018 £ Academy	2017 £ Group	2017 £ Academy
Government loans	19,924	19,924	-	-
Trade creditors	79,522	77,447	104,210	99,175
Other taxation and social security	73,629	73,243	73,836	73,251
Other creditors	24,203	24,203	23,724	23,723
Accruals and deferred income	194,289	194,289	66,943	66,943
	<u>391,567</u>	<u>389,106</u>	<u>268,713</u>	<u>263,092</u>

17 Creditors: amounts falling due after more than one year Group and Academy

	2018 £	2017 £
Government loans	<u>39,847</u>	<u>-</u>

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

		(Continued)	
17	Creditors: amounts falling due after more than one year	2018	2017
	Analysis of loans		
	Wholly repayable within five years	59,771	-
	Less: included in current liabilities	(19,924)	-
		<u> </u>	<u> </u>
	Amounts included above	39,847	-
		<u> </u>	<u> </u>
	Loan maturity		
	Debt due in one year or less	19,924	-
	Due in more than one year but not more than two years	19,924	-
	Due in more than two years but not more than five years	19,923	-
		<u> </u>	<u> </u>
		59,771	-
		<u> </u>	<u> </u>
18	Deferred income		
	Group and Academy	2018	2017
		£	£
	Deferred income is included within:		
	Creditors due within one year	37,010	32,125
		<u> </u>	<u> </u>
	Deferred income at 1 September 2017	32,125	43,523
	Released from previous years	(32,125)	(43,523)
	Resources deferred in the year	37,010	32,125
		<u> </u>	<u> </u>
	Deferred income at 31 August 2018	37,010	32,125
		<u> </u>	<u> </u>

At the balance sheet date the academy was holding funds received in advance for trips (School funds) (2017: for trips (School funds)).

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	393,394	4,073,443	(4,657,545)	71,636	(119,072)
Other DfE / ESFA grants	49,596	151,794	(146,868)	(47,295)	7,227
Other government grants	26,068	45,513	(42,507)	(21,000)	8,074
School fund account	63,031	142,207	(114,920)	4,061	94,379
Other income	17,057	218,375	(172,203)	(7,402)	55,827
Pension reserve	(2,004,000)	-	(179,000)	500,000	(1,683,000)
	<u>(1,454,854)</u>	<u>4,631,332</u>	<u>(5,313,043)</u>	<u>500,000</u>	<u>(1,636,565)</u>
Restricted fixed asset funds					
DfE group capital grants	2,325,164	104,381	(53,960)	-	2,375,585
Capital expenditure from GAG	34,985	-	(16,746)	59,771	78,010
Predecessor school surplus	26,859	-	-	-	26,859
Capital donations on conversion	18,050,000	-	(410,000)	-	17,640,000
Other donations	8,227	99,258	(15,681)	-	91,804
CIF loan	-	-	-	(59,771)	(59,771)
	<u>20,445,235</u>	<u>203,639</u>	<u>(496,387)</u>	<u>-</u>	<u>20,152,487</u>
Total restricted funds	<u>18,990,381</u>	<u>4,834,971</u>	<u>(5,809,430)</u>	<u>500,000</u>	<u>18,515,922</u>
Unrestricted funds					
General funds	<u>133,753</u>	<u>316,439</u>	<u>(331,149)</u>	<u>-</u>	<u>119,043</u>
Total funds	<u>19,124,134</u>	<u>5,151,410</u>	<u>(6,140,579)</u>	<u>500,000</u>	<u>18,634,965</u>

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

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

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

Restricted fixed asset funds include amounts receivable from the DfE/ESFA and other sources in respect of tangible fixed assets held for use by the group and academy.

The pension reserve relates to the group and academy's share of the deficit of the Local Government Pension Scheme, as overseen by the Local Authority.

Transfers from restricted and unrestricted funds to restricted fixed asset funds relate to fixed asset additions.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

The academy trust is carrying a deficit of £119,072 on the GAG fund and a net deficit of £29 on restricted general funds (excluding pension reserve) plus unrestricted funds due to an excess of expenditure over available funding. The academy trust has implemented a recovery plan to address the underlying causes.

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	353,035	4,478,459	(4,459,243)	21,143	393,394
Other DfE / ESFA grants	52,071	143,130	(145,605)	-	49,596
Other government grants	23,966	109,908	(107,806)	-	26,068
School fund account	47,079	131,208	(115,256)	-	63,031
Other income	9,164	93,651	(85,758)	-	17,057
Pension reserve	(2,283,000)	-	(138,000)	417,000	(2,004,000)
	<u>(1,797,685)</u>	<u>4,956,356</u>	<u>(5,051,668)</u>	<u>438,143</u>	<u>(1,454,854)</u>
Restricted fixed asset funds					
DfE group capital grants	1,450,558	912,762	(38,156)	-	2,325,164
Capital expenditure from GAG	43,450	-	(27,322)	18,857	34,985
Predecessor school surplus	26,859	-	-	-	26,859
Capital donations on conversion	18,460,000	-	(410,000)	-	18,050,000
Other donations	55,042	-	(9,632)	(37,183)	8,227
	<u>20,035,909</u>	<u>912,762</u>	<u>(485,110)</u>	<u>(18,326)</u>	<u>20,445,235</u>
Total restricted funds	<u>18,238,224</u>	<u>5,869,118</u>	<u>(5,536,778)</u>	<u>419,817</u>	<u>18,990,381</u>
Unrestricted funds					
General funds	<u>134,944</u>	<u>260,591</u>	<u>(258,965)</u>	<u>(2,817)</u>	<u>133,753</u>
Total funds	<u>18,373,168</u>	<u>6,129,709</u>	<u>(5,795,743)</u>	<u>417,000</u>	<u>19,124,134</u>

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	353,035	8,551,902	(9,116,788)	92,779	(119,072)
Other DfE / ESFA grants	52,071	294,924	(292,473)	(47,295)	7,227
Other government grants	23,966	155,421	(150,313)	(21,000)	8,074
School fund account	47,079	273,415	(230,176)	4,061	94,379
Other income	9,164	93,651	(85,758)	-	17,057
Other income	-	218,375	(172,203)	(7,402)	38,770
Pension reserve	(2,283,000)	-	(317,000)	917,000	(1,683,000)
	<u>(1,797,685)</u>	<u>9,587,688</u>	<u>(10,364,711)</u>	<u>938,143</u>	<u>(1,636,565)</u>
Restricted fixed asset funds					
DfE group capital grants	1,450,558	1,017,143	(92,116)	-	2,375,585
Capital expenditure from GAG	43,450	-	(44,068)	78,628	78,010
Predecessor school surplus	26,859	-	-	-	26,859
Capital donations on conversion	18,460,000	-	(820,000)	-	17,640,000
Other donations	55,042	99,258	(25,313)	(37,183)	91,804
CIF loan	-	-	-	(59,771)	(59,771)
	<u>20,035,909</u>	<u>1,116,401</u>	<u>(981,497)</u>	<u>(18,326)</u>	<u>20,152,487</u>
Total restricted funds	<u>18,238,224</u>	<u>10,704,089</u>	<u>(11,346,208)</u>	<u>919,817</u>	<u>18,515,922</u>
Unrestricted funds					
General funds	<u>134,944</u>	<u>577,030</u>	<u>(590,114)</u>	<u>(2,817)</u>	<u>119,043</u>
Total funds	<u>18,373,168</u>	<u>11,281,119</u>	<u>(11,936,322)</u>	<u>917,000</u>	<u>18,634,965</u>

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	20,074,516	20,074,516
Current assets	161,874	286,692	226,297	674,863
Creditors falling due within one year	(42,831)	(240,257)	(108,479)	(391,567)
Creditors falling due after one year	-	-	(39,847)	(39,847)
Defined benefit pension liability	-	(1,683,000)	-	(1,683,000)
Total net assets	119,043	(1,636,565)	20,152,487	18,634,965
	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	19,575,223	19,575,223
Current assets	170,019	691,460	960,145	1,821,624
Creditors falling due within one year	(36,266)	(142,314)	(90,133)	(268,713)
Defined benefit pension liability	-	(2,004,000)	-	(2,004,000)
Total net assets	133,753	(1,454,854)	20,445,235	19,124,134

21 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer 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 that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £24,203 (LGPS) were payable to the schemes at 31 August 2018 (2017: £23,723 LGPS) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published 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)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £364,612 (2017: £365,306).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 29.9% for employers and 5-12% 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.

Total contributions made	2018 £	2017 £
Employer's contributions	231,000	203,000
Employees' contributions	52,000	48,000
Total contributions	283,000	251,000

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.6	2.7
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.3	2.4
Commutation of pensions to lump sums pre-April 2008	35.0	35.0
Commutation of pensions to lump sums post-April 2008	68.0	68.0

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

	2018 Years	2017 Years
Retiring today		
- Males	22.4	22.4
- Females	24.6	24.6
Retiring in 20 years		
- Males	24.0	24.0
- Females	26.4	26.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018	2017
Discount rate + 0.1%	(109,000)	(107,000)
Discount rate - 0.1%	109,000	107,000
Mortality assumption + 1 year	167,000	165,000
Mortality assumption - 1 year	(167,000)	(165,000)
CPI rate + 0.1%	91,000	87,000
CPI rate - 0.1%	(91,000)	(87,000)

The academy trust's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	1,715,000	1,523,000
Bonds	522,000	402,000
Cash and other liquid assets	49,000	42,000
Property	199,000	148,000
Total market value of assets	2,485,000	2,115,000

The actual return on scheme assets was £123,000 (2017: £254,000).

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2018 £	2017 £
Current service cost	358,000	292,000
Interest income	(56,000)	(37,000)
Interest cost	108,000	86,000
Total operating charge	410,000	341,000
Changes in the present value of defined benefit obligations	2018 £	2017 £
At 1 September 2017	4,119,000	3,925,000
Current service cost	358,000	292,000
Interest cost	108,000	86,000
Employee contributions	52,000	48,000
Actuarial gain	(433,000)	(200,000)
Benefits paid	(36,000)	(32,000)
At 31 August 2018	4,168,000	4,119,000
Changes in the fair value of the academy trust's share of scheme assets	2018 £	2017 £
At 1 September 2017	2,115,000	1,642,000
Interest income	56,000	37,000
Actuarial gain	67,000	217,000
Employer contributions	231,000	203,000
Employee contributions	52,000	48,000
Benefits paid	(36,000)	(32,000)
At 31 August 2018	2,485,000	2,115,000

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

22 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2018 £	2017 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(989,169)	333,966
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(203,639)	(912,762)
Investment income receivable	(2,049)	(1,557)
Defined benefit pension costs less contributions payable	127,000	89,000
Defined benefit pension net finance cost	52,000	49,000
Depreciation of tangible fixed assets	496,387	485,110
(Increase)/decrease in debtors	(136,346)	111,390
Increase/(decrease) in creditors	104,508	(310,255)
Net cash used in operating activities	(551,308)	(156,108)

23 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

During the current year, the academy received a restricted donation of £130 from Gooch Sports, a partnership in which Mrs J Gooch, a trustee who resigned during the year. The academy purchased items with a value of £130 with this restricted donation. In the prior year, the academy purchased clothing and equipment from Gooch Sports for £440.

During the year the academy charged costs totalling £4,762 (2017: £Nil) to, and received a gift aid distribution of £44,545 (2017: £Nil) from, its subsidiary, Newent Community Sports Limited. The amount due from Newent Community Sports Limited at 31 August 2018 was £45,862 (2017: £Nil).

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook.

24 Members' liability

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

NEWENT COMMUNITY SCHOOL AND SIXTH FORM CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

25 Commitments under operating leases

At 31 August 2018 the total of the Group and Academy's future minimum lease payments under non-cancellable operating leases were as follows:

	2018 £	2017 £
Amounts due within one year	41,812	52,772
Amounts due in two and five years	7,682	53,594
	<u>49,494</u>	<u>106,366</u>

26 Capital commitments

	2018 £	2017 £
Expenditure contracted for but not provided in the accounts	<u>50,318</u>	<u>889,754</u>

27 Agency arrangements

The academy acts as an agent in distributing school bus passes to students. In the year ended 31 August 2018, the academy received £165,957 (2017: £153,069) from parents and paid £210,560 (2017: £160,176) to the operator of the bus service. An amount of £37,010 (2017: £30,645) is included within deferred income in relation to monies received in advance from parents for the year ending 31 August 2019.