

Registered number: 07195175 (England & Wales)

NEW COLLEGE DURHAM ACADEMIES TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

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NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMIES TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

New College Durham
A Broadbent (appointed 20 October 2016)
K D Fairley (appointed 7 July 2016)
P A Rasmussen (resigned 20 October 2016)
I Walton
J F Widdowson (appointed 31 March 2016)

Directors

J F Widdowson, CBE, Chair and Accounting Officer
A Broadbent¹
J P Duggan
K D Fairley¹
C O'Neill (resigned 11 December 2015)
K A Poxon
P A Rasmussen (resigned 20 October 2016)
A Shields (appointed 21 October 2015)
T J Smith (appointed 11 December 2015)
I Walton¹
C Warren (appointed 20 October 2016)

¹ Members of Audit Committee

Company registered number

07195175

Company name

New College Durham Academies Trust

Principal and registered office

New College Durham
Framwellgate Moor Campus
Durham
DH1 5ES

Company secretary

S M Dring

Principals

D C Thornton - North Durham Academy
K Reynolds - Consett Academy

NEW COLLEGE DURHAM ACADEMIES TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMIES TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Senior management teams

J Ward, Vice Principal
J Anderson, Vice Principal
D Metcalfe, Vice Principal
P Fremaux, Vice Principal
J Allan, Vice Principal
I Herdman, Director of HR & Estates
K Gardner, Director of Finance & Corporate Support
K Broadfoot, Director of ICT & Data

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds Bank Plc
Market Place
Durham
DH1 3NL

Solicitors

Ward Hadaway
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a trustees' report, and a Directors' report under company law.

The trust operates two secondary academies for pupils aged 11 to 19 serving a catchment area in Stanley and Consett areas of County Durham. Its academies have a combined pupil capacity of 3,400 and had a roll of 2,263 in the school census on January 2016.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of North Durham Academy and Consett Academy to provide education for students of different abilities between the ages of 11 and 19.

The main objectives of the Academies Trust during the period ended 31 August 2016 were to ensure the successful on-going operations of both North Durham and Consett Academies. To achieve this, the Academies Trust has entered into relevant funding agreements with the Secretary of State for Education.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 19.

Public benefit

The Academies Trust's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Academies Trust's charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and the Directors have paid due regard to this guidance in deciding what activities the Academies Trust should undertake.

Objectives, strategies and activities

North Durham

The main priorities for the year are to address the ten areas for improvement identified in the last Ofsted report (May 2015). A self-assessment process (SEF) has been completed to audit the Academy's current position against those objectives. An action plan has been produced which sets out the actions required this year to make the required improvement (ADP). Clear targets and measurable outcomes are contained within the plan. Progress against the objectives is monitored internally by regular meetings of the Senior Leadership Team and externally by the Trust Board and the Local Governing Body. The ten areas of focus are: Improve the quality of teaching; Improve student progress at KS3 and 4; Improve the effectiveness of the 6th Form; Improve teacher planning; Improve the quality of marking; Improve student behaviour; Improve middle leaders accountability; Improve the stability of staffing within the Academy; Improve the completion of student work; Improve student attitudes to learning.

Consett

The Academy has identified seven key objectives for 2015-16. An action plan has been produced which sets out the actions required in the year and success criteria for each of the objectives are clearly identified within the plan. Progress against the objectives is monitored internally by regular meetings of the Senior Leadership Team and externally by the Trust Board and the Local Governing Body. The seven areas of focus are : Ensure that teaching is consistently inspiring, thought-provoking and challenging for all students including AGT; Ensure all students achieve and make progress (with additional focus on Boys' achievement across the board, L4c & below in Maths and L3a & L5c in English; Ensure student learning is regularly assessed and students can say what progress they have made; Sixth Form: ensure teaching is inspiring and challenging and all subjects achieve at AS and A2; Continue to close the gaps between different groups of children (Disadvantaged, CLA, SEND); Give a high priority to engaging parents and the wider community, including business; Ensure smooth and effective transition from old campuses to new site.

NEW COLLEGE DURHAM ACADEMIES TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

North Durham Academy
Number on Roll: 1,078
Student Attainment 2016

Year 13

47 Students (2015: 63)

A2

	2016	2015
A*-B	33%	37%
A*-C	65%	70%
A*-E	98%	98%

BTEC SUBSIDIARY DIPLOMA

	2016	2015
D*-D	69%	40%
D*-M	75%	73%
D*-P	100%	100%

BTEC 90 CREDIT DIPLOMA

	2016	2015
D*-D	74%	54%
D*-M	89%	77%
D*-P	100%	100%

BTEC DIPLOMA

	2016	2015
D*-D	38%	54%
D*-M	86%	82%
D*-P	100%	100%

Professional Qualifications

	2016	2015
Hair and Beauty	100%	100%
Motor Vehicle	100%	100%

GCSE LEVEL

Year 11

198 students

46% 5+ A* - C incl. English and mathematics	Boys: 44%	Girls: 48%
44% 5+ A* - C GCSE only	Boys: 43%	Girls: 45%
10% 3+ A*/A	Boys: 8%	Girls: 12%

Attainment in English & Maths:

63% A* - C English	Boys: 57%	Girls: 68%
52% A* - C Mathematics	Boys: 50%	Girls: 54%

Levels of progress in English & Maths:

English		
Progress 8 English	-0.33	Boys: -0.45 Girls: -0.22

NEW COLLEGE DURHAM ACADEMIES TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Maths

Progress 8 maths's -0.47 Boys: -0.43 Girls: -0.5

Student Attendance 2015 & 2016:

Overall attendance 2014-15: 93.5% (National Average 94.9%). 2015-16: 94.9% (National Average 94.8%)

Persistent Absence 7.7% (National Average 5.8%). 2015-16: 3.7% (National Average 5.6%)

Future Plans

Summary of 2016-17 Priorities:

A. Leadership & Management

- Improve the quality of teaching to be consistently good
- Improve student progress at KS3/4 to be at least good. KS4 to reach national GCSE standards; most able and middle ability students to make good progress.
- Improve effectiveness of the 6th Form and ensure students reach at least national standards
- Improve teachers planning to ensure students are challenged, particularly the most able.
- Improve the quality of marking and ensure students respond.
- Improve student behaviour in lessons to ensure no disruption.
- Improve middle leaders accountability for student progress and staff effectiveness.
- Improve the stability of staffing within the Academy.
- Improve the completion of student work and its presentation.
- Improve student's attitude to learning by raising attendance to national levels and raising student aspirations.

B. Quality of Learning, Teaching and Assessment

- Deliver an effective and targeted CPD programme.
- Introduce a Teaching and Learning Coach Role to identify, support and develop effective teaching.
- Provide middle leaders with training and standardisation on lesson and work scrutiny.
- Rigorously quality assure middle leaders' monitoring of staff and their subject area.
- Ensure informal and formal support plans are provided for staff identified as requiring improvement.
- Introduce a revised Academy Scheme of Learning and Progress to ensure that lessons are planned which are focused on progress and challenge.
- Provide CPD and collaborative development sessions to all staff.
- Undertake audits to ensure the completion and effectiveness of subject planning in the new format.
- Monitor the impact of new planning approaches to identify and challenge remaining areas of underperformance.
- Revise the Academy Marketing and Feedback policy to reflect the recent curriculum changes.
- Provide CPD to develop effective marking and feedback approaches.
- Monitor the quality assurance of middle leaders regarding marking and feedback through their half-termly monitoring and directorate meeting minutes, challenging judgements which do match those of the teaching and learning team.
- Introduce whole-Academy work scrutiny to identify good practice and challenge non-compliance with marking and feedback expectations.
- Provide models of effective student work from across the age and ability range.
- Introduce whole-Academy work scrutiny to identify good practice and challenge non-compliance with marking and feedback expectations.
- Identify systems to ensure the completion of student work missed due to absence.
- Develop effective strategies for reviewing and revising work for revision over time to prepare students for 2/3 year GCSE courses.
- Monitor the quality assurance of middle leaders regarding marking and feedback through their half-termly monitoring and directorate meeting minutes, challenging judgements which do match those of the teaching and learning team.

NEW COLLEGE DURHAM ACADEMIES TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

C. Personal Development, Behaviour and Welfare

- Introduce and embed Class Charts software
- Raise expectations of uniform and footwear
- Take decisive action against disruptive and defiant students
- Support identified staff who have a climate for learning which requires improvement
- Raise student aspirations – coordinated package of strategies including using former/current 16+ students, motivational quotes displayed on screens and around the academy
- Launch Pride@NDA
- Further improve identification and intervention with students who have poor attendance so we have a very positive start of term

D. Outcomes for Students

- Develop Progress 8 targets for all subjects to ensure progress and improvement to be at least in-line with national averages.
- Change monitoring and reporting systems to reflect new performance table measures.
- Ensure targeted Year 11 Intervention.
- Refine the Academy Curriculum model to ensure student progression at 16+ and EBacc performance measures improve.
- Develop effective strategies to support students' revision and preparation for formal, end-of course examinations.
- Further develop the Academy's Key Stage 3 assessment system.
- To further reduce in-school gaps between disadvantaged students and between the genders.
- To improve the progress of the more able and talented students across the Academy.
- To improve the standards of attainment in most subjects at KS4 to at least national averages, particularly in English, maths and science.
- To continue to close the gap against KS4 national indicators and reduce in school variation for disadvantaged students and gender in 2016.
- To improve the progress rates of students at KS3 to meet national expectations from their given starting points.
- To improve the attainment rates in maths, science, history and geography at KS3 & KS4.
- To improve the attainment rates of the more able and talented students in all subjects at KS4.
- To improve KS5 attainment rates to at least in line with the level 3 LAT.
- To Improve the number of A* - B grades at A level.
- To improve attainment rates at BTEC post 16 to be at least in line with national expectations
- To embed fully all aspects of 'assessment without levels' at KS3.
- To implement and prepare for the new qualifications and examinations at KS5 and KS4.

KEY TARGETS

North Durham Academy

KS4

NDA key targets for KS4 GCSE are;

	NDA 2017 Forecast	NDA outcomes 2016
Progress 8	-0.05	-0.38
Attainment 8	49.50	43.80
Basics	51%	48%
Av Grade	C	C

KS5

All targets reflect an improvement on last year's results.

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

A2 Targets

Measure	% Target
A2 Pass rate	98% (1 U grade)
A*, B Pass rate	40%
Retention rate	92%
Success rate	85%

AS Targets

Measure	% Target
AS Pass rate	92%
A*, B Pass rate	25%
Retention rate	92%
Success rate	79%

Maths and English GCSE resits

Measure	% Target	Cohort size
Maths	54%	13
English	67%	3

Consett Academy
Number on Roll: 1,156
Student Attainment 2016

Year 13

A2 Level

	2016	2015
A*-B	54.8%	50.4%
A*-C	78.1%	84.2%
A*-E	100%	100%

AS Level

	2016	2015
A*-B	41.0%	43.2%
A*-C	77.0%	79.5%
A*-E	98.0%	97.7%

GCSE Level
220 students

Average core KS2 APS per Student	27.4
Basics Level 2 (A*-C in Eng & Mat)	57%
Disadvantaged Basics level 2 % (A*-C in Eng & Mat)	41.7
Average Total Progress 8	-0.1
Average Total Attainment 8	49.18
English Progress	0.14
Maths Progress	-0.56
Ebacc Progress	-0.09
Open Progress	0.0

NEW COLLEGE DURHAM ACADEMIES TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Average Grade per Student	C
Students with 5 x A*-C inc English & Maths	56%
% achieving E-Bacc	18%
% Students making 3+ LOP in English	86%
% Students making 4+ LOP in English	48%
% Students making 3+ LOP in Maths	53%
% Students making 4+ LOP in Maths	16%

Student Attendance 2016:

Overall attendance: 2015-16: 94.80%

Persistent Absence: 2015-16: 10.83%

FUTURE PLANS

Summary of Key Priorities: 2016-17

Ensuring that teaching is consistently good and more frequently outstanding, and eradicating less than good teaching, by:

- improving the pace of learning
- sharing innovative and exemplary classroom practice across all subjects
- developing a marking policy that accelerates students' progress and understanding by identifying key errors

Ensuring all students engage with school every day in a positive manner

The impact will be:

- Outcomes for all students are positive (Att.8 & Pr.8), particularly: A*&A all subjects
- Gaps between different groups of children are eradicated (Disadvantaged, CLA & SEND)
- Less than good teaching eradicated
- Always good but frequently outstanding student behaviour and better than NA attendance
- Consistency of performance across all A' level subjects (RPI)

KEY TARGETS

As the landscape has changed for GCSE performance, it is not possible to link a Progress 8 score to a given Attainment 8 score as Progress 8 is currently based on the national performance of students for that exam period.

In essence, this means that if 2 students of the same ability on entry who took their exams a year apart and gained the same Attainment 8 score, they would not gain the same Progress 8 score if the national performance of other students of the same ability varied from one year to the next.

Our key targets for GCSE are:

- To achieve a positive Progress 8 Score for our students in the Academic Year 2015/16.
- LOE 'higher' to achieve A*/A grades at the national level
- Specifically to improve results in mathematics and Ebacc basket

Our Key Targets for Key Stage 5 are:

- AS results to be in line with student targets and above NAs (88% pass rate)
- A2 results to be in line with student targets.
- A2 100% pass rate
- Retention, Success and Achievement rates to be above national averages

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

FINANCIAL REVIEW

Going concern

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

Financial report for the period

Most of the academies income is obtained from the Department of education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/EFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £16,757,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £312,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2016 the net book value of fixed assets was £49,433,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £5,328,000 recognised on the balance sheet.

The Trust held fund balances at 31 August 2016 of £45,893,000 comprising £44,835,000 of restricted funds and £1,058,000 of unrestricted funds.

Financial and risk management objectives and policies

The Academies Trust is subject to a number of risks and uncertainties in common with other Academies. The Academies Trust has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report, and in the Governance Statement.

NEW COLLEGE DURHAM ACADEMIES TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

The Directors have assessed the major risks to which the Trust is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the Academies Trust, and its finances. The Directors have implemented a number of systems to assess risks that each Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trust has fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The Trust is subject to a number of risks and uncertainties in common with other academies. The Trust has in place procedures to identify and mitigate financial risks.

Disabled Persons

New College Durham Academies Trust is committed under legal duties (Equality Act 2010 which replaces all existing equality legislation), to eliminating all forms of discrimination and encouraging good relations and diversity amongst our workforce and student population, through the management and implementation of the Public Sector Equality Duty (PSED) and policy for the Trust.

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the academy. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment by making support resources available and through training and career development.

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

Reserves policy

The Trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Restricted and unrestricted funds are held:

- To provide funds which can be designated to specific areas such as investment in fixed assets over and above capital grants from the EFA
- To meet future lifecycle costs associated with maintaining and replacing plant and equipment and infrastructure in the academies' new buildings
- To provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies

The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the Academies Trust is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £1,000,000

This is considered sufficient to cover

- a) 4 weeks routine expenditure
- b) Unexpected emergency costs

At the year end the trust had unrestricted reserves totalling £1,058,000.

Investment policy

The Trust invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum. At the Balance Sheet date the Trust had £250,000 invested in 32-day notice deposit accounts with Lloyds Bank and £250,000 in a fixed term deposit with Lloyds Bank which matured is due to mature in March 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academies Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Directors of New College Durham Academies Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as New College Durham Academies Trust.

Details of the Directors who served during the year 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.

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

Method of recruitment and appointment or election of Directors

Directors are appointed for a term of four years and are not subject to retirement by rotation. Sponsor and Co-Sponsor Directors are appointed and removed by the Sponsor and Co-Sponsor respectively. Academy Trust Directors, Parent Directors and other Directors are appointed in accordance with the articles of association.

Policies and procedures adopted for the induction and training of Directors

The training and induction provided for new Directors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors.

Organisational structure

The Directors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the Academies Trust by the use of budgets and making major decisions about the direction of the Academies Trust, capital expenditure and senior staff appointments.

During the period the Trust Board operated a number of committees, including an Audit Committee, a Remuneration Committee, a Human Resources Committee, a Trust Corporate Services Committee and the Local Governing Bodies of North Durham Academy and Consett Academy, all with agreed terms of reference. A Scheme of Delegation has also been agreed setting out the matters reserved for the Trust Board, those delegated to the committees, the Local Governing Bodies and the Trust Principals.

Management Teams have been established at both Academies to undertake the day to day management of each Academy and are accountable to the Local Governing Bodies and the Trust Board.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of the academy's key management personnel are determined by the Academies Trust Board (ATB) with reference to both national and regional benchmarks, and any salary scales are underpinned by an analytical job evaluation scheme. Progression up these salary scales is based on performance, and is evaluated annually by a sub-committee of the ATB (Remuneration Committee). The posts are considered for cost of living awards by the ATB, alongside all other staff, and the key measure for awards is one of affordability.

Connected organisations, including related party relationships

New College Durham

New College Durham is the lead sponsor of the Academies Trust. New College Durham has also provided education and training services to both North Durham and Consett Academies for which the College has been paid.

Durham County Council

Durham County Council is the co-sponsor of the Academies Trust. The Council provides numerous paid-for services to the Academies under Service Level Agreements.

Further details are stated in Note 24 to the Financial Statements.

NEW COLLEGE DURHAM ACADEMIES TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Directors' indemnities

The Academies Trust has purchased insurance to protect Directors from claims arising from negligent acts, errors or omissions occurring whilst on Academies Trust business. Further details are provided in Note 12.

Disclosure of information to auditors

Insofar as the directors are aware:

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

Directors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 8 December 2016 and signed on the board's behalf by:



J F Widdowson, CBE
Chair

NEW COLLEGE DURHAM ACADEMIES TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that New College Durham Academies Trust 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 Directors has delegated the day-to-day responsibility to the Chair of Board, 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 New College Durham Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
J F Widdowson, CBE, Chair and Accounting Officer	4	5
A Broadbent	5	5
J P Duggan	4	5
K D Fairley	4	5
C O'Neill	2	2
K A Poxon	3	5
P A Rasmussen	4	5
A Shields	4	5
T J Smith	1	3
I Walton	3	5

Governance Review

A review of the Trust's Governance arrangements were carried out by the internal audit service provider Wylie Bisset in March 2015. The conclusion reached was that the Trust's governance arrangements provided Substantial Assurance that controls in place were largely satisfactory although some weaknesses were identified.

In terms of effective operation and good practice the review identified:

- The governance structure is sufficient and fit for purpose
- The skill mix on the Trust Board and Committees is appropriate
- The Trust Board Members have sufficient insurance cover in place
- There is an induction process for Trust Board members

Recommendations for improvement were made in a number of areas to ensure that policies and procedures were up to date and reflected best practice. All recommendations have now been implemented by the Trust Board.

The Audit Committee is a Committee of the main Board of Directors and is authorised to investigate any activity within its terms of reference or specifically delegated to it by the board. The role of the Audit Committee is to maintain an oversight of the Academies Trust's governance, risk management, internal control and value for money framework. It reports its findings annually to the Board of Directors and the Accounting Officer as a critical element of the board's annual reporting requirements.

NEW COLLEGE DURHAM ACADEMIES TRUST
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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
I Walton (Chair)	3	3
A Broadbent	3	3
K D Fairley	3	3

Review of Value for money

As Accounting Officer, the Chair of Board has responsibility for ensuring that the Academies 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 Academies Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academies Trust has delivered improved value for money during the year by:

- At North Durham Academy, following a tender process, the Trust has moved to a fully Multi -Function Device solution for printing and copying rather than a mixture of copiers and stand -alone printers. This will deliver a lower cost per copy than the old system.
- In April 2016 at North Durham Academy we applied for a Renewable Heat Incentive certificate which has allowed the Academy to reclaim a proportion of heating costs linked to our use of the Biomass boilers. Since April this has saved the Trust approximately £8k.
- In August 2015 at North Durham Academy we renegotiated and fixed our recruitment costs with the TES, based on a comparison with spend in 14/15 we were able to save £9k.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academies 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 New College Durham Academies Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the Academies Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academies Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

The Academies 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 Directors;
- regular reviews by the Trust Board 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 Directors has considered the need for a specific internal audit function and has decided to appoint Wylie Bisset LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academies Trust's financial systems.

In particular the checks carried out in the current period included:

- Human Resources
- Operation of Outsourced Contracts
- Asset Management
- Budgetary Control

The auditor reported to the board of Directors, through the audit committee on a termly basis on the operation of the systems of control and on the discharge of the board of Directors' financial responsibilities.

All work set out in the audit plan was completed as scheduled. There were a number of high level recommendations in the Asset Management report and these are in the process of being implemented.

All work set out in the audit plan was completed as scheduled. Two high priority recommendations were made in relation to timely validation of corporate credit card transactions and authorisation of changes to supplier details in the purchase ledger.

Review of Effectiveness

As Accounting Officer, the Chair of Board 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 the auditor in relation to Internal Audit;
- the work of the external auditors;
- the work of the executive managers within the Academies Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 8 December 2016 and signed on their behalf, by:



J F Widdowson, CBE
Chair of Directors & Accounting Officer

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of New College Durham Academies Trust I have considered my responsibility to notify the academy trust board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



J F Widdowson, CBE, Chair and Accounting Officer

8 December 2016

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors (who act as governors of New College Durham Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

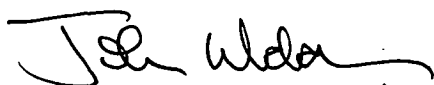
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the Board of Directors on 8 December 2016 and signed on its behalf by:



J F Widdowson, CBE
Chair and Accounting Officer

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NEW
COLLEGE DURHAM ACADEMIES TRUST**

We have audited the financial statements of New College Durham Academies Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Academies Trust'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 Academies Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academies Trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NEW
COLLEGE DURHAM ACADEMIES TRUST**

Matters on which we are required to report by exception

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

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



Christopher Beaumont BA (Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
8 December 2016

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO NEW COLLEGE
DURHAM ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by New College Durham Academies Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of New College Durham Academies Trust's accounting officer and the reporting auditors

The Accounting Officer is responsible, under the requirements of New College Durham Academies Trust's funding agreement with the Secretary of State for Education dated 27 July 2011 for North Durham Academy and 2 December 2011 for Consett Academy, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO NEW COLLEGE
DURHAM ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

Approach (continued)

- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

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



Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

1 December 2016

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

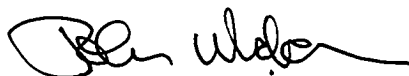
	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants	2	-	-	25	25	24,652
Charitable activities	3	-	13,818	-	13,818	14,094
Other trading activities	4	211	-	-	211	316
Investments	5	10	-	-	10	7
TOTAL INCOME		221	13,818	25	14,064	39,069
EXPENDITURE ON:						
Charitable activities		188	13,539	3,030	16,757	16,948
TOTAL EXPENDITURE	7	188	13,539	3,030	16,757	16,948
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	33	279	(3,005)	(2,693)	22,121
		-	(207)	207	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		33	72	(2,798)	(2,693)	22,121
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(2,741)	-	(2,741)	27
NET MOVEMENT IN FUNDS		33	(2,669)	(2,798)	(5,434)	22,148
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,025	(2,564)	52,866	51,327	29,179
TOTAL FUNDS CARRIED FORWARD		1,058	(5,233)	50,068	45,893	51,327

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07195175

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	2015 £000
FIXED ASSETS				
Tangible assets	13		49,433	52,402
CURRENT ASSETS				
Stocks	14	6		12
Debtors	15	958		912
Cash at bank and in hand		1,698		1,602
		<u>2,662</u>		<u>2,526</u>
CREDITORS: amounts falling due within one year	16	(874)		(957)
NET CURRENT ASSETS			<u>1,788</u>	<u>1,569</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>51,221</u>	<u>53,971</u>
Defined benefit pension scheme liability	21		<u>(5,328)</u>	<u>(2,644)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>45,893</u></u>	<u><u>51,327</u></u>
FUNDS OF THE ACADEMIES TRUST				
Restricted funds:				
Restricted funds	17	95		80
Restricted fixed asset funds	17	50,068		52,866
		<u>50,163</u>		<u>52,946</u>
Restricted funds excluding pension liability				
Pension reserve		<u>(5,328)</u>		<u>(2,644)</u>
Total restricted funds			<u>44,835</u>	<u>50,302</u>
Unrestricted funds	17		<u>1,058</u>	<u>1,025</u>
TOTAL FUNDS			<u><u>45,893</u></u>	<u><u>51,327</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:



J F Widdowson, CBE
Chair

The notes on pages 26 to 46 form part of these financial statements.

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	122	433
Cash flows from investing activities:			
Dividends, interest and rents from investments		10	7
Purchase of tangible fixed assets		(61)	(100)
Capital grants from DfE/EFA		25	46
Net cash used in investing activities		(26)	(47)
Change in cash and cash equivalents in the year		96	386
Cash and cash equivalents brought forward		1,602	1,216
Cash and cash equivalents carried forward		1,698	1,602

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

New College Durham Academies Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of New College Durham Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of New College Durham Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

1.2 FUND ACCOUNTING

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

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

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

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

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

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long term leasehold property	-	over 50 years
Long term leasehold land	-	over 125 years
Fixtures and fittings	-	over 2 to 5 years
Computer equipment	-	over 3 years

1.7 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academies Trust; this is normally upon notification of the interest paid or payable by the Bank.

1.8 OPERATING LEASES

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

1.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 LIABILITIES AND PROVISIONS

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 Academies 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. 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.

1.13 FINANCIAL INSTRUMENTS

The Academies Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 TAXATION

The Academies 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 Academies 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.

1.15 PENSIONS

Retirement benefits to employees of the Academies 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 Academies 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 Academies 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 prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.16 AGENCY ARRANGEMENTS

The academy trust acts as an agent distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received are paid and any balances held are disclosed in note 25.

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

1. ACCOUNTING POLICIES (continued)

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

The Academies 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £3,030,000.

Land and buildings - Land and buildings are not yet signed over to the academy trust due to all works yet to be completed. However, both sites are in use by the schools and the trust is incurring costs of running the buildings. Given that the significant risks and rewards of ownership belong to the academy trust, these assets have been included on the balance sheet with a useful economic life of 125 years for land, which will be the length of the lease with Durham County Council once the lease is brought into effect and 50 years for the building being the expected economic life.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Donations	-	-	-	24,606
Capital Grants	-	25	25	46
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	25	25	24,652
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £24,652,000 was to restricted funds

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

3. FUNDING FOR ACADEMIES TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	12,742	12,742	12,540
Start Up Grant A	-	10	10	12
Start Up Grant B	-	-	-	234
Pupil Premium	-	932	932	1,004
Other DfE/EFA Grants	-	161	161	106
SEN Funding	-	6	6	51
Other Government Grants	-	(62)	(62)	102
Other Grants	-	29	29	45
	<u>-</u>	<u>13,818</u>	<u>13,818</u>	<u>14,094</u>

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £14,094,000 was to restricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry income	43	-	43	31
Lettings	99	-	99	105
Uniform	27	-	27	72
School trips	42	-	42	108
	<u>211</u>	<u>-</u>	<u>211</u>	<u>316</u>

In 2015, of the total income from other trading activities, £316,000 was to unrestricted funds and £ *NIL* was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Investment income	10	-	10	7

In 2015, of the total investment income, £7,000 was to unrestricted funds and £ *NIL* was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
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6. CHARITABLE ACTIVITIES

	2016 £000	2015 £000
DIRECT COSTS		
Wages and salaries	7,595	8,345
National insurance	655	531
Pension cost	998	1,060
Educational supplies	487	688
Examination fees	199	186
Staff development	45	74
Technology costs	432	558
Educational consultancy	40	22
Travel and subsistence	15	24
Other direct costs	97	231
	<hr/> 10,563	<hr/> 11,719
SUPPORT COSTS		
Wages and salaries	871	1,163
National insurance	77	67
Pension costs	258	101
Depreciation	3,030	1,717
Net interest cost on pension scheme	93	88
Technology costs	21	40
Recruitment and support	33	39
Maintenance of premises and equipment	290	261
Cleaning	340	339
Rates	175	138
Energy	237	338
Insurance	92	74
Security	-	6
Transport	124	201
Catering	209	251
Occupancy costs	60	60
Bank interest and charges	1	-
Other support costs	230	280
Governance costs	53	66
	<hr/> 6,194	<hr/> 5,229
	<hr/> <hr/> 16,757	<hr/> <hr/> 16,948

NEW COLLEGE DURHAM ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. EXPENDITURE

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Academies Trust's educational operations:					
Direct costs	9,248	-	1,315	10,563	11,719
Support costs	1,206	2,887	2,101	6,194	5,229
	<u>10,454</u>	<u>2,887</u>	<u>3,416</u>	<u>16,757</u>	<u>16,948</u>

In 2016, of the total expenditure, £85,000 (2015: £272,000) was to unrestricted funds and £16,671,000 (2015 - £16,610,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	3,030	1,717
Operating lease rentals	31	20
Auditors remuneration	12	12
Auditors remuneration - non-audit services	<u>1</u>	<u>1</u>

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

9. STAFF COSTS

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	7,933	8,606
Social security costs	732	598
Operating costs of defined benefit pension schemes	1,256	1,161
	<hr/> 9,921	<hr/> 10,365
Supply teacher costs	421	746
Staff restructuring costs	112	156
	<hr/> 10,454	<hr/> 11,267

Included within Operating costs of defined benefit pension schemes is a credit of £221,000 in respect of the LGPS pension actuarial calculations. Also credited are £70,000 of pension payouts on redundancy which are included within Staff restructuring costs. Also included is a debit of £17,000 in respect of benefits paid.

Staff restructuring costs comprise of £9,000 of Redundancy payments, £33,000 of Severance payments and £70,000 of Other restructuring costs.

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

	2016 No.	2015 No.
Teachers	150	175
Teaching Support	54	72
Corporate Support	31	40
Management	6	10
	<hr/> 241	<hr/> 297

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	7	7
In the band £100,001 - £110,000	0	1
In the band £110,001 - £120,000	2	1

The key management personnel of the academy trust comprise the directors, principals and the senior management team as listed on pages 1 and 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £783,000 (2015: £767,000).

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

10. CENTRAL SERVICES

The Academies Trust has provided the following central services to its academies during the year:

- Trust staff salaries
- Internal audit services
- Trust subscriptions
- Trust legal and professional fees

The Academies Trust charges for these services on the following basis:

Each academy incurs an equal charge for the costs incurred

The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
North Durham Academy	116	143
Consett Academy	115	143
	<hr/>	<hr/>
Total	231	286
	<hr/>	<hr/>

11. DIRECTORS' REMUNERATION AND EXPENSES

During the year, no Directors received any remuneration as none of the directors, including the Accounting Officer, are employees of the trust (2015 - £NIL).

During the year, no Directors received any benefits in kind as none of the directors, including the Accounting Officer, are employees of the trust (2015 - £NIL).

12. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was included within the insurance premium and is not separately identifiable.

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

13. TANGIBLE FIXED ASSETS

	Long term leasehold land and property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST				
At 1 September 2015	47,069	4,449	4,420	55,938
Additions	-	22	39	61
At 31 August 2016	47,069	4,471	4,459	55,999
DEPRECIATION				
At 1 September 2015	1,032	1,149	1,355	3,536
Charge for the year	937	866	1,227	3,030
At 31 August 2016	1,969	2,015	2,582	6,566
NET BOOK VALUE				
At 31 August 2016	45,100	2,456	1,877	49,433
At 31 August 2015	46,037	3,300	3,065	52,402

14. STOCKS

	2016 £000	2015 £000
Finished goods and goods for resale	6	12

15. DEBTORS

	2016 £000	2015 £000
Trade debtors	12	18
VAT recoverable	155	159
Other debtors	2	-
Prepayments and accrued income	789	735
	958	912

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FOR THE YEAR ENDED 31 AUGUST 2016**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Trade creditors	493	697
Other creditors	19	32
Accruals and deferred income	362	228
	<u>874</u>	<u>957</u>

DEFERRED INCOME

	2016 £000	2015 £000
Deferred income at 1 September 2015	8	218
Resources deferred during the year	68	8
Amounts released from previous years	(8)	(218)
Deferred income at 31 August 2016	<u>68</u>	<u>8</u>

Deferred income relates to a grants received from Durham County Council including grants in respect of Able, Gifted and Talented funding relating to the academic year 2016/2017. Also deferred is Devolved Formula Capital, a British Council grant and monies received for trips to be taking place in 2016/2017.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS						
General funds	1,025	221	(188)	-	-	1,058
RESTRICTED FUNDS						
	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General Annual Grant (GAG)	80	12,741	(12,519)	(207)	-	95
Start Up Grant B	-	10	(10)	-	-	-
Pupil Premium	-	932	(932)	-	-	-
Other DfE/EFA grants	-	162	(162)	-	-	-
SEN	-	6	(6)	-	-	-
Other Government grants	-	(62)	62	-	-	-
Other grants	-	29	(29)	-	-	-
Pension reserve	(2,644)	-	57	-	(2,741)	(5,328)
	(2,564)	13,818	(13,539)	(207)	(2,741)	(5,233)
RESTRICTED FIXED ASSET FUNDS						
Legacy assets	27,462	-	(1,918)	-	-	25,544
Devolved Formula Capital	122	25	(41)	-	-	106
Capital expenditure from GAG	197	-	(95)	49	-	151
ICT Funding	479	-	(16)	158	-	621
Donations	24,606	-	(960)	-	-	23,646
	52,866	25	(3,030)	207	-	50,068
Total restricted funds	50,302	13,843	(16,569)	-	(2,741)	44,835
Total of funds	51,327	14,064	(16,757)	-	(2,741)	45,893

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

General Annual Grant (GAG) must be used for the normal running costs of the Academies Trust including salaries and related costs, overheads, repairs and maintenance and insurance.

Start up grant is used to cover the set-up costs since conversion.

Pupil Premium is to be used as the school sees fit to support disadvantaged children. Included within Pupil Premium is Summer School and Year 7 catch up grants. The Summer School grants are to be used on salaries. The Year 7 catch up grants are to cover costs of educating year 7 pupils.

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

SEN is income received from Durham County Council to be used for special educational needs costs.

Other government grants relates to monies received from and due back to DCC due to pupil transfers.

Other grants relates to STEM income and British council grants. STEM grants are to be used for science and technology costs. British Council funds are to be used to cover the costs involved in the British Council projects including staff salaries, travelling, accommodation and subsistence.

Unrestricted funds are to be used as the trustees deem necessary.

During the year a transfer of £49,000 was made from GAG to Restricted Fixed Asset Funds to cover the cost of capital expenditure in the year. In addition, £158,000 was transferred from GAG to ICT Funding in respect of future ICT refresh expenditure.

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

ANALYSIS OF FUND BALANCE BY ACADEMIES

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
North Durham Academy	598	627
Consett Academy	555	478
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	1,153	1,105
Restricted fixed asset fund	50,068	52,866
Pension reserve	(5,328)	(2,644)
	<hr/>	<hr/>
Total	45,893	51,327
	<hr/>	<hr/>

ANALYSIS OF COST BY ACADEMIES

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2016 £000	Total 2015 £000
North Durham Academy	4,631	718	273	1,564	7,186	7,691
Consett Academy	4,444	657	214	1,225	6,540	7,477
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,075	1,375	487	2,789	13,726	15,168
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	49,433	49,433	52,402
Current assets	1,065	962	635	2,662	2,526
Creditors due within one year	(7)	(867)	-	(874)	(957)
Provisions for liabilities and charges	-	(5,328)	-	(5,328)	(2,644)
	<u>1,058</u>	<u>(5,233)</u>	<u>50,068</u>	<u>45,893</u>	<u>51,327</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £000	2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(2,693)	22,121
Adjustment for:		
Depreciation charges	3,030	1,717
Dividends, interest and rents from investments	(10)	(7)
Decrease in stocks	6	-
(Increase)/decrease in debtors	(46)	681
(Decrease)/increase in creditors	(83)	428
Capital grants from DfE and other capital income	(25)	(46)
Donation of assets	-	(24,606)
Pension adjustment	(57)	145
Net cash provided by operating activities	<u>122</u>	<u>433</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand	1,698	1,602
Total	<u>1,698</u>	<u>1,602</u>

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21. PENSION COMMITMENTS

The Academies Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Durham County Council. Both are Multi-employer defined benefit pension schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £988,000 (2015 - £855,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has

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21. PENSION COMMITMENTS (continued)

accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £630,000 (2015 - £375,000), of which employer's contributions totalled £532,000 (2015 - £249,000) and employees' contributions totalled £98,000 (2015 - £126,000). The agreed contribution rates for future years are 13.4% for employers and 5.5% - 12.5% for employees.

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

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

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.60 %
Rate of increase for pensions in payment	1.90 %	2.10 %
Inflation assumption (CPI)	1.90 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2016	2015
Retiring today		
Males	22.7	22.6
Females	25.2	25.1
Retiring in 20 years		
Males	24.9	24.8
Females	27.5	27.4

The Academies Trust's share of the assets in the scheme was:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	1,925	1,652
Bonds	1,803	1,251
Property	353	205
Cash	326	256
Total market value of assets	4,407	3,364

The actual return on scheme assets was £603,000 (2015 - £(3,000)).

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21. PENSION COMMITMENTS (continued)

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

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(311)	(344)
Net interest cost	(93)	(88)
Past service cost	(71)	-
	<hr/>	<hr/>
Total	(475)	(432)
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £000	2015 £000
Opening defined benefit obligation	6,008	5,487
Current service cost	311	344
Interest cost	227	205
Contributions by employees	98	117
Actuarial losses/(gains)	3,210	(147)
Past service costs	71	-
Benefits paid	(190)	2
	<hr/>	<hr/>
Closing defined benefit obligation	9,735	6,008
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	3,364	2,961
Interest income	134	117
Actuarial gains and (losses)	469	(120)
Contributions by employer	532	287
Contributions by employees	98	117
Benefits paid	(190)	2
	<hr/>	<hr/>
Closing fair value of scheme assets	4,407	3,364
	<hr/> <hr/>	<hr/> <hr/>

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

22. OPERATING LEASE COMMITMENTS

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

	2016 £000	2015 £000
AMOUNTS PAYABLE:		
Within 1 year	34	31
Between 1 and 5 years	64	43
Total	<u>98</u>	<u>74</u>

23. MEMBERS' LIABILITY

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

24. RELATED PARTY TRANSACTIONS

The lead sponsor of the Academies Trust is New College Durham. During the year the college provided education and training services for both academies. The total amount paid for these services in the year was £71,286 (2015: £210,837).

The co-sponsor, Durham County Council provides numerous services to both academies under Service Level Agreements. These include ICT support services, buildings maintenance, crisis response service and off-site education provision. The total amount paid for these services during the year, excluding National Non-Domestic Rates, was £414,110 (2015: £161,977).

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

25. AGENCY ARRANGEMENTS

The Academies Trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the trust received £20,000 and distributed £20,000 from the fund. No income or expenditure is recognised in the financial statements.

NEW COLLEGE DURHAM ACADEMIES TRUST
(A company limited by guarantee)

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

26. FIRST TIME ADOPTION OF FRS 102

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		29,179	51,327
Total funds reported under FRS 102		<u>29,179</u>	<u>51,327</u>

Reconciliation of net income	Notes	31 August 2015 £000
Net income previously reported under UK GAAP		22,184
Change in recognition of LGPS interest cost	A	(63)
Actuarial gain/(losses) brought above the line	B	27
Net movement in funds reported under FRS 102		<u>22,148</u>

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

A Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There have been no change in the defined benefit liability either at 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £63,000 and increase the Credit in other recognised gains and losses by the same amount.

B Actuarial gain/(losses) brought above the line

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.