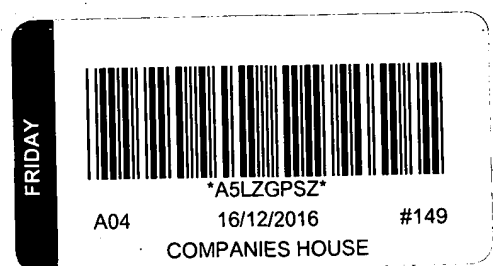


The Gosforth Federated Academies Limited
(a company limited by guarantee and not having a share capital)

**Annual Report and Financial
Statements**

Company number 07431423

31 August 2016



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Reference and Administrative Details

Registered Company Number: 07431423

Members

Mr David Gregory
Mr George Snaith
Mrs Judy Storey
Mrs Kathryn Thomas

Trustees

Mr Richard Baker* (resigned 14 September 2016)
Mr Chris Bell*
Mrs Alison Craddock
Mr David Gregory*
Mr John Hall*
Mrs Yasmin Hassan
Mr Andrew Leonard
Mrs Lesley Malthouse
Mrs Gillian Milne
Mr Geoff Norris*
Mrs Jane Ratcliffe
Cllr Jackie Slesenger
Mr George Snaith
Mrs Judy Storey*
Dr Iqbal Syed
Mr David Vero

*Members of Finance & Audit Committee

Senior Management Team:

Principal, Chief Executive and Accounting Officer
Director of Finance and Support Services,
Bursar to the Federation and Company Secretary
Director of Main School
Director of Human Resources
Director of Post 16
Director of Performance
Director of Gosforth Junior High Academy
Director of Curriculum
Director of Communications

Hugh Robinson
Christine Edwardson

Karen Blackburn
Corinne Raybould
Preit Chahal
Joanne Lowther
David Sheppard
Allon Welsh
Chris Duckett

Registered Office

Gosforth Academy
Knightsbridge
Great North Road
Newcastle Upon Tyne
NE3 2JH

Reference and Administrative Details *(continued)*

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Bankers

HSBC Bank plc
Maingate
Kingsway North
Team Valley Trading Estate
Gateshead
NE11 0BE

Nationwide Building Society
PO Box 3
5-11 St Georges Street
Douglas
Isle of Man
IM99 1AS

Solicitors

Watson Burton
1 St James' Gate
Newcastle upon Tyne
Tyne & Wear
NE99 1YQ

Insurance brokers

Zurich Municipal
Mountbatten House
Grosvenor Square
Southampton
SO15 2RP

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 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 a Federated Academy for Middle/High school students aged between 9 and 19 in Gosforth, Newcastle upon Tyne. The combined pupil numbers total is 2,324 as at the school census date of October 2016.

Structure, Governance and Management

Constitution

The Gosforth Federated Academies Limited is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Academy Trust was incorporated on 5 November 2010 and commenced operating on 1 December 2010. The Articles of Association require the Members of the charitable company to appoint at least three Governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy Trust. The Academy Trust has entered into a funding agreement with the Department for Education which provides the framework within which the Academy Trust must operate.

The Trustees act as directors for the Charitable Company for the purposes of company law and form the Governing Body. The Charitable Company is known as Gosforth Federated Academies Limited.

The Charitable Company incorporates Gosforth Academy and Gosforth Junior High Academy.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Trustees' Indemnities

Every governor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any appointment in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees (Directors/Governors)

As set out in the Memorandum of Association the Members are responsible for the recruitment and appointment of Directors. The Members can appoint up to 25 Directors which will include Staff Directors, at least 2 Parent Directors and the Chief Executive Officer. The current constitution has provision for 4 Staff Directors and 4 Parent Directors. Staff Directors are nominated and elected by the Staff group. A Parent Director must be a parent of a pupil at one of the Academies on election. Parent Directors are nominated and elected by the Parent body. The Chief Executive Officer shall be a Director for as long as he remains in office as such.

The Members are responsible for the appointment of all other Directors and will use a variety of methods to recruit to vacancies as they arise. The Members may hold some vacancies to ensure they can recruit Directors with specific skills at a time which is most beneficial to the organisation.

All Directors have a term of office of 4 years.

Trustees' report *(continued)*

Policies and Procedures Adopted for the Induction and Training of Trustees (Directors/Governors)

On appointment Directors will meet with the Chair who will provide an induction and they will be given the Governing Body Handbook together with a welcome pack which contains other relevant documents e.g. Memorandum and Articles of Association, DfE Governors Handbook. The Principal will also issue a SEF/Summary Document file which is a comprehensive set of data including Ofsted reports, Raise online, SDP, staffing structures, Audit reports and prospectus/curriculum models.

The Academy has a contract with Newcastle LA Governor Services which provides support and training for Trustees. Directors receive a booklet detailing the Governor Training Programme together with a termly copy of the Newcastle LA "Governnews" which highlights current changes in legislation together with CPD opportunities during the next term. There is a whole programme of training available which includes induction for new governors, Headteacher performance and reviewer training, safer recruitment and the role of governors in the monitoring the outcomes of pupils with special educational needs and disabilities and many more opportunities. The service also provides bespoke training and Directors have participated in a training session for managing pupil discipline committee meetings and more recently Exclusion and Independent Review training.

With the exception of Parent Directors and one Staff Director all of the current members were from the predecessor school and therefore are all highly experienced in school governance. The Board has a designated member responsible for safeguarding and for staff appointments at least one panel member will have successfully completed the Safer Recruitment training provided by an HR Lead Specialist from Newcastle Local Authority. A number of Governors have also undertaken safeguarding training which was offered by Newcastle Local Authority HR section. Together with the contract in place with Newcastle LA to provide training services the Board has a designated member responsible for training. Directors can also request any additional training at need.

Organisational Structure

The Governing Body Handbook sets out the delegated responsibilities and terms of reference for the Full Governing Body and all committees. The Governing Body Scheme of Delegation and Decision Planner is reviewed and approved annually.

At school level a flat structure with distributed leadership is in operation which is based on the Dixons PLC industrial model. By using associate leaders in training posts the capacity of the organisation is increased at appropriate times. The current management team consists of the following posts with identified responsibilities:

Principal and Accounting Officer

Director of Communications

Director of Curriculum

Director of Finance & Support Services

Director of Human Resources

Director of Junior School

Director of Main School

Director of Performance

Director of Post 16

Operational management of the Academy Trust is the role of the Principal and Senior Leadership Team. The Senior Leadership Team consists of the Principal, Director of Finance & Support Services and seven Directors. The wider Leadership Team extends to seven Assistant Directors with various delegated responsibilities. The Principal is also the Chief Executive has the role of the Accounting Officer and the Director of Finance and Support Services is the Company Secretary.

Trustees' report *(continued)*

Arrangements for setting pay and remuneration of Key Management Personnel

The Trustees delegate significant authority or responsibility for the day to day running of the Academy Trust to the Principal and the Senior Leadership Team (as described in Organisational Structure). Their pay and remuneration is the responsibility of the Governors Salaries & Performance Committee. This Committee will meet to agree the pay recommendations of all staff including the Principal and Senior Leadership Team. Although an Academy this committee has continued to follow the system of an agreed pay range for the Principal and Senior Leaders within a band on the Leadership spine. Senior Leaders will only be recommended for progression with their agreed pay range on successful completion of performance criteria as agreed by the Principal. The Principal has an agreed set of performance criteria and his performance is ratified by the Governing Body before any progression will be recommended.

The majority of Senior Leaders have for a number of years been at the top of their pay range however they are still subject to meeting their performance criteria annually although no pay progression is available at this time.

The Governors Salaries & Performance Committee can recommend a change in the pay range however when this has been considered in the past they have consulted legal support and sought benchmarking data to support any such change.

Related Parties and other Connected Charities and Organisations

The company Sport@Gosforth Limited, company number 08014267 is a subsidiary of the Gosforth Federated Academies Ltd but remains a dormant company at the present time.

Gosforth Academy and Gosforth Junior High Academy are part of the Gosforth Pyramid of Schools comprising Primary and Middle Schools in the Gosforth area. The Pyramid gives a smooth transition for students across the 3 tier system and all schools work in close collaboration to ensure that subjects and initiatives are fully developed across phases.

The Academy Trust has offered support to one of our local schools Seaton Burn College. This help is part of our role as a National Support School rather than as a sponsoring academy. A consultancy fee will be charged to Seaton Burn College to cover the cost of the support given by the Academy Trust.

Objectives and Activities

Students completing Key Stage 2 examinations at the Junior High Academy should be aiming to make the required levels of progress that lead to further academic success. A confidence curriculum is now well established although we continue to further develop this educational strand. The aim being to ensure that progress is made between entry in Y5 and Y8 move to the Main Academy.

The Academy expects the highest standards from all of our staff and students. We believe that the current outstanding judgements given to both Academies in the most recent Ofsted inspections (May 2015) will only be maintained if we all accept the challenge to develop and that the students strive to excel in all that they do.

Curriculum development linked to continued professional development are the major strands used to ensure that our objectives and aims are achieved. We also aim to serve our broader community by using our sports and social facilities to enhance community usage.

The Governors commitment to provide a service to the families in Gosforth is clearly demonstrated by their decision to bid for funding to open a new school on the Newcastle Great Park. (This new school would be part of the Gosforth Federated Academies Company). This bid was successful and the Academy Trust has started work on this project. It is hoped that the new school known as Gosforth Great Park Academy will be built by 2020.

Trustees' report *(continued)*

Objectives, strategies and activities

The Praise Code underpins all issues regarding behaviour and effort. The code has proven itself to be both effective and popular. It is managed by the Director of Main School.

Our Director of Curriculum is developing a 5 year Curriculum Development plan that will ensure that progress is made.

The success of our bid for a new school has been a highlight of the academic year. We have seconded a member of the Senior Leadership Team to work as Project Director and the Gosforth Great Park community have responded very positively to the news. A multi million pound injection into our three tier system must be managed with care and sensitivity.

In September 2016 work started on a two classroom extension to the Gosforth Junior High Academy KS2 block. This £1.2 million investment from Newcastle City Council is to provide accommodation for the extra students joining us in Year 5. This block is being funded from the basic need funding stream allocated to Newcastle City Council and will be operational from 5th January 2017.

Public Benefit

The Academy Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

A successful Academy, working in harmony with its community, is the cornerstone of our strategic planning. The activities that are undertaken by the Charity and summarised in this report are for the benefit of the public.

The successful development of our Sport@Gosforth community sports centre has guaranteed community involvement with the Academy. The sports centre has 480 members and thriving use of our facilities by local clubs and teams. The centre generates income that is used to equip and maintain the centre to a high standard.

Our successful bid for a free school was supported by more than 500 residents. As these plans develop we will be making sure that public benefit is part of our planning. The holiday club activities that operate on our current sites will be replicated at the Gosforth Great Park site.

Strategic Report

Achievements and performance

This has been another very successful year for Gosforth Federated Academies.

Key Stage 2 2016: New Measures

Percentage of students above expected standard

	Gosforth Academy	National
Reading	80%	66%
Writing	87%	74%
Maths	77%	70%

Percentage of students beyond expected standard

- Reading – 23%
- Writing – 24%
- Maths – 19%

Key Stage 4 2016: New Measures

- A*- C in English & Maths 73%
- Average Attainment 5.5 (B/C Grade)
- Progress 8 = 0.41

Highlights

- 70% students achieved 5 A*-C (including English & Maths)
- 48% students achieved English Baccalaureate
- 2 students all A* grades
- 24 students with all A*/A grades
- 54 students got at least 8 A*/A grades
- 84% students made expected progress in English which compares favorably with the national figure
- 82% students made expected progress in Maths which compares very favorably with the national figure

Key Stage 5

A2 Results

	A*-A	A*-C	A*-E
2016	20%	75%	99%
2015	23%	79%	99%
2014	25%	78%	99%

- Record number of students to university – over 90% achieved their first or insurance choice
- 25 students got all A*/A
- 160 A*/A grades achieved
- Record number of 5 A level papers sat with pass rate of 99.3%
- 75 to Russell Group Universities

Strategic Report *(continued)*

Key Performance Indicators

Ofsted

The last Ofsted inspection was in May 2015 when a monitoring inspection under Section 8 of the Education Act 2005 and in accordance with Ofsted's published procedures for inspecting schools with no formal designation was carried out. Both Gosforth Academy and Gosforth Junior High Academy maintained their outstanding status achieved in the last full Ofsted inspections in 2008 and 2011 respectively.

Student Numbers

The table below shows the growth in student numbers over the last four academic years at the October census date and those for the first PLASC of the 2016/17 financial year.

Year	PLASC date	GJHA Total	GA Total	Total
2012/13	Oct-12	426	1674	2100
2013/14	Oct-13	477	1683	2160
2014/15	Oct 14	534	1724	2258
2015/16	Oct 15	571	1727	2298
2016/17	Oct 16	631	1693	2324

Praise Code

The PRAISE code encourages the students to –

Perform
Reward
Achieve
Inspire
Succeed
Excel

The Praise Code underpins all issues regarding behavior and effort. All students must carry their planner at all times and are rewarded with stamps for good work and comments for misbehavior which are counted on a weekly basis by tutors. The students receive rewards during the year based on the number of stamps they have accumulated. Likewise the number of comments are recorded and may result in detention or the sanction in accordance with the Praise Code guidelines.

Strategic Report *(continued)*

Key Performance Indicators *(continued)*

The table below shows the level of achievement for the students in the lower school at Gosforth Academy for the 2015/16 academic year and comparatives for 2014/15.

Award	No of stamps required	2015/16			2014/15		
		Year 9	Year 10	Year 11	Year 9	Year 10	Year 11
No Award	Below 400	5	11	15	4	8	4
Bronze	400	5	17	57	3	4	14
Silver	800	4	34	104	4	14	39
Gold	1200	19	63	106	7	37	89
Platinum	1600	34	64	49	23	66	120
Diamond	2000	84	90	14	62	74	78
Certificate of Achievement	2400	137	63	4	99	76	10
Diploma of Outstanding Achievement	2800	84	20	0	131	47	2
Principal's Special Award	3200	14	3	0	33	26	-
Principal's Outstanding Award	3600	3	0	0	3	3	-
Principal's Exceptional Achievement	4000	0	0	0	0	1	0

Total number of stamps awarded during the academic year 2015/16 is shown in the table below.

Total number of stamps awarded during the year	Year 9	Year 10	Year 11
2015/16	1,010,138	753,553	477,699

* Note – Year 11 students go on study leave from May half term.

The rewards presented on a termly basis are –

Autumn Term – Students achieving 400 stamps receive some Christmas chocolate.

Easter Term – Students achieving 800 stamps receive an Easter egg.

Summer Term – Students in Year 9 and 10 achieving 1200 stamps have been awarded an Intu gift voucher. Due to cost and logistics the Lightwater Valley trip is no longer going to be an achievement reward.

Financial

Income & Expenditure			
KPI	2015/16	2014/15	2013/14
Total GAG Funding	£11,361,935	£11,063,599	£11,012,399
Students per October PLASC	2,298	2,258	2,160
GAG Income per student	£4,944	£4,900	£5,098
Expenditure per student	£5,866	£5,736	£5,886
Notes: The above shows the impact of lagged funding on the Academy Trust. The GAG funding is based upon the student number census prepared in the previous October. Therefore annual budgets are not in proportion with increasing student numbers. Income and expenditure per student are both higher than in 2014/15 but are lower than the averages achieved in 2013/14.			

Strategic Report *(continued)*

Key Performance Indicators *(continued)*

Staffing			
KPI	2015/16	2014/15	2013/14
Total Staff Costs	£9,394,420	£9,053,135	£9,068,055
Salary costs as % GAG Income	82.7%	82%	82%
Staff Costs per Student	£4,088	£4,009	£4,221
Pupil : Teacher Ratio	17.7:1	17.2:1	16.5:1
<p>Notes: Teaching staff salaries had a mandatory increase of 1% commencing in September 2015. Support Staff salaries had a mandatory increase of 1% for the majority of scale points and enhanced percentage increases for the lower salary pay scales commencing 1st April 2016. Also the Employers National Insurance contribution rate increased dramatically from April 2016 which in turn increased the National Insurance costs. Salary costs as a % of GAG Income is 82.7% which is 0.7% more than last year and 2.7% more than the target of 80%. This is the result of lagged funding and the increased salary/National Insurance costs. This will continue to be difficult to manage with another mandatory 1% increase to Teaching Salaries from September 2016 (included in the 2016/17 budget) and further increases in student numbers in the academic year 2016/17. The Senior Leadership Team will continue to review staff positions when they become available and to consider whether the role needs to be replaced or whether alternative arrangements can be made, this will include recruiting NQTs or recently qualified teachers whenever possible.</p>			

Community			
KPI	2015/16	2014/15	2013/14
Sport @ Gosforth Members	480	668	657
Sport @ Gosforth Income	£267,105	£293,683	£295,011
<p>Notes: The Sport @ Gosforth income has reduced by £26,578 and membership numbers have dropped when compared with the previous year. Other leisure facilities have opened in the Gosforth area, therefore the increased competition has contributed to the reduction in income and members. The Marketing Committee and Sports Centre Management Group are going to review the marketing strategy with the aim of boosting sales income in the future. The Academy relies on the income generated from the community facility in order to improve facilities and provide additional funding to support educational activities.</p>			

Capital			
KPI	2015/16	2014/15	2013/14
Capital Grant funding received	£47,909	£46,385	£124,218
Donated ICT Equipment	£16,560	£204,026	£327,184
Capital expenditure in year	£415,081	£361,987	£422,240
Capital expenditure per student	£181	£160	£197
<p>Notes: In 2013/14 financial year we received Capital Maintenance Grant funding (for the quad building) as well as Devolved Formula Capital, however in 2014/15 and 2015/16 we have only received the latter. The value of "Donated ICT Equipment" received under the Newcastle City Council BSF Scheme totalling £16,650 has been included, although the expenditure is much less than in previous years because we have almost used all of our allocated funding. We have used our own reserves to fund capital projects to make essential improvements to the buildings, for the purchase of two new minibuses, to renovate the Gosforth Junior High Academy Caretakers House into an educational facility and to refresh student ICT equipment at Gosforth Academy.</p>			

Strategic Report *(continued)*

Key Performance Indicators *(continued)*

Investment

In accordance with the Investments Policy the Academy Trust holds cash funds in a deposit account. There is a surplus following the payment of day to day working costs and expenditure on capital projects. At the 31st August 2016 the HSBC deposit account balance was £619,944 and interest earned during the year was £2,159. During the financial year the Trustees decided to reinvest the funds in the Nationwide Building Society One Year Business Saver account with an investment of £500,000. The annual interest received on the account during April 2016 totalled £5,984 at a rate of 1.2%.

Going concern

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

Financial Review

- **Income**

- Most of the Academy's income is obtained from the EFA in the form of General Annual Grant (GAG) and other recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year to 31 August 2016 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities. Details of all grants received can be found in note 4 and a further breakdown of individual grant funds is on note 16.
- The Academy has been awarded two new grants for specific projects during the year. The EFA Project Development Grant totalling £180,000 which is funding towards the Gosforth Great Park Academy project. Also DfE Northern Fund totalling £100,000 which is funding for expenditure on the Academy Sponsor project. At the financial year end the EFA Project Development Grant carried forward £173,952 and the DfE Northern Fund carried forward £88,328.
- Other income received included small Local Authority grants, interest from investments (as mentioned in KPI section) other small elements of other income including premises lettings and sports facilities (also mentioned in KPI section).
- The old minibuses were sold at public auction for £9,100 per Profit on sale of assets (per note 5).
- The total income received for the year was £13,286,656.

Strategic Report *(continued)*

Key Performance Indicators *(continued)*

- Expenditure
 - The total expenditure on staffing is £9,394,420 which includes £84,350 of staff compromise costs. As stated in the KPI notes there have been mandatory increases to salaries and employers national insurance contributions which have resulted in increased staffing costs. The adjustment of LGPS Operating Costs totalling £300,000 in accordance with FRS102 has also increased the staffing costs this year. Staffing numbers remain at a similar level at 243 FTE (242 in 2015) despite the increasing student numbers at both sites.
 - The Praise code remains a key objective of the school and underpins all issues regarding behaviour and effort. A budget of £25,000 was allocated to Gosforth Academy and £10,000 at Gosforth Junior High Academy. Expenditure included the purchase of student planners, student reward purchases, resources such as praise stamps/ postcards and the cost of a study skills workshop for those students not achieving their targets. In 2016/17 budget pressures have resulted in changes to the Praise rewards being awarded to the students.
 - The Confidence Curriculum programme at Gosforth Junior High Academy continues to be developed in order to assist the progress of KS2 students. A budget of £10,000 was allocated to the project with expenditure on activities including educational visits, cookery, tennis coaching, photography and dance coaching.
 - There were compulsory new specifications made to the Curriculum therefore additional resources were required by many subject departments at Gosforth Academy. An additional budget allocation was made available to the affected departments so that they could be fully resourced ahead of the commencement of the changes in September 2016.
 - Expenditure includes Depreciation charged on fixed assets which totals £453,274.
 - A transfer from the restricted fund to the restricted fixed asset fund of £336,746 represents the expenditure of General Annual Grant (GAG) surpluses on capital projects during the year. Expenditure includes £27,641 on converting a classroom to a Lecture Theatre at Gosforth Academy, £96,530 on a refresh of student PC's and monitors at Gosforth Academy, £154,749 remodelling the Caretakers House at Gosforth Junior High Academy so that it can be used for educational purposes and £45,718 on two replacement minibuses. A lot of the capital expenditure this year has been aimed at accommodating the rising student numbers at both premises.
 - Other Finance costs relating to the LGPS pension scheme FRS102 adjustment total £50,000.
 - The total costs for the year total £13,481,602 which results in an overall loss for the year of £194,946, although this includes the Depreciation charge of £453,274.
 - The Restricted General Fund including General Annual Grant has net income at the year end of £266,916, a further breakdown can be found on note 16.
- Pension Scheme
 - The actuarial loss on the LGPS pension scheme was £2,280,000 and the defined benefit pension scheme liability of £3,540,000 is consistent with the current financial climate and is an industry wide issue. The actuarial valuation is expected to continue to fluctuate in forthcoming years until the economy stabilises.
- Fund balances
 - The Academy held fund balances at 31 August 2016 of £34,059,827 comprising £35,830,039 restricted fixed asset funds and restricted non fixed asset funds of £(2,748,130) including the pension deficit of £(3,540,000) together with unrestricted reserves of £977,918.
- Investments
 - Interest received on funds in bank deposit accounts totalled £8,143 and balance held in the deposit accounts at the financial year end was £1,125,928 (compared with £1,657,785 at the previous financial year end).
- Future considerations
 - Lagged funding will continue to be an issue with increasing student numbers and funding being based on the previous academic years student numbers. There is also current uncertainty around the new funding formula which could result in reductions to the budget allocation.

Strategic Report *(continued)*

Key Performance Indicators *(continued)*

- Any future mandatory increases in salaries, national insurance and pension contributions will continue to add pressure to the school budget. The budget allocation does not reflect any unknown mandatory increases to expenditure.
- The price of resources may increase as a result of the economic impact of the EU Referendum.
- Careful management of the budget will be required in order to achieve budget surpluses and maintain the level of reserves.
- A CIF capital funding bid may need to be considered in order to support future essential capital works.
- There will be continued uncertainty relating to the actuarial valuation of the LGPS pension scheme and the impact it will have on the academy financial results.
- In accordance with Investment Policy the Trustees may need to consider moving funds invested in the Nationwide Building Society account back into the instant access HSBC deposit account in order to alleviate any future cash flow pressures.
- Financial Management Policies
 - During the year the Trustees adopted various policies in relation to financial management including Accounting, Governors Allowance, Investment & Reserves, Lettings, Risk Management and Charges & Remissions.

Reserves Policy

The Academy Trust held fund balances at 31 August 2016 of £34,059,827 comprising £35,830,039 fixed assets funds, £791,870 restricted general funds (without restricted pension funds), and £ (3,540,000) restricted pension funds together with unrestricted funds of £977,918.

All restricted general funds come via grants received both from the EFA and the Local Authority. The restricted general funds balance comprises General Annual Grant (GAG) which is available for general purposes of £529,590, EFA Project Related Grant awarded for expenditure on the Gosforth Great Park Academy project £173,952 and DfE Northern Fund awarded for expenditure on the Sponsor Academy project £88,328 (per note 16).

The restricted pension fund deficit balance is £ (3,540,000) following the actuarial valuation of the Local Government Pension Scheme and incorporates the in year loss of £2,280,000. The disclosure of the pension fund deficit does not mean that an immediate liability for this amount crystallises and in particular does not mean that the equivalent amount is committed and not available to spend on the Academy objectives. However, the Senior Leadership Team and Trustees may need to consider the effect on cash flow and reserves in terms of any future increase in contributions made to the scheme.

The unrestricted funds incorporate other income including interest receivable on the bank deposit account, uniform shop, trips, lettings and sports facility income.

The net surplus total of restricted general funds of £791,870 and unrestricted funds of £977,918 is £1,769,788. The Trustees intend to build up a prudent level of reserves over a period of time in accordance with the Investment & Reserves Policy which is reviewed annually.

The target level of reserves is considered as part of the review of the Investment & Reserves Policy and current target is set at £2,256,000. Therefore, the current value of the total restricted and unrestricted funds at £1,769,788 is £486,212 below the target level of reserves. The Senior Leadership Team and Trustees have set a surplus budget for 2016/17 which if achieved will increase the level of reserves and will help the Academy move towards the target level of reserves. Regular review of the management reports, cash flow forecasts and investment reports will help monitor progress during the financial year. Although future uncertainties surrounding income and expenditure, cash flow and working capital requirements will need to be considered.

A total of £341,511 was transferred from restricted and unrestricted reserves in order to fund capital projects completed during the year. There were no capital commitments at the 31st August 2016. It is anticipated that Trustees will decide to designate funds from reserves to future capital projects and essential repairs and maintenance of the Academy Trust buildings. A schedule and timetable for future capital works will be confirmed by Trustees in meetings during Autumn 2016/Spring 2017, although cash flow and working capital requirements will take priority.

Strategic Report *(continued)*

Reserves Policy *(continued)*

The value of the fixed asset fund that can only be realised by disposing of fixed assets is £34,400,000.

Investment Policy

The Board of Trustees have approved an Investment & Reserves Policy in relation to the investment of surplus funds and this is reviewed on an annual basis.

The aim of this policy is to ensure that funds which the Federated Academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise income but without risk.

Our aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The Federated Academy does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice as and when circumstances allow.

The purpose of the Investment Policy will be:

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements.
- To ensure there is no risk of loss in capital value of any cash funds invested.
- To protect the capital value of any invested funds against inflation.
- To optimise returns on invested funds.
- To ensure value for money.
- To exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser.
- To ensure that security takes precedence over revenue maximization.
- Ensure that all investment decisions are in the best interests of the trust and command broad public support.

The guidelines incorporated within the Investment Policy are as follows:

Regular cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding creditors that are due for payment. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested and as such approved by the Finance & Audit Committee. Approval must be signed off and recorded in the committee minutes. In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

Currently, surplus funds are invested with the existing banker HSBC in an instant access deposit account. One account is set up for each Academy. Interest is received on a quarterly basis. The Finance & Audit Committee receives a report at each meeting as to the performance of the investment.

During the financial year the Finance & Audit Committee took the decision to re-invest the £500,000 of surplus funds into a Nationwide Building Society – One Year Business Saver account. Interest is received annually in March at a rate of 1.2%.

This decision was taken because an appropriate level of reserves had been achieved to allow the management and the Finance & Audit Committee to explore alternative investment possibilities with criteria being:

- Investment with a different counterparty (in order to reduce counterparty risk).
- Consideration of whether there should be a maximum level of investment with a single approved counterparty; and
- A longer term investment with a higher return (but not high risk investments which are not in the best interests of the Federated Academy).

The above criteria will be considered again when making decisions about future investments in accordance with the Investments & Reserves Policy.

Strategic Report *(continued)*

Principal Risks and Uncertainties

Risk Management

The Academy Board considers risk and continues to work alongside the Senior Leadership Team in creating a robust system which will minimise the academy's exposure to risk identified. The Trustees continue to assess the major risks to which the Charity is exposed to, in order to be satisfied that systems are in place to mitigate exposure to the major risks.

A Risk Management Policy and Risk Management (Addendum) have been approved by the Trustees and will be reviewed on an annual basis. The purpose of the policy is to identify potential risks and ways of managing them.

Principal Risks

The risks to which the Academy Trust is exposed are recorded on the Risk Register which is maintained, updated and monitored by the Risk Management Group on a termly basis. The risks are categorised by means of a Risk Score which takes into account the likelihood of the risk and the impact if it occurs to result in a risk score. The register also includes details of the response to the risk (transfer, treat, tolerate,) details of the control procedures, the person responsible for action against the risk and the date of the next review.

The principal risks identified by the Trustees are highlighted below -

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Risk Score	Response - Transfer Tolerate, Treat	Control procedures and target date	Person(s) responsible for action	Date of next review
Strategic Risk	Charitable objects risk	Charity receives unfavorable Ofsted report	2	5	10	Treat	Internal Monitoring & Evaluation	Principal	31 March 2017
Pension Risk	Funding risk	Risk that scheme is in significant deficit	5	2	10	Treat	Internal/ External Audit	Director of Finance & Assistant Director of Finance	On going
Pension Risk	Contribution risk	Risk that employers' contribution rate increases	3	3	9	Treat	Budget Setting & Monitoring	Director of Finance & Assistant Director of Finance	On going
Strategic Risk	Technology Risk	Virus risk/ Corruption of data risk	3	3	9	Treat	Contract - ICT Managed Service	Director of Finance	31 March 2017
Human Resource Risk	Management Risk	Key person loss/ succession risk	2	4	8	Treat	SLA for HR Services	Principal	On going

Strategic Report *(continued)*

Principal risks *(continued)*

Risk Score Matrix

<u>Risk Score</u>	<u>Rating</u>	<u>Definition</u>	<u>Estimated Probability</u>
16 – 25	Very High	Very likely. This event may be imminent or strong indications that this will occur in the future. Not confident risk can be managed at this level and contingency is required.	More than 80% chance of occurring.
10 – 15	High	This event is likely to occur in most circumstances. Requires additional mitigation/contingency. Little confidence risk can be managed at this level.	51-80% chance of occurring.
5 – 9	Medium	This event is likely to occur sometimes even if controls operate normally. Confident risk can be managed at this level.	21-50% chance of occurring.

Strategic Report *(continued)*

Financial Risk

The Risk Register includes various Financial Risks, the highest item being the Pension Risk as shown in the Principal Risks table. All other Financial Risks were identified in the medium or low categories and the most significant items are listed below -

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Risk Score	Response - Transfer Tolerate, Treat	Control procedures and target date	Person(s) responsible for action	Date of next review
Overall financial control risk	Budget risk	Risk that the budget will be in deficit.	2	3	6	Treat	Budget setting calendar/Finance Procedure Manual.	Director of Finance & Assistant Director of Finance	1 st July 2017
Provisions and contingent liability risk	Contractual commitments risk	Risk that the charity has entered into future commitments without having the future funding available to meet them.	2	3	6	Treat	Internal/ External Audit	Director of Finance & Assistant Director of Finance	On going
Pension Risk	Contribution risk	Risk that the charity is not making the correct contributions.	2	3	6	Treat	Budget Setting & Monitoring	Director of Finance & Assistant Director of Finance	On going
Strategic Risk	Insurance Risk	Risk of financial loss/inability to replace items if charity does not have adequate insurance cover.	1	5	5	Transfer	Insurance in place	Director of Finance & Assistant Director of Finance	1 st October 2017
Fixed Asset Risk	Capital Construction Risk	Risk that assets built by contractors do not meet specifications, or actual costs exceed budget	2	2	4	Treat	Financial Procedures Manual	Director of Finance & Assistant Director of Site and Contract Services	Ongoing

Strategic Report *(continued)*

Plans for Future Periods

This is a very dynamic period for education in the Gosforth area. The national changes to the examination system, funding pressures and our local problem with regard to capacity combine to offer challenges that we must meet with clear thinking and optimism. We have several planned changes that when combined make up our strategy to deal with the aforementioned challenges.

- The Gosforth Junior High Academy Caretakers House conversion for SEND to open in 2017.
- The Gosforth Great Park Academy to open in temporary accommodation in 2018.
- To develop the empty Caretakers House on the Gosforth Academy site to be converted into a special provision for our more challenging students.
- To work closely with our local schools as a National Support School.
- To further expand our Multi Academy Trust if the correct opportunities present.

Auditor

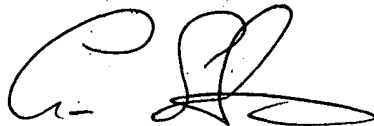
In so far as the trustees are aware:

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

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 13th December 2016 and signed on the board's behalf by:

G Snaith
Chair of the Trustees
13 December 2016



Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Gosforth Federated Academies Ltd 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 Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 The Gosforth Federated Academies Ltd and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The Governing Body is committed to ensuring as a group they are effective and exceeding the expectations of Governance. The constitution of the Governing Body is constantly under review so that there is some assurance that as a group they offer a good range of skills to meet the required demands. The current group has a very experienced core that have a wealth of knowledge of governance enhanced by their personal professional backgrounds.

Annually all Governors complete a self-assessment exercise where they rate their ability covering the areas of providing strategic leadership, ensuring accountability and acting as a critical friend. The results are then collated and two reports are produced one for the Full Governing Body and one for members of the Finance & Audit Committee. The findings are discussed including comparisons from the previous assessment and any training needs are identified. The results show that training opportunities and as new Governors gain experience they are becoming more confident and therefore gaining in competence.

The Chair introduced a process of review the aim of which is to identify what the governing body does well, what might need to be improved and what specific actions the governing body can take to achieve identified and desired improvements. It was agreed to use the National Governors' Association "twenty key questions every governing body should ask itself" therefore all Governors were required to rate their level of knowledge on a scale of 1 (none) to 5 (extensive) for each question. This information has been collated.

The schools were also subject to an Ofsted section 8 inspection in May 2015 during which a group of Governors were interviewed. The feedback provided confirms that there is clear strategic vision for the development of education in Gosforth and that Governors have an accurate picture of the academy's performance which supports the findings of the reviews undertaken. Currently governance is graded as outstanding by Ofsted.

One Governor takes a lead on Governor training which is supported by the use of Newcastle Local Authority Governor Services team who provide a wealth of training opportunities for Governors and buying in external training as required.

The information as governance included here supplements that described the Trustee's Report and in the Statement of Trustees' Responsibilities. The Trustees have formally met 8 times during the year. The Finance & Audit Committee has formally met 3 times during the year. Attendees during the year at meetings were as follows:

Governance Statement *(continued)*

Surname	Full Governing Body		Finance & Audit Committee	
	Meetings Attended	Out of a possible	Meetings Attended	Out of a possible
G Milne	7	8	0	0
L Malthouse	4	8	0	0
J Slesenger	4	8	0	0
A Craddock	3	8	0	0
D Gregory	4	8	3	4
J Hall	8	8	4	4
J Storey	5	8	4	4
I Syed	5	8	0	0
G Norris	3	8	1	4
C Bell	5	8	1	4
G Snaith	7	8	3	0
A Leonard	5	8	0	0
R Baker	5	8	1	4
Y Hassan	4	8	0	0
D Vero	7	8	1	0
J Ratcliffe	5	8	0	0

During the year the Finance & Audit Committee has been a sub-committee of the Board of Trustees responsible for overseeing the financial affairs of the Academy and reporting to the Board of Trustees.

The main responsibilities and issues dealt with during the year are as follows:

- The initial review and authorisation of the annual budget;
- The regular monitoring of actual expenditure and income against the budget;
- Ensuring the annual financial statements are produced in accordance with the requirements of the Companies Act 2006, the Charities SORP, the Academies Financial Handbook and the other guidance issued by the DfE and EFA;
- Authorising the award of contracts over £25,000
- Authorising changes to the Academy personnel establishment
- Reviewing the Financial Procedures Reports prepared by the internal auditor for the effectiveness of procedures and internal financial controls which are also reported to the Board of Trustees.
- Reviewing the progress of investments and making decisions about investments in accordance with the Investments Policy.
- Receiving reports in relation to capital projects, admissions and Health & Safety.
- Reviewing of the annual financial statements together with the external audit report.

Future Challenges for the Board of Trustees

The IFS, ASCL and FASNA are all predicting the perfect storm in the world of Educational Finance. Decrease of funding in real terms of between 10 – 15% have been predicted by the aforementioned reliable institutions. Our plan to avoid financial hardship must be actioned sooner rather than later.

We must:

1. Plan for and actively pursue growth. An increase in student numbers is almost guaranteed due to the Gosforth Great Park Academy expansion.
2. Reduce staffing costs – examination of the age profile of our staff clearly indicates that retirement of mature staff coupled with replacement by new young staff is a process that will reduce our staffing costs.
3. The expansion of the Multi Academy Trust will further increase our efficiency via our Economy of Scale.
4. Generate income from consultancy based work.
5. Be aware of funding streams that are available to the Academy Trust and have the capacity to act on strategic opportunities.

Governance Statement *(continued)*

Review of Value for Money

As Accounting Officer the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust use of its resources has provided good value for money during each academic year, and reports to the Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- **Targeted Intervention**

There were various intervention projects undertaken during 2015/16 including Confidence Curriculum and those projects funded by Pupil Premium grants. Pupil Premium funding was used in a variety of ways to improve attainments and help overcome barriers to learning. To follow is a summary of the learning activities for Pupil Premium students during 2015/16 academic year at Gosforth Academy:

- Assertive Mentoring – 45% of Pupil Premium cohort benefited from an academic mentoring initiative in Year 11. Outcomes for these students were favorable – for example 97% of these students made 3LP in Maths.
- ECDL – 38% of this cohort were involved in an out of normal curriculum initiative to increase the number of C grade equivalent qualifications a student attained and to enhance students skills in practical ICT applications. All Pupil Premium students involved in the initiative achieved this extra qualification with much positive feedback from students involved. 88% of Pupil Premium students involved achieved the equivalent of A or A* grade.
- Easter Schools – 81% of the Pupil Premium students were involved in attending at least one Easter school session to prepare them for their Year 11 final exams.
- November and/or March review day intervention – 61% of the Pupil Premium cohort were involved in at least one subject on review day. Impact is measured via feedback from subject leaders on the quality of work produced.
- Saturday School – 20% of Pupil Premium students were involved in making up 31% of the Saturday School cohort. The Saturday Schools were in Maths and ran for 7 weeks. Subsequently 8 Pupil Premium students achieved a C grade in Maths – 100% of the Pupil Premium Maths cohort.
- After School Small Group Tuition in Maths – 29 Pupil Premium students were involved in weekly Maths small group tuition for 8 weeks. These students were not on target grades or making at least EP. Subsequently 13 achieved C or above grades. 19 achieved their target grades. 66% made EP. One student was even supported to achieve their A* target.
- For English there was a very successful peer mentoring programme which took place after school and was very well attended.

Governance Statement *(continued)*

The subsequent results achieved show that we continue to improve the attainment and value-added progress of disadvantaged students. Of the 75 Pupil Premium students 68 (91%) were involved in at least one of the academic interventions above. Over half accessed more than 3 interventions with 10 students involved in 5 or 6. Gosforth Academy has been applauded by the Minister of State for Schools for its great success in helping to narrow the gap for disadvantaged students and this has encouraged us to share our achievements with other schools so that they can learn from our strengths and experience.

- **Shared Personnel and Consultancy**

- During 2015/16 academic year the Federated Academy of Gosforth Academy and Gosforth Junior High Academy continued to share a Governing Body, Principal/Accounting Officer, Senior Management Team and also other staff who provide support across both schools (in particular Finance, Human Resources and Administration). Therefore, together the two schools work in collaboration and strive to efficiently drive up standards and deliver good practice. Our aim is to secure the best possible outcome for students, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the Academy Trust achievements and services.
- In our role as a National Support School and Academy Sponsor we have been given the opportunity to become involved with other schools which require support and assistance following poor levels of achievement or Ofsted results. This enables our key management personnel to share knowledge, procedures and management expertise to other schools and in 2016/17 may generate additional income and funding streams for the Academy Trust.

- **ICT Development and Communications**

- The Academy Trust continues to invest in the development of ICT in order to improve standards and efficiency of education, administration, communications and also have an impact on the environment.
- FROG is a virtual learning environment which is continuously being developed as a learning platform for students. We have recently introduced the parent portal in FROG so that parents can access a whole range of information in respect of the child. It is also being used for communication between staff via online forms and the staff bulletin.
- Capita SIMS continues to be used as our school information management system. It securely stores student information, monitors attendance and enables student reports to be efficiently produced.
- We now use a text messaging facility in order to get important messages and reminders to parents.
- The newsletters are now published on the Academy Trust website rather than being posted out to parents.
- The screens set up in Student Areas provide students with important information and reduces admin time in sending out memos in registers.
- This year £97K of capital funds were invested in refreshing the PC's and monitors in some ICT classrooms at Gosforth Academy for student use.
- We continue to buy into the Newcastle Local Authority Managed Service to provide on-site support for all ICT requirements of the Academy Trust. In August 2017 we commence a new contract with the Newcastle Local Authority Managed Service in collaboration with other local Gosforth Pyramid schools.
- We are improving facilities to assist parents with making payments to the Academy for trips and activities. Both Gosforth Academy and Gosforth Junior High Academy have card payment facilities (both in person and over the phone) and we are now accepting payment by bank transfer. In the future the Academy Trust will explore possibilities around online payment systems for trips and dinner money, however this will depend on cost and the facilities must be in line with the Managed Service security requirements.
- The Newcastle Local Authority Managed Service and the Academy Trust Finance Team have a bank of known, reliable suppliers from where they can procure ICT equipment and consumables at discounted prices. The Local Authority has preferred suppliers following a formal tendering process and we are able to access these preferential rates as part of the Managed Service. Therefore ensuring that best value is achieved in terms of suitability, efficiency, time and cost.

Governance Statement *(continued)*

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been place for the period ending 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 Trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Finance & Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed KPMG LLP the external auditors; to perform additional checks; and produce a Financial Procedures Report.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of grant and other income
- review of management reports

Three times a year the auditor reports to the Board of Trustees, through the Finance & Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The three audit visits were completed with periods under review being September 2015 to January 2016, February 2016 to May 2016 and June 2016 to August 2016. At each visit during this financial year the auditor delivered their schedule of work as planned and no material control issues were found as a result of the work carried out:

Governance Statement *(continued)*

Review of Effectiveness

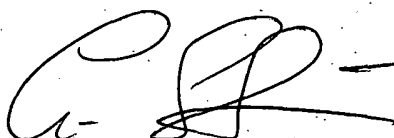
As Accounting Officer, the Principal/Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the additional checks carried out by the external auditor;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

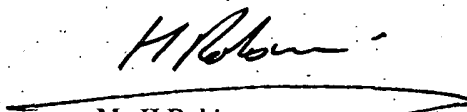
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 13th December 2016 and signed on its behalf by:

Mr G Snaith
Chair of Trustees



Mr H Robinson
Accounting Officer



Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Gosforth Federated Academies Limited I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Mr H Robinson
Accounting Officer
13 December 2016

Statement of Trustees' Responsibilities

The Trustees (who act as governors of The Gosforth Federated Academies Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

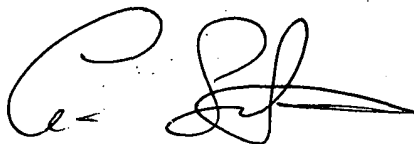
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the Board of Trustees on 13th December 2016 and signed on its behalf by:

Mr G Snaith
Chair of Trustees





KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of The Gosforth Federated Academies Limited

We have audited the financial statements of The Gosforth Federated Academies Limited for the year ended 31 August 2016 set out on pages 31 to 53. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016 and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 26, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which 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 auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2016, and the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

Independent Auditor's Report to the members of The Gosforth Federated Academies Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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:

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



Mick Thompson, (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside House
Newcastle upon Tyne
NE1 3DX

13 December 2016



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent Reporting Accountant's Assurance Report on Regularity to The Gosforth Federated Academies Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 27 November 2013 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 during the period 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 The Gosforth Federated Academies Limited (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 29 November 2010 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 period 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 EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to The Gosforth Federated Academies Limited and the Education Funding Agency (continued)

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the not for profit principles set out in the relevant provisions of the Academies Financial Handbook 2015;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2015 to 2016.

Conclusion

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



Mick Thompson (Reporting Accountant)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

13 December 2016

Statement of Financial Activities for the year ended 31 August 2016
(including Income and Expenditure Account)

	Note	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	3	30	2	65	97	780
Charitable activities:						
Funding for the academy trust's educational operations	4	-	12,203	-	12,203	11,180
Other trading activities	5	945	25	9	979	956
Investments	6	8	-	-	8	4
Total		983	12,230	74	13,287	12,920
Expenditure on:						
Raising funds	7	70	-	-	70	69
Charitable activities:						
Academy's educational operations	7	995	11,913	454	13,362	12,932
Other		-	50	-	50	-
Total	7	1,065	11,963	454	13,482	13,001
Net income/(expenditure)		(82)	267	(380)	(195)	(81)
Transfers between funds	16	(85)	(257)	342	-	
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	16, 26	-	(2,280)	-	(2,280)	230
Net movement in funds		(167)	(2,270)	(38)	(2,475)	149
Reconciliation of funds						
Total funds brought forward		1,145	(478)	35,868	36,535	36,386
Total funds carried forward at 31 August		978	(2,748)	35,830	34,060	36,535

All of the Academy's activities derive from continuing operations during the above two financial periods.

The Statement of financial activities incorporates the income and expenditure account.

Balance Sheet
at 31 August 2016

	<i>Note</i>	2016 £000	£000	2015 £000	£000
Fixed assets					
Tangible assets	12	36,331		36,369	
Investment	1	-		-	
			36,331		36,369
Current assets					
Stocks	13	69		67	
Debtors	14	438		350	
Cash at bank and in hand		1,890		2,042	
		2,397		2,459	
Creditors: amounts falling due within one year	15	(1,128)		(1,003)	
Net current assets			1,269		1,456
Net assets excluding pension liability			37,600		37,825
Defined benefit pension scheme liability	26	-	(3,540)	-	(1,290)
Total assets			34,060		36,535
Funds of the Academy trust:					
Restricted funds					
Fixed asset fund	16	35,830		35,868	
Restricted income fund	16	792		812	
Pension reserve	16	(3,540)		(1,290)	
Total restricted funds			33,082		35,390
Unrestricted income funds	16		978		1,145
Total funds			34,060		36,535

These financial statements on pages 33 to 55 were approved by the Trustees on 13 December 2016 and were signed on their behalf by:

Mr G Snaith
Chair of Trustees



Company number 07431423

Statement of Cash Flows
for the year ended 31 August 2016

	<i>Note</i>	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	81	7
Cash flows from investing activities	22	(233)	(305)
Cash flows from financing activities	21	-	4
Change in cash and cash equivalents in reporting period		(152)	(294)
Cash and cash equivalents at 1 September 2015		2,042	2,336
Cash and cash equivalents at 31 August 2016	23	1,890	2,042

Notes

(forming part of the financial statements)

1 Statement of accounting policies

Basis of preparation

The financial statements of the academy, 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.

The Gosforth Federated Academies Limited meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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.

Income

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured with sufficient reliability.

- **Grants**

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

General Annual Grant is recognized in full in the year for which it is receivable and abatement in respect of the period is deducted from income and recognised as a liability any unspent amount is reflected as a balance in the restricted fund.

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.

- **Sponsorship**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance related conditions), where receipt is probable and can be measured reliably.

- **Donations**

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

- **Other income**

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

Notes (continued)

1 Accounting policies (continued)

Income (continued)

- **Donated Services and gifts in kind**

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

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

- **Investment income – interest receivable**

Interest receivable is included within the statement of financial activities on a receivable basis.

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.

- **Expenditure on Raising Funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Notes (continued)

1 Accounting policies (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset as follows:

Leasehold buildings	125 years straight line
Furniture & Equipment	20% reducing balance
Motor Vehicles	20% reducing balance
ICT equipment	25% reducing balance

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

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

Liabilities

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

Provisions

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

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

Leased Assets

Rentals under operating leases are charged on a straightline basis over the lease term.

Investments

The Academy's shareholding in the wholly owned subsidiary, Sport @ Gosforth Ltd, is included in the balance sheet at the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived. The investment is held in the balance sheet at £1.

Stock

Unsold stocks are valued at the lower of cost or net realisable value.

Taxation

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

Pensions Benefits

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

Notes (continued)

1 Accounting policies (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 29, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

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.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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.

Notes (continued)

2 General Annual Grant

Under the funding agreement with the Secretary of State, the Academy was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2016.

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	48	48	535
Donated fixed assets	-	17	17	204
Donations	30	2	32	41
	<u>30</u>	<u>67</u>	<u>97</u>	<u>780</u>

4 Funding for the Academy Trust's Educational Operations

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	11,362	11,362	11,064
Start Up Grants	-	-	-	-
Other DfE/EFA grants	-	774	774	46
	<u>-</u>	<u>12,136</u>	<u>12,136</u>	<u>11,110</u>
Other Government grants				
Local authority grants	-	67	67	70
Special educational projects	-	-	-	-
	<u>-</u>	<u>67</u>	<u>67</u>	<u>70</u>
	<u>-</u>	<u>12,203</u>	<u>12,203</u>	<u>11,180</u>

5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	312	-	312	331
Uniform sales	88	-	88	76
Exams income	19	-	19	17
Trip income	257	-	257	249
Catering income	269	-	269	254
Other income	-	25	25	29
Profit on sale of assets	-	9	9	-
	<u>945</u>	<u>34</u>	<u>979</u>	<u>956</u>

Notes (continued)

6 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	8	-	8	4
	<u>8</u>	<u>-</u>	<u>8</u>	<u>4</u>

7 Expenditure

	Staff costs £000	Non pay expenditure Premises £000	Other costs £000	Total 2016 £000	Total 2015 £000
Expenditure on raising funds	-	-	70	70	69
Academy's educational operations:					
Direct costs	8,434	-	1,227	9,661	9,315
Allocated support costs	960	1,289	1,452	3,701	3,617
Other finance costs	-	-	50	50	
	<u>9,394</u>	<u>1,289</u>	<u>2,799</u>	<u>13,482</u>	<u>13,001</u>

Net income/(expenditure) for the year includes:

	2016 £000	2015 £000
Operating leases	58	57
Depreciation	454	435
(Gain)/loss on disposal of fixed assets	(9)	-
Fees payable to auditor for:		
Audit	11	8
Other services	8	7
	<u>511</u>	<u>507</u>

Notes (continued)

8 Charitable activities

		Total 2016 £000	Total 2015 £000
Direct costs – educational operations		9,661	9,315
Support costs – educational operations		3,701	3,617
		<u>13,362</u>	<u>12,932</u>
Analysis of support costs	Educational operations £000	Total 2016 £000	Total 2015 £000
Support staff costs	960	960	930
Depreciation	453	453	435
Technology costs	-	-	-
Premises costs	1,289	1,289	1,272
Other support costs	972	972	958
Governance costs	27	27	22
Total support costs	<u>3,701</u>	<u>3,701</u>	<u>3,617</u>

9 Staff

Staff costs during the period were:

	2016 £000	2015 £000
a) <i>Staff costs</i>		
Wages and salaries	7,334	7,303
Social security costs	603	551
Operating costs of defined pension schemes	1,143	1,009
	<u>9,080</u>	<u>8,863</u>
Supply staff costs	230	147
Staff restructuring costs	84	43
	<u>9,394</u>	<u>9,053</u>
Staff restructuring costs comprise:		
Severance payments	84	43
Other restructuring costs	-	-
	<u>84</u>	<u>43</u>

Notes (continued)

9 Staff (continued)

b) Non-statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £84,350 (2015: £43,500). Individually, the payments were for £27,000, £20,000, £12,250, £11,100, £5,000, £4,750 and £4,250.

c) Staff numbers

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

	2016	2015
Teachers	130	131
Administration and support	104	102
Management	9	9
	<hr/> 243	<hr/> 242
	<hr/> <hr/>	<hr/> <hr/>

d) Higher paid staff

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

	2016 No	2015 No
£60,001 – £70,000	-	1
£70,001 – £80,000	5	6
£80,001 – £90,000	2	1
£90,001 – £100,000	1	-
£140,001 – £150,000	-	1
£160,001 – £170,000	1	0
	<hr/> 9	<hr/> 9
	<hr/> <hr/>	<hr/> <hr/>

Eight (2015: Seven) of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme, a defined benefit scheme. During the period ended 31 August 2016, the pension contributions for these staff amounted to £82,087 (2015: £68,967). One (2015: One) employee participated in the Tyne and Wear Local Government Pension Scheme. During the period ended 31 August 2016, the pension contributions for this employee amounted to 13,259 (2015: £12,958).

e) Key management personnel

The key management personnel of the academy trust comprise three staff trustees and nine members of the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,060,629 (2015: £1,031,772).

Notes (continued)

10 Related party transactions - Trustees' remuneration and expenses

Principal and staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, excluding expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration was as follows:

H Robinson (Principal and Trustee)

- Remuneration £165,000 - £170,000 (2015: £140,000 - £145,000)
- Employer's pension contributions £nil (2015: £nil)

J Hall (Staff trustee)

- Remuneration £45,000 - £50,000 (2015: £40,000 - £45,000)
- Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

G Milne (Staff trustee)

- Remuneration £40,000 - £45,000 (2015: £40,000 - £45,000)
- Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

J Ratcliffe (Staff trustee)

- Remuneration £35,000 - £40,000 (2015: £20,000 - £30,000)
- Employer's pension contributions £5,000 - £10,000 (2015: £0 - £5,000)

During the year ended 31 August 2016, travel expenses totalling £65 were reimbursed to one Trustee (2015: 21.80 to one Trustee).

11 Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2016 was £0.01 (2015: £0.01).

The cost of this insurance is included in the total insurance cost.

Notes (continued)

12 Tangible fixed assets

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2015	37,177	202	718	10	38,107
Additions	232	7	131	46	416
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	37,409	209	849	56	38,523
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 September 2015	1,384	85	265	4	1,738
Charged in year	299	24	122	9	454
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	1,683	109	387	13	2,192
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 August 2016	35,726	100	462	43	36,331
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2015	35,792	117	453	7	36,369
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The land and buildings occupied by the Academy are leased from the Local Authority on a 125 year peppercorn lease. The Trustees are of the opinion that the risks and rewards associated have been substantially transferred to the Academy and as such the land and buildings have been capitalised, with a corresponding entry shown in the Statement of Financial Activities, as donated income. The valuation basis has been estimated by reference to the expected rebuild costs and reinstatement costs as surveyed for insurance purposes.

The Trustees are satisfied that this basis most closely reflects an appropriate fair value for the asset.

On formation of the Academy, fixtures, fittings and equipment were transferred from the predecessor school. The Trustees have been unable to obtain a valuation from the local authority in respect of these assets, however they believe that any value placed on them would not be significant. The costs of obtaining a professional valuation would be prohibitive and any valuation would be subjective, therefore the Trustees have taken a view that the assets should not be included in these accounts.

13 Stocks

	2016 £000	2015 £000
Clothing	69	67
	<hr/>	<hr/>

Notes (continued)

14 Debtors

	2016 £000	2015 £000
Trade debtors	3	11
VAT recoverable	124	95
Other debtors	15	3
Prepayments and accrued income	296	241
	<u>438</u>	<u>350</u>

15 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	205	173
Other taxation and social security	186	168
Other creditors	71	75
Accruals and deferred income	666	587
	<u>1,128</u>	<u>1,003</u>
Deferred income		
Deferred income at 1 September 2015	50	47
Released from previous years	(50)	(47)
Resources deferred in the year	90	50
	<u>90</u>	<u>50</u>
Deferred income at 31 August 2016	<u>90</u>	<u>50</u>

Deferred income is in respect of grants received from the EFA which cover the year to 31 March 2017, funds received in advance for sports lettings booked for the autumn term 2016 and a school trip taking place in 2017 where income has been collected as part of payment plan from students. Therefore, the income has been proportioned appropriately and values relating to the period after 31 August 2016 have been deferred.

Notes (continued)

16 Funds

	Balance at 1 September 2015 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	812	11,362	(11,307)	(337)	530
Other DfE/EFA grants (inc Pupil Premium)	-	494	(494)	-	-
EFA Project Development Grant	-	180	(6)	-	174
DfE Northern Fund	-	100	(12)	-	88
Local authority grants	-	67	(67)	-	-
Donated equipment	-	2	(2)	-	-
Other income	-	25	(25)	-	-
Pension reserve	(1,290)	-	(50)	(2,200)	(3,540)
	<u>(478)</u>	<u>12,230</u>	<u>(11,963)</u>	<u>(2,537)</u>	<u>(2,748)</u>
Restricted fixed asset funds					
Premises gifted by Local Authority	34,698	-	(298)	-	34,400
DfE/EFA capital grants	433	49	-	-	482
Capital expenditure from GAG	351	9	(59)	337	638
Capital expenditure from revenue funding	-	-	-	5	5
Donated ICT equipment	386	16	(97)	-	305
	<u>35,868</u>	<u>74</u>	<u>(454)</u>	<u>342</u>	<u>35,830</u>
Total restricted funds	<u>35,390</u>	<u>12,304</u>	<u>(12,417)</u>	<u>(2,195)</u>	<u>33,082</u>
Total unrestricted funds	<u>1,145</u>	<u>983</u>	<u>(1,065)</u>	<u>(85)</u>	<u>978</u>
Total funds	<u>36,535</u>	<u>13,287</u>	<u>(13,482)</u>	<u>(2,280)</u>	<u>34,060</u>

Notes:

- (i) Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.
- (ii) Capital grants are awarded by the EFA to fund maintenance projects and refresh ICT provision within the Academy.
- (iii) The gross transfer from the unrestricted general fund to the restricted fixed asset fund of £156,644 represents the expenditure of General Annual Grant (GAG) surpluses on capital projects during the year.
- (iv) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted funds in the current year. This does not mean that an immediate liability for this amount crystallises.
- (v) Included in restricted funds are two additional grants received from the Education Funding Agency. They are a Project Development Grant which is to fund the set up of the Gosforth Great Park Academy which is due to open in temporary accommodation in September 2018. The current balance is £173,952 and further funding is due to be received.

Also, there is Northern Fund income which is an EFA grant received following our agreement to become a Sponsor Academy. During the year we provided support to Seaton Burn College and after deducting expenditure to date on the project the balance carried forward is £88,328.

Notes (continued)

17 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Tangible fixed assets	501	-	35,830	36,331
Current assets	660	1,737	-	2,397
Current liabilities	(183)	(945)	-	(1,128)
Pension scheme liability	-	(3,540)	-	(3,540)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	978	(2,748)	35,830	34,060
	<hr/>	<hr/>	<hr/>	<hr/>

18 Capital commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	-	73
	<hr/>	<hr/>

19 Commitments under operating leases

Operating leases

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

	2016 £000	2015 £000
Amounts due within one year	42	55
Amounts due between one and five years	7	42
Amounts due after five years	1	-
	<hr/>	<hr/>
	50	56
	<hr/>	<hr/>

Notes (continued)

20 Reconciliation of net income to net expenditure to net cash flow from operating activities

	2016 £000	2015 £000
Net expenditure for the reporting period (as per the statement of financial activities)	(195)	(81)
Adjusted for:		
Depreciation charges (note 12)	454	435
Capital grants from DfE and other capital income	(74)	(250)
Interest receivable (note 6)	(8)	(4)
Defined benefit pension scheme cost less contributions payable (note 26)	(80)	(60)
Defined benefit pension scheme finance cost (note 26)	50	50
Increase in stocks	(2)	(19)
Increase in debtors	(88)	(22)
Increase/(decrease) in creditors	24	(42)
Net cash provided by operating activities	81	7

21 Cash flows from financing activities

	2016 £000	2015 £000
Interest received	-	4
Net cash provided by financing activities	-	4

22 Cash flows from investing activities

	2016 £000	2015 £000
Interest received	8	-
Proceeds from sale of tangible fixed assets	9	-
Purchase of tangible fixed assets	(315)	(555)
Capital grants from DfE/EFA	48	46
Capital funding received from sponsors and others	17	204
Net cash used in investing activities	(233)	(305)

23 Analysis cash and cash equivalents

	2016 £000	2015 £000
Cash in hand and at bank	1,890	2,042
Total cash and cash equivalents	1,890	2,042

Notes (continued)

24 Contingent liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the Academy is required either to reinvest the proceeds or to repay to the Secretary of State for Children, Schools and Families the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

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

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

The Academy has not made any such disposals in the current year.

25 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.

26 Pension and similar obligations

The Academy's employees belong to two principal pension schemes; the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Tyne and Wear Pension Fund. Both are defined-benefit schemes.

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

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

Teachers' Pension Scheme (TPS)

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.

Notes (continued)

26 Pension and similar obligations (continued)

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

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

The pension costs paid to TPS in the period amounted to £842,662 (2015 £702,605).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2016 was £480,000 (2015: £450,000) of which employer's contributions totalled £380,000 (2015: £360,000). The agreed contribution rates for future years were 14.90% for employers and 6.3% for employees.

Notes (continued)

26 Pension and similar obligations (continued)

Principal Actuarial Assumptions:

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.40%	3.5%
Rate of increase for pensions in payment/inflation	1.90%	2.0%
Discount rate for scheme liabilities	2.00%	3.8%
Inflation assumption (CPI)	1.90%	2.0%
Commutation of pensions to lump sums	-	75%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23.2 years	23.1 years
Females	24.8 years	24.7 years
<i>Retiring in 20 years</i>		
Males	25.3 years	25.1 years
Females	27.1 years	27.0 years

Local Government Pension Scheme

The Academy's split of assets were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	3,660	2,939
Debt instruments	845	675
Property	552	413
Cash	166	142
Other	297	271
Total market value of assets	5,520	4,440

The actual return on scheme assets was £820,000 (2015: £130,000).

Notes (continued)

26 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	300	300
Net interest cost	50	50
	<hr/>	<hr/>
Total operating charge	350	350
	<hr/>	<hr/>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities.

Changes in the present value of defined benefit obligations were as follows:

	2016 £000	2015 £000
At 1 September	5,730	5,400
Current service cost	300	300
Interest cost	220	200
Employee contributions	100	90
Actuarial (gains)/losses	2,930	(250)
Benefits paid out	(220)	(10)
	<hr/>	<hr/>
At 31 August	9,060	5,730
	<hr/>	<hr/>

Changes in the fair value of academy's share of scheme assets:

	2016 £000	2015 £000
At 1 September	4,440	3,870
Interest income	170	150
Remeasurement gain/(loss)	650	(20)
Employee contributions	100	90
Employer contributions	380	360
Benefits paid	(220)	(10)
	<hr/>	<hr/>
At 31 August	5,520	4,440
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 August 2016 is £340,000.

Notes (continued)

27 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

SRJ Tutoring – trading name of Sylvia Jordan who is daughter of Hugh Robinson (Principal):

- The Academy purchases specialist school intervention support for Gosforth Junior High Academy from SRJ Tutoring totalling £12,254 (2015: £2,327) during the period. On average working 25 hours per week at an hourly rate of £19 per hour. There were no amounts outstanding at 31 August 2016 (2015: £nil).

Mrs Sally Welsh – wife of Mr Allon Welsh (Director of Curriculum and member of Senior Management Team):

- Sally Welsh delivered the EPQ course to Sixth Formers with purchases totalling £6,180 (2015: £5,130) during the period. There were no outstanding amounts as at 31 August 2016 (2015: £nil).
- Mrs Kathryn Thomas – Member
- The above is a former employee of the Academy Trust and more recently has been appointed as a Member (but not a Trustee). Upon cessation of her employment a contractual retirement allowance was agreed to be paid by her employer (Newcastle Local Authority), this payment transferred to the Academy Trust on conversion. During the year there were twelve monthly payments of £135.76 therefore a total of £1,629.12 (2015: £1,617.58). There were no amounts outstanding at 31 August 2016 (2015: nil).

28 FRS 102 Transition

These financial statements are the first financial statements of The Gosforth Federated Academies Limited 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 The Gosforth Federated Academies Limited 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. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

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

Explanation of transition to 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:

Notes (continued)

28 FRS 102 Transition (continued)

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to income/expense by £120,000 and increase the credit in other comprehensive income in the SoFA by an equivalent amount.

There is no impact on net funds as a result of the above adjustment.