

THE GOSFORTH FEDERATED ACADEMIES LIMITED

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019



The Gosforth Federated Academies Limited

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The Gosforth Federated Academies Limited

Reference and Administrative Details

Members	Mr Christopher Bell Mr David Gregory Mrs Judy Storey Mrs Kathryn Thomas
Trustees (Directors)	Mr Roger Edwardson Cllr Jackie Slesenger Greene Mr John Hall Mr Jeffrey Lough Mr Geoff Norris Mrs Judy Storey Mr George Snaith, Chair of the Trustees Mrs Sophie Ashcroft (appointed 25 October 2018)
Chief Executive Officer	Mr Hugh Robinson
Company Secretary	Mrs Christine Edwardson
Senior Management Team	Mr Hugh Robinson, Principal, Chief Executive and Accounting Officer Mr David Sheppard, Director of Operations Mr Preit Chahal, Director of Main School Mrs Corinne Raybould, Director of Human Resources Mr Peter Snowdon, Acting Director of Post 16 Mrs Joanne Lowther, Director of Performance Mrs Denise Waugh, Director of Gosforth Junior High Academy Mr Allon Welsh, Director of Curriculum Mr Chris Duckett, Director of Communications Mr Steve Campbell, Director of North Gosforth Academy Mrs Karen Blackburn, Acting Head of Heaton Manor (seconded)
Principal and Registered Office	Gosforth Academy Knightsbridge Great North Road Gosforth Newcastle Upon Tyne NE3 2JH
Company Name	The Gosforth Federated Academies Limited
Company Registration Number	07431423
Auditors	MHA Tait Walker Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

The Gosforth Federated Academies Limited

Reference and Administrative Details (continued)

Bankers

HSBC Bank plc
Central Square South
Orchard Street
Newcastle Upon Tyne
NE1 3AZ

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

Solicitors

Watson Burton
1 St James' Gate
Newcastle Upon Tyne
NE99 1YQ

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' Report, and a directors' report under company law.

The trust operates in the Gosforth and Heaton areas of Newcastle upon Tyne and in the Seaton Burn area of North Tyneside. The combined pupil numbers total is 4,743 as at the school census date of May 2019. Pupils are aged between 9 and 19 years.

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, Gosforth Junior High Academy, North Gosforth Academy and Jesmond Park Academy.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

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.

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

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

In line with MAT expansion the Trustees agreed a new Governance structure which was approved by the Department for Education. As a result of this change from February 2018 there can be 5 Members. Members can appoint a maximum of 9 Trustees. Trustees can subsequently set up and appoint to a Local Governing Body as required. The Local Governing Body for Gosforth Academy and Gosforth Junior High Academy currently has provision for 6 Community Governors, 2 Parent Governors and 2 staff Governors. Parent Governors are elected by the parent body and Staff Governors are elected by the staff group. The Trustees have delegated certain powers to this Local Governing Body under a scheme of delegation which is reviewed annually. North Gosforth Academy and Jesmond Park Academy have an Advisory Group however the Trustees have not delegated any powers. A Parent Governor must be a parent of a pupil at one of the Academies on election. Parent Governors 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 Governors have a term of office of 4 years.

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 "Governors" 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. During the year ending 31 August 2019 we carried out a Skills Audit as recommended by the Competency Framework for Governance. The audit was a useful way of assessing the needs of the governing body and enabled any gaps in knowledge, experience, skills and behaviours to be identified. It will be carried out on an annual basis and will also be used to identify training needs, for recruitment, for succession planning and for assigning committee members.

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

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:

Chief Executive and Accounting Officer

Chief Operating Officer and Chief Finance Officer

Director of Communications

Director of Curriculum

Director of Human Resources

Director of Junior School

Acting Head of school (Gosforth Academy)

Director of Performance

Acting Director of Post 16

Operational management of the Academy Trust is the role of the Chief Executive and Senior Leadership Team. The Senior Leadership Team consists of the Chief Executive, Chief Operating Officer and seven Directors. The wider Leadership Team extends to seven Assistant Directors with various delegated responsibilities including Finance and Premises. The Principal is also the Chief Executive has the role of the Accounting Officer. The person who held the post of Director of Finance and Support Services was the Company Secretary during the year and as from September 2018 continues in this role on a voluntary basis.

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 Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

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.

Trade Union Facility Time

Gosforth Academy, Gosforth Junior Academy, North Gosforth Academy and Jesmond Park Academy are covered by Local Authority de-delegation arrangements for Trade Union Facility time. These arrangements are reviewed annually.

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. In addition, North Gosforth Academy is now part of the Academy Trust (joined in January 2017), along with Jesmond Park Academy (joined in August 2019).

The Academy Trust previously offered support to one of our local schools, Seaton Burn College. This help was part of our role as a National Support School rather than as a sponsoring academy. Subsequently, in January 2018 Seaton Burn College became part of the Academy Trust and was renamed North Gosforth Academy. The Academy Trust also offered support to another local school (Heaton Manor) who have now become part of Academy Trust in August 2019 and was renamed Jesmond Park Academy.

Objectives and Activities

Objects and Aims

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 Gosforth Academy and Gosforth Junior High Academy 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. Similarly, we accept that improvements in standards at North Gosforth Academy and Jesmond Park Academy will only be achieved by our pursuit of and insistence of the very highest standards from students and staff.

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 Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

The Governors commitment to provide a service to the families in Gosforth is clearly demonstrated by their decision to bid for funding to open new schools on the Newcastle Great Park and in the west of the city at Callerton (These new school would be part of the Gosforth Federated Academies Company). These bids were successful and the Academy Trust has started work on these projects. It is hoped that the new schools will be built by 2021.

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 leaders of each school.

Our Director of Curriculum is developing a 5 year action plan that will ensure that progress is made. The CPD is linked so that it will support curriculum development.

We have seconded a member of the Senior Leadership Team to work as Project Director on the new schools projects at Gosforth Great Park and Callerton. A multi million pound injection into our three tier system must be managed with care and sensitivity.

In January 2017 the two classroom extension to the KS2 block at Gosforth Junior High Academy became operational. This £1.6 million investment from Newcastle City Council provided accommodation for the extra students joining us in Year 5. This block was funded from the basic need funding stream allocated to Newcastle City Council.

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 over 650 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. Recently, we have replaced older gym equipment with new equipment.

Our successful bids 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 and Callerton sites.

Newcastle Council has also requested our help in securing a Capital Bid for a second new school to be built in the west of the city. In November 2018, representatives from the Trust met with New School Network colleagues to acquire their help in promoting this bid.

Strategic Report

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

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

2019 Key figures

2019 KS2

	Gosforth Junior High	National
Reading	76%	73%
Writing	82%	79%
Maths	81%	79%

Percentage of students beyond expected standard

- Reading – 34%
- Writing – 23%
- Maths – 32%

2019 KS4

- GCSE 5 standard passes inc EM = 70%
- Any English 4+ 80%
- Maths 4+ 78%
- Grade 4+ in an English and Maths 71%
- Grade 5+ in an English and Maths 57%
- 2 Sciences 4+ 75%
- EBacc 4+ 52%
- Av attainment 8 = 53
- Progress 8 = 0.50

2019 KS5

	A*	A*/A	A*/B	A*-C	A*-E
2016	4%	20%	45%	75%	99.4%
2017	6%	23%	54.5%	82%	99.6%
2018	6%	24%	48%	79%	98.4%

Post 16 Summary

Summary

- 59% A*-B
- 99.9% A*-E (10 U-grades across almost 1000 entries)
- 52 students with all A*/A/ Di grades

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

- **Average Grade (best three A-Levels): B**
- **Vocational: Merit**
- **Progression Headlines**
- **13 students to Oxbridge**
- **8 students to Medicine/Dentistry**
- **87 to Russell Group Universities**

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 five academic years at the October census date and those for the first census of the 2018/19 financial year.

	Gosforth Academy	Gosforth Junior High Academy	North Gosforth Academy	Jesmond Park Academy
Oct-19	1849	731	532	1546
Oct-18	1804	704	515	1461
Oct-17	1739	668	-	-
Oct-16	1693	631	-	-
Oct-15	1727	571	-	-

Praise Code

The PRAISE code encourages the students to –

Perform

Reward

Achieve

Inspire

Succeed

Excel

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

The Praise Code underpins all issues regarding behaviour and effort. All students must carry their planner at all times and are rewarded with stamps for good work and comments for misbehaviour 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.

The table below shows the level of achievement for the students in the lower school at Gosforth Academy for the 2018/19 academic year and comparatives for 2017/18.

Total number of stamps awarded during the last two academic years is shown in the table below.

Total number of stamps awarded during the year	Year 9	Year 10	Year 11
2017/18	921,478	628,650	562,960
2018/19	739,005	635,518	410394

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

The rewards presented on a termly basis are –

Autumn Term – Students achieving 500 stamps receive some Christmas chocolate.

Easter Term – Students achieving 1,000 stamps receive an Easter egg.

Summer Term – Students in Year 9 and 10 achieving 1,400 stamps have been awarded an Intu gift voucher and an ice-cream on the final day of the summer term.

Certificates, departmental and pastoral postcards, senior staff visits to PRAISE lessons every Monday and Head of School referrals are also part of our rewards system.

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

Financial

Income & Expenditure

KPI	2018/19	2017/18	2016/17
Total GAG Funding	£15,092,698	£12,994,411	£11,266,974
Students per October PLASC	4,743	2,407 (plus 515 NGA)	2324
GAG Income per student	£3,182	£4,447	£4,847
Expenditure per student	£3,233	£5,570	£5,941

Staffing

KPI	2018/19	2017/18	2016/17
Total Staff Costs	£14,146,053	£11,749,062	£9,775,260
Salary costs as % GAG Income	94%	90%	87%

Some staff worked on other projects during the year including providing support at Heaton Manor School for which Consultancy fees were received to cover salary costs of the staff involved. The Associate Leader program was extended to back fill those staff working on other projects.

Salary costs as a % of GAG Income is 94% which is 4% more than last year and 14% more than the target of 80%. The target is based on Total Income which includes consultancy income and grants received to compensate for salaries of those working on other projects and the cost of back fill.

Gosforth Federated Academies continue to follow national guidance on Pay and Conditions for all staff.

The Senior Leadership Team will continue to review all staff positions when they become available and to consider whether the role needs to be replaced or whether alternative arrangements can be made.

Community

KPI	2018/19	2017/18	2016/17
Sport @ Gosforth Members	650	667	516
Sport @ Gosforth Income	£277,622	£254,985	£264,588

Notes: The Sport @ Gosforth membership has increased and returns to an expected level.

Capital

KPI	2018/19	2017/18	2016/17
Capital Grant funding received	£210,931	£71,343	£48,303
Donated Classrooms/ICT Equipment	£nil	£nil	£1,675,234
Capital expenditure in year	£661,000	£325,957	£1,797,357
Capital expenditure per student	£139	£112	£773

Notes: Devolved Formula Capital has been received from the ESFA as in previous years. We were successful on obtaining CIF and Salix funding to support building improvements at North Gosforth Academy.

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Trustees Report for the Year Ended 31 August 2019 (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. Cash balances continue to be monitored and investments reviewed.

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 2019 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

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 total income received, less any transfers on conversion, for the year was £19,093,000.

Expenditure

The total expenditure on staffing is £14,146,000. As stated in the KPI notes there have been mandatory increases to salaries and pension scheme auto enrolment which have resulted in increased staffing costs. The adjustment of LGPS Operating Costs totalling £640,000 (£630,000 in 2018) in accordance with FRS102 has also increased the staffing costs this year.

The Praise code remains a key objective of the school and underpins all issues regarding behaviour and effort. A budget of £18,000 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 and postcards. In 2018/19 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, first aid course 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 2019.

Expenditure includes Depreciation charged on fixed assets which totals £502,000.

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Trustees Report for the Year Ended 31 August 2019 (continued)

Finance costs relating to the LGPS pension scheme FRS102 adjustment total £60,000.

The total costs for the year total £19,098,000 which results in an overall surplus for the year of £85,000, excluding the fixed assets and pension deficit transferred on conversion.

Pension Scheme

The actuarial loss on the LGPS pension scheme was £3,250,000 and the defined benefit pension scheme liability of £8,010,000 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 2019 of £38,553,000 comprising £44,617,000 restricted fixed asset funds and restricted non fixed asset funds of £222,000 including the pension deficit of £(8,010,000) together with unrestricted reserves of £1,724,000.

Investments

Interest received on funds in bank deposit accounts totalled £5,000 and balance held in the deposit accounts at the financial year end was £3,049,000.

Future considerations

Student numbers continue to grow so lagged funding will remain a concern.

Careful management of the budget will be required in order to achieve budget surpluses, support improvement plans and maintain reserves.

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. This impact increases as the Trust grows.

We will continue to explore other revenue sources in order to support expenditure. This includes providing support on a consultancy basis to other schools, applying for available grant funding to support our various projects and lettings.

We will review expenditure for value for money and take advantage of the growing MAT to obtain economies of scale for all the schools within our Trust.

Financial Management Policies

Trustees continue to review and adopt appropriate policies in order to support good financial management and practice within the Trust.

Reserves Policy

The Academy held fund balances at 31 August 2019 of £38,553,000 comprising of £44,617,000 restricted fixed asset funds and restricted non fixed asset funds of £222,000 including the pension deficit of £(8,010,000) together with unrestricted reserves of £1,724,000.

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

All restricted general funds come via grants received both from the ESFA and the Local Authority. The restricted general funds balance comprises ESFA Project Related Grant awarded for expenditure on the Gosforth Great Park Academy project £181,000; start up grants of £38,000 and the Swires fund of £3,000.

The restricted pension fund deficit balance is £ (8,010,000) following the actuarial valuation of the Local Government Pension Scheme and incorporates the in year loss of £3,250,000. 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 £222,000 and unrestricted funds of £1,724,000 is £1,946,000. 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 is £310,000 below the target level of reserves. The Senior Leadership Team and Trustees have set a surplus budget for 2019/20 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.

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 Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

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.

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.

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (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 and taken to Trustee. 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	Risk Response	Control procedures and target date	Person(s) responsible for action	Date of next review
Strategic	Charitable objects risk	Charity receives unfavourable Ofsted report	2	5	10	Treat	Internal Monitoring & Evaluation	CEO	31 August 2020
Strategic	Technology risk	Risk of Information Technology including security, virus, corruption of data not protected or secured	3	3	9	Treat	Contract - ICT Managed Service / Internal monitoring	COO	31 August 2020
Strategic	Expansion Risk	Risk that the MAT expands too quickly without the correct infrastructure in place	3	2	6	Treat	Staffing structure / Processes & Procedures established	Trustees / CEO	31 August 2020
Compliance	Expansion Risk	Risk that individual sites do not follow the same policies, procedures and practices	2	3	6	Treat	Processes & Procedures established / Internal Assurance	Exec Team	On going
Financial	Pension Risk	Risk that employers' contribution rate increases following the actuaries report (3 year review due on March 2020)	3	3	9	Treat	Actuaries Report / Budget Planning	COO/MAT Finance Lead	30 April 2020

Risk Score Matrix

Risk Score	Rating	Definition	Estimated Probability
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.
3 - 4	Low	Not expected, this event has a small chance of occurring at some times.	6-20% chance of occurring.
1 - 2	Very Low	Highly unlikely, will occur only in very exceptional circumstances. Very confident risk can be managed at this level. Controls operate normally.	Less than 5% chance of occurring.

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

Fundraising

The Trust and its academies ensure fundraising conforms to standards set out by the Charity Commission and there have been no complaints received this year in respect of any fundraising activity or how the proceeds of such are used.

The Trust and its Academies do not employ or use any third party or private company to raise funds, and do not place undue pressure to donate on individuals, groups or other donations.

Disabled Employees

The Trust agreed to discharge its responsibilities under the Equality Act 2010 and to meet the Public Sector Equality Duty. This is a commitment to ban unfair treatment and achieve equal opportunities in the classroom, the workplace, in wider society, and to embed equality considerations in day to day practice.

The duty to have "due regard" to equality considerations means that whenever significant decisions are being made or policies developed, thought will be given to the equality implications.

Employee Involvement

The Trust has engaged with its employees through a broad variety of mechanisms to ensure that they are fully aware and consulted on any matters affecting them. A framework for consultation and discussion has been established with a positive working relationship maintained, which has included issues raised directly by our employees.

The Trust communicates key decisions immediately via the Principal which allows for updates to staff via each academy's regular, appropriate team meetings.

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.

- To develop the site of the demolished Caretakers House on the Gosforth Academy site to be converted into additional provision for our more vulnerable and challenging students. Initially, this facility may be required to accommodate additional academy students (years 5 & 6) until completion of Gosforth Great Park Academy.
- To work closely with our local schools as a National Support School.
- To open new secondary schools at Newcastle Great Park and Callerton in 2021.

The Gosforth Federated Academies Limited

Trustees Report for the Year Ended 31 August 2019 (continued)

Auditor

In so far as the trustees are aware:

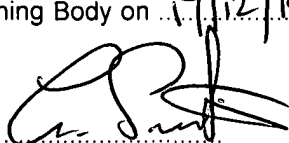
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Reappointment of auditor

During the year, KPMG LLP resigned as auditors and MHA Tait Walker were appointed through a tendering process.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees Report , incorporating a Strategic Report, was approved by order of the members of the Governing Body on 17/12/19 and signed on its behalf by:



Mr George Snaith
Trustee

The Gosforth Federated Academies Limited

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.

Last year Governors were asked to complete a skills audit in accordance with the new Competency Framework for Governors released by the DfE in January 2017. The Governors completed the skills audit rating their ability in the DfE's six features of effective governance; strategic leadership, accountability, people, structures, compliance and evaluation. The results were then collated in a colour coded grid which was reported to the Finance & Audit Committee and subsequently the Full Governing Body. The skills audit results were a useful way of assessing the needs of the governing body and enables us to identify any knowledge, experience, skills and behaviors that are required. It can also be used for identifying training needs, for recruitment, for succession planning and for the assigning of committee members. From the results this year we could conclude that we have a full range of governors with varying backgrounds, life experience and skills which provide the governing body with the essential and desirable attributes for governance. The skills audit will be completed annually and next in the summer of 2019.

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.

A governance restructure is currently being prepared ahead of the proposed expansion of the Multi Academy Trust.

The information as governance included here supplements that described the Trustee's Report and in the Statement of Trustees' Responsibilities.

The Gosforth Federated Academies Limited

Governance Statement (continued)

Attendees during the year at meetings were as follows:

SUMMARY OF ATTENDANCE AT GOSFORTH FEDERATED ACADEMIES MEMBERS/TRUSTEES/GFA LGB/NGA AG MEETINGS - 1 SEPTEMBER 2018 TO 31 AUGUST 2019

Member/Trustee/ GFA LGB/NGA AG	IPA Advisory Group		NGA Advisory Group		GFA Local Governing Body		Trustees Finance & Audit		AGM		Salaries & Perl		Trustees		Members	
	Meetings Attended	Out of a possible	Meetings Attended	Out of a possible	Meetings Attended	Out of a possible	Meetings Attended	Out of a possible	Meetings Attended	Out of a possible	Meetings Attended	Out of a possible	Meetings Attended	Out of a possible	Meetings Attended	Out of a possible
M Atkinson (IPA AG)	0	0	-	-	-	-	-	-	0	1	-	-	-	-	-	-
M Baxter (NGA AG)	-	-	2	2	-	-	-	-	0	1	-	-	-	-	-	-
C Bell (M)	-	-	-	-	-	-	-	-	1	1	-	-	-	-	3	6
S Blakey (GFA LGB)	-	-	-	-	3	6	-	-	0	1	-	-	-	-	-	-
S Ashcroft (T & IPA AG)	0	0	-	-	-	-	2	5	1	1	-	-	6	6	-	-
J Crumbley (NGA AG)	-	-	5	6	-	-	-	-	0	1	-	-	-	-	-	-
J Dobbs (NGA AG)	-	-	6	6	-	-	-	-	0	1	-	-	-	-	-	-
R Edmondson (T & IPA AG)	0	0	-	-	-	-	4	5	0	1	-	-	6	7	-	-
K Giles (IPA AG)	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D Gregory (M)	-	-	-	-	-	-	-	-	1	1	-	-	-	-	6	6
J Hall (T & GFA LGB) (LGB term ended 31 12 18)	-	-	-	-	2	2	5	5	1	1	-	-	7	7	-	-
M Harriman (GFA LGB)	-	-	-	-	3	6	-	-	1	1	-	-	-	-	-	-
G Hunter (GFA LGB)	-	-	-	-	2	4	-	-	0	1	-	-	-	-	-	-
J Lough (T)	-	-	-	-	-	-	5	5	1	1	-	-	7	7	-	-
L Malthouse (GFA LGB)	-	-	-	-	6	-	-	-	0	2	1	1	-	-	-	-
G Milne (GFA LGB)	-	-	-	-	1	1	-	-	0	1	-	-	-	-	-	-
G Morris (T & GFA LGB)	-	-	-	-	6	6	5	5	1	1	1	1	7	7	-	-
L O'Mahony (GFA LGB)	-	-	-	-	3	4	-	-	0	1	-	-	-	-	-	-
D Robinson (IPA AG)	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Z Shaw (GFA LGB)	-	-	-	-	5	6	-	-	0	1	-	-	-	-	-	-
G Short (NGA AG) (resigned 23/01/19)	-	-	3	3	-	-	-	-	0	0	-	-	-	-	-	-
J Slesinger (T)	-	-	-	-	-	-	3	5	1	1	-	-	6	7	-	-
G Smith (T & co-opted member of NGA AG until full member as of 27 06 19)	-	-	5	6	5	-	5	5	1	1	1	-	7	7	5	6
M Southby (NGA AG)	-	-	3	6	-	-	-	-	0	1	-	-	-	-	-	-
J Storey (M)	-	-	-	-	-	-	-	-	1	1	-	-	-	-	5	6
S Syed (GFA LGB)	-	-	-	-	4	6	-	-	0	1	0	1	-	-	-	-
K Thomas (M)	-	-	-	-	-	-	-	-	1	1	-	-	-	-	4	6
E Thompson (NGA AG)	-	-	1	0	-	-	-	-	0	1	-	-	-	-	-	-
D Vero (GFA LGB)	-	-	-	-	5	6	-	-	1	1	1	1	-	-	-	-

Key (M) = Member (T) = Trustee (GFA LGB) = Gosforth Federated Academies Local Governing Body (NGA AG) = North Gosforth Academy Advisory Group (IPA AG) = Jesmond Park Academy Advisory Group
Jesmond Park Academy joined the Multi Academy Trust on 1 August 2019 and there were no meetings held until September 2019

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 have been predicted by the aforementioned reliable institutions. Our plan to avoid financial hardship continues to be actioned and monitored.

We must:-

1. Plan for and actively pursue growth. An increase in student numbers is almost guaranteed due to the Gosforth Great Park and Callerton area expansions.
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.
6. Develop our talented staff to ensure succession management.

The Gosforth Federated Academies Limited

Governance Statement (continued)

Review of Value for Money

As Accounting Officer the Chief Executive 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

During the year we have continued to build on the success of the various intervention projects started during 2017/18 including the confidence curriculum and those funded by Pupil Premium grants. Pupil premium funding was used in a variety of ways to help overcome barriers to learning. The following is a summary of the impact of some pupil premium initiatives undertaken at Gosforth Academy.

Consultancy

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 and/or Ofsted results. This enables our key management personnel to share knowledge, procedures and management expertise with other schools and generated additional income and funding streams for the Academy Trust.

Review of Expenditure

Expenditure continues to be monitored, reviewed and renegotiated to ensure best value, achieve economies of scale and ensure budget holders are held accountable for spend. A robust process has been established in regards to recruitment.

Heaton Manor School/Jesmond Park Academy

We supported Heaton Manor School on a consultancy basis until 31 July 2019. On 1 August 2019 Heaton Manor (now Jesmond Park Academy) joined our Trust increasing our student numbers, revenue streams and ability to achieve greater economies of scale when negotiating contracts.

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 year ended 31 August 2019 and up to the date of the annual report and financial statements.

The Gosforth Federated Academies Limited

Governance Statement (continued)

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 year ending 31 August 2019 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:

1. Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
2. 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;
3. Setting targets to measure financial and other performance;
4. Clearly defined purchasing (asset purchase or capital investment) guidelines
5. Delegation of authority and segregation of duties
6. 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. Instead the Trustees have appointed MHA Tait Walker to perform an Internal Assurance Programme. No material control issues were found as a result of this work.

The supplementary procedures carried out include giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular, checks carried out in the period included:

- Government income;
- Supplementary income;
- Pensions;
- Related parties;
- Policies; and
- Website compliance.

On a termly basis, MHA Tait Walker report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Trustees also use the Finance and Audit Committee to provide advice on the adequacy and effectiveness of the Trust's financial controls.

The Gosforth Federated Academies Limited

Governance Statement (continued)

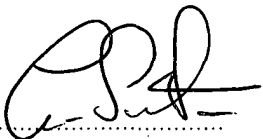
Review of Effectiveness

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 Governing Body on 17/12/19 and signed on its behalf by:



Mr George Snaith
Trustee



Mr Hugh Robinson
Accounting officer
Chief Executive Officer

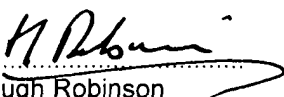
The Gosforth Federated Academies Limited

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 Governing Body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Governing Body 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 2018.

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 Governing Body and ESFA.


Mr Hugh Robinson
Accounting officer

Date: 17/12/19

The Gosforth Federated Academies Limited

Statement of Trustees' Responsibilities

The trustees (who 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 Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

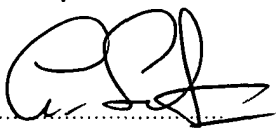
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 17/12/19 and signed on its behalf by:



Mr George Snaith
Trustee

The Gosforth Federated Academies Limited

Independent Auditor's Report on the Financial Statements to the Members of The Gosforth Federated Academies Limited

Opinion

We have audited the financial statements of The Gosforth Federated Academies Limited (the 'academy trust') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information (covers the Reference and Administrative Details, the Trustees Report the Governance Statement the Statement on Regularity, Propriety and Compliance, and the Statement of Trustees' Responsibilities)

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

The Gosforth Federated Academies Limited

Independent Auditor's Report on the Financial Statements to the Members of The Gosforth Federated Academies Limited (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Report been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report .

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 25, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The Gosforth Federated Academies Limited

Independent Auditor's Report on the Financial Statements to the Members of The Gosforth Federated Academies Limited (continued)

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

Use of our report

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

MHA Tait Walker

Brian Laidlaw BA CA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: *18th December 2019*

MHA Tait Walker is a trading name of Tait Walker LLP.

The Gosforth Federated Academies Limited

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

In accordance with the terms of our engagement letter dated 4 July 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Gosforth Federated Academies Limited during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 29 November 2010 and the Academies Financial Handbook extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of Governing Body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;

The Gosforth Federated Academies Limited

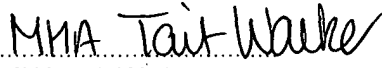
Independent Reporting Accountant's Report on Regularity to The Gosforth Federated Academies Limited and the Education & Skills Funding Agency (continued)

- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Consideration of governance issues.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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


MHA Tait Walker
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 18th December 2019

MHA Tait Walker is a trading name of Tait Walker LLP.

The Gosforth Federated Academies Limited

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2019 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	3	19	-	780	799
Transfer from local authority on conversion		-	(1,482)	-	(1,482)
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	4	-	16,610	-	16,610
Other trading activities	5	1,316	363	-	1,679
Investments	6	5	-	-	5
Total		1,340	15,491	780	17,611
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	8	324	18,272	502	19,098
Total		324	18,272	502	19,098
Net income/(expenditure)		1,016	(2,781)	278	(1,487)
Transfers between funds		(241)	241	-	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	27	-	(3,250)	-	(3,250)
Net movement in funds/(deficit)		775	(5,790)	278	(4,737)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2018		949	(1,998)	44,339	43,290
Total funds/(deficit) carried forward at 31 August 2019		<u>1,724</u>	<u>(7,788)</u>	<u>44,617</u>	<u>38,553</u>

The Gosforth Federated Academies Limited

Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2018 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	3	69	148	71	288
Transfer from local authority on conversion		-	(1,100)	6,829	5,729
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	4	-	14,026	-	14,026
Other trading activities	5	1,051	221	-	1,272
Investments	6	4	-	-	4
Total		1,124	13,295	6,900	21,319
Expenditure on:					
Raising funds	7	77	-	-	77
<i>Charitable activities:</i>					
Academy trust educational operations	8	665	15,025	488	16,178
Other		-	60	-	60
Total		742	15,085	488	16,315
Net income/(expenditure)		382	(1,790)	6,412	5,004
Transfers between funds		(467)	(291)	758	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	27	-	1,220	-	1,220
Net movement in (deficit)/funds		(85)	(861)	7,170	6,224
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		1,034	(1,137)	37,169	37,066
Total funds/(deficit) carried forward at 31 August 2018		949	(1,998)	44,339	43,290

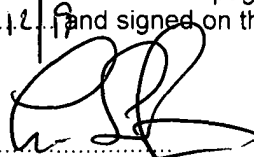
The Gosforth Federated Academies Limited

(Registration number: 07431423)

Balance Sheet as at 31 August 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Intangible assets	13	4	5
Tangible assets	14	44,492	44,335
		<u>44,496</u>	<u>44,340</u>
Current assets			
Stocks	15	84	78
Debtors	16	1,176	386
Cash at bank and in hand		3,049	2,072
		<u>4,309</u>	<u>2,536</u>
Creditors: Amounts falling due within one year	17	(2,223)	(1,336)
Net current assets		<u>2,086</u>	<u>1,200</u>
Total assets less current liabilities		46,582	45,540
Creditors: Amounts falling due after more than one year	18	(19)	-
Net assets excluding pension liability		46,563	45,540
Pension scheme liability	27	(8,010)	(2,250)
Net assets including pension liability		<u>38,553</u>	<u>43,290</u>
Funds of the Academy:			
Restricted funds			
Restricted income fund	19	222	252
Restricted fixed asset fund	19	44,617	44,339
Restricted pension fund	19	(8,010)	(2,250)
		<u>36,829</u>	<u>42,341</u>
Unrestricted funds			
Unrestricted income fund	19	1,724	949
Total funds		<u>38,553</u>	<u>43,290</u>

The financial statements on pages 31 to 63 were approved by the trustees, and authorised for issue on 19/11/19 and signed on their behalf by:


Mr George Snaith
Trustee

The Gosforth Federated Academies Limited

Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	851	265
Cash flows from investing activities	23	<u>126</u>	<u>(253)</u>
Change in cash and cash equivalents in the year		977	12
Cash and cash equivalents at 1 September		<u>2,072</u>	<u>2,060</u>
Cash and cash equivalents at 31 August	24	<u><u>3,049</u></u>	<u><u>2,072</u></u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

Basis of preparation

The financial statements of the charitable company, 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

These financial statements are prepared in sterling which is the functional currency of the entity.

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 trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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 recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

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

Donations

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

Other income

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

Investment income

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

Donated goods, facilities and services

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

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.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income.

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.

All resources expended are inclusive of irrecoverable VAT.

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.

Intangible fixed assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment. Amortisation is provided at rates calculated to write off the cost of each asset over its expected useful life, per the table below

Asset class	Amortisation method and rate
Software	25% reducing balance

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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 Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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.

Asset class	Depreciation method and rate
Land & buildings	up to 125 years straight line
Furniture & equipment	20% reducing balance
Motor vehicles	20% reducing balance
Computer equipment	25% reducing balance

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 straight line basis over the lease term.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Investments

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

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

Taxation

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

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

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

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

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 Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

Defined Benefit Pension Scheme

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 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assessing indicator of impairment

In assessing whether there have been any indicators of impairment of assets the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

Depreciation

The academy trust has made an estimate of the useful lives of the tangible fixed assets. The estimation requires the company to consider how long the asset is likely to be useful and charge the cost of the tangible fixed asset over its life to the Statement of Financial Activities. The charge for the current year was £502,000 (2018: £485,000).

Amortisation

The academy trust has made an estimate of the useful lives of the intangible fixed assets. The estimation requires the company to consider how long the asset is likely to be useful and charge the cost of the intangible fixed asset over its life to the Statement of Financial Activities. The charge for the current year was £1,000 (2018: £2,000).

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2019 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.

No academies within the trust exceeded the limits during the year ended 31 August 2019.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

3 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	Total 2018 £ 000
Other voluntary income					
Capital grants	-	-	780	780	71
Other donations	19	-	-	19	217
	<u>19</u>	<u>-</u>	<u>780</u>	<u>799</u>	<u>288</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2018 £ 000	
Total 2018	<u>69</u>	<u>148</u>	<u>71</u>	<u>288</u>	

4 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2019 £ 000	Total 2018 £ 000
DfE/ESFA revenue grants			
General Annual Grant GAG	15,093	15,093	12,994
Start Up Grants	297	297	102
Other ESFA Group grants	1,011	1,011	801
	<u>16,401</u>	<u>16,401</u>	<u>13,897</u>
Other government grants			
Local authority grants	159	159	113
	<u>159</u>	<u>159</u>	<u>113</u>
Non-government grants and other income			
Other income from the academy trusts educational operations	50	50	16
	<u>50</u>	<u>50</u>	<u>16</u>
Total grants	<u>16,610</u>	<u>16,610</u>	<u>14,026</u>
	Restricted funds £ 000	Total 2018 £ 000	
Total 2018	<u>14,026</u>	<u>14,026</u>	

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

5 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2019 £ 000	Total 2018 £ 000
Hire of facilities	323	-	323	277
Catering income	376	-	376	356
Other sales	173	363	536	221
Trip income	371	-	371	317
Exams income	6	-	6	10
Uniform sales	67	-	67	91
	<u>1,316</u>	<u>363</u>	<u>1,679</u>	<u>1,272</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Total 2018 £ 000	
Total 2018	<u>1,051</u>	<u>221</u>	<u>1,272</u>	

6 Investment income

	Unrestricted funds £ 000	Total 2019 £ 000	Total 2018 £ 000
Short term deposits	<u>5</u>	<u>5</u>	<u>4</u>
	Unrestricted funds £ 000	Total 2018 £ 000	
Total 2018	<u>4</u>	<u>4</u>	

7 Expenditure

	Non Pay Expenditure			Total 2019 £ 000	Total 2018 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Expenditure on raising funds	-	-	-	-	77
Academy's educational operations					
Direct costs	11,300	-	1,441	12,741	11,868
Allocated support costs	2,846	1,771	1,740	6,357	4,310
Other expenditure	-	-	-	-	60
	<u>14,146</u>	<u>1,771</u>	<u>3,181</u>	<u>19,098</u>	<u>16,315</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

7 Expenditure (continued)

	Non Pay Expenditure			Total
	Staff costs	Premises	Other costs	2018
	£ 000	£ 000	£ 000	£ 000
Total 2018	<u>11,750</u>	<u>1,986</u>	<u>2,579</u>	<u>16,315</u>

Net income/(expenditure) for the year includes:

	2019	2018
	£ 000	£ 000
Operating lease rentals	73	57
Depreciation	502	486
Amortisation of intangible fixed assets	1	2
Fees payable to auditor - audit	11	15
Fees payable to auditor - other audit services	<u>7</u>	<u>9</u>

8 Charitable activities

	2019	2018
	£ 000	£ 000
Direct costs - educational operations	12,741	11,868
Support costs - educational operations	<u>6,357</u>	<u>4,310</u>
	<u>19,098</u>	<u>16,178</u>

	Educational operations	2019	2018
	£ 000	£ 000	£ 000
Analysis of support costs			
Support staff costs	2,846	2,846	1,171
Depreciation	502	502	488
Premises costs	1,269	1,269	1,498
Other support costs	1,649	1,649	1,085
Governance costs	<u>91</u>	<u>91</u>	<u>68</u>
Total support costs	<u>6,357</u>	<u>6,357</u>	<u>4,310</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

9 Staff

Staff costs

	2019 £ 000	2018 £ 000
Staff costs during the year were:		
Wages and salaries	10,604	9,005
Social security costs	1,032	903
Operating costs of defined benefit pension schemes	2,176	1,648
	<u>13,812</u>	<u>11,556</u>
Supply staff costs	308	194
Staff restructuring costs	26	-
	<u>14,146</u>	<u>11,750</u>
	2019 £ 000	2018 £ 000

Staff restructuring costs comprise:

Redundancy payments	<u>27</u>	<u>-</u>
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Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £13,607 (2018: £Nil). Individually, the payments were:

Non-contractual payments £13,607

Staff numbers

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

	2019 No.	2018 No.
Charitable Activities		
Teachers	190	134
Administration and support	277	260
Management	10	10
	<u>477</u>	<u>404</u>

Higher paid staff

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

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

9 Staff (continued)

	2019 No.	2018 No.
£60,001 - £70,000	-	1
£70,001 - £80,000	2	4
£80,001 - £90,000	3	-
£90,001 - £100,000	1	1
£100,001 - £110,000	1	-
£140,001 - £150,000	-	1
£160,001 - £170,000	1	-

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,090,788 (2018 - £937,304).

10 Central services

The academy trust has provided the following central services to its academies during the year:

- Recharge of staff salaries
- Recharge for management time
- Recharge of costs incurred by Gosforth Federated Academy on behalf of other schools

The academy trust charges for these services on the following basis:

- Actual costs incurred

The actual amounts charged during the year were as follows:

	2019 £ 000	2018 £ 000
Gosforth High School	15	-
Gosforth Junior High School	258	-
North Gosforth School	30	-
Great Park	30	-
	<u>333</u>	<u>-</u>

11 Related party transactions - trustees' remuneration and expenses

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

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

11 Related party transactions - trustees' remuneration and expenses (continued)

Mr John Hall (Staff Trustee):

Remuneration: £25,000 - £30,000 (2018 - £35,000 - £40,000)

Employer's pension contributions: £0 - £5,000 (2018 - £5,000 - £10,000)

Mrs Jane Ratcliffe (Staff Trustee):

Remuneration: £Nil (2018 - £35,000 - £40,000)

Employer's pension contributions: £Nil (2018 - £5,000 - £10,000)

Other related party transactions involving the trustees are set out in note 28.

12 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2019 was £422 (2018 - £Nil).

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

13 Intangible fixed assets

	Software £ 000	Total £ 000
Cost		
At 1 September 2018	7	7
At 31 August 2019	7	7
Amortisation		
At 1 September 2018	2	2
Charge for the year	1	1
At 31 August 2019	3	3
Net book value		
At 31 August 2019	4	4
At 31 August 2018	5	5

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

14 Tangible fixed assets

	Freehold land & buildings £ 000	Leasehold land & buildings £ 000	Furniture & equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Assets under construction £ 000	Total £ 000
Cost							
At 1 September 2018	6,829	39,330	234	56	1,020	-	47,469
Additions	91	48	19	-	87	414	659
At 31 August 2019	6,920	39,378	253	56	1,107	414	48,128
Depreciation							
At 1 September 2018	36	2,304	150	28	616	-	3,134
Charge for the year	55	315	19	6	107	-	502
At 31 August 2019	91	2,619	169	34	723	-	3,636
Net book value							
At 31 August 2019	6,829	36,759	84	22	384	414	44,492
At 31 August 2018	6,793	37,026	84	28	404	-	44,335

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

14 Tangible fixed assets (continued)

The land and buildings occupied by the Academy Trust are leased from the Local Authority on a 125 year peppercorn lease, or occupied on a freehold basis. 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 Trust and conversion of Jesmond Park 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 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.

15 Stock

	2019 £ 000	2018 £ 000
Clothing	84	78

16 Debtors

	2019 £ 000	2018 £ 000
Trade debtors	10	97
VAT recoverable	217	153
Other debtors	22	8
Prepayments	210	128
Accrued grant and other income	717	-
	<u>1,176</u>	<u>386</u>

17 Creditors: amounts falling due within one year

	2019 £ 000	2018 £ 000
Trade creditors	1,152	338
Other taxation and social security	390	246
Other creditors	3	3
Accruals	256	405
Deferred income	116	157
Pension scheme creditor	306	187
	<u>2,223</u>	<u>1,336</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Creditors: amounts falling due within one year (continued)

	2019 £ 000	2018 £ 000
Deferred income		
Deferred income at 1 September 2018	157	106
Resources deferred in the period	116	157
Amounts released from previous periods	(157)	(106)
Deferred income at 31 August 2019	<u>116</u>	<u>157</u>

Deferred income is in respect of grants received from the ESFA which cover the year to 31 March 2020, funds received in advance for sports lettings booked for the autumn term 2019 and a number of school trips taking place in 2019/20 were 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 2019 have been deferred.

18 Creditors: amounts falling due after one year

	2019 £ 000	2018 £ 000
Other	<u>19</u>	<u>-</u>

Loans of £18,769 from Salix Finance Ltd which is provided on the following terms; Salix Energy Efficient loan (North Gosforth Academy) - inherent free loan repayable through GAG in 6 monthly installments.

19 Funds

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted general funds					
General Annual Grant (GAG)	-	15,093	(15,334)	241	-
Other DfE/ESFA grants (inc Pupil Premium)	-	1,011	(1,011)	-	-
ESFA Project Development Grant	211	-	(30)	-	181
Local authority grants	-	209	(209)	-	-
Other income	-	719	(719)	-	-
Start up grants	38	297	(297)	-	38
Swires grant	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
	<u>252</u>	<u>17,329</u>	<u>(17,600)</u>	<u>241</u>	<u>222</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19 Funds (continued)

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted fixed asset funds					
Premises gifted by Local Authority	42,066	-	(336)	-	41,730
DfE/ESFA capital grants	-	780	(7)	-	773
Capital expenditure from GAG	2,091	-	(100)	-	1,991
Capital expenditure from revenue funding	5	-	-	-	5
Donated ICT equipment	177	-	(59)	-	118
	<u>44,339</u>	<u>780</u>	<u>(502)</u>	<u>-</u>	<u>44,617</u>
Restricted pension funds					
Pension reserve	<u>(2,250)</u>	<u>(1,850)</u>	<u>(660)</u>	<u>(3,250)</u>	<u>(8,010)</u>
Total restricted funds	42,341	16,259	(18,762)	(3,009)	36,829
Unrestricted funds					
Unrestricted funds	<u>949</u>	<u>1,340</u>	<u>(324)</u>	<u>(241)</u>	<u>1,724</u>
Total funds	<u>43,290</u>	<u>17,599</u>	<u>(19,086)</u>	<u>(3,250)</u>	<u>38,553</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19 Funds (continued)

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

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant (GAG)	538	13,096	(13,343)	(291)	-
Other DfE/ESFA grants (inc Pupil Premium)	-	571	(571)	-	-
ESFA Project Development Grant	231	-	(20)	-	211
Regional Academy Growth Fund	100	-	(100)	-	-
DfE Northern Fund	14	-	(14)	-	-
Local authority grants	-	113	(113)	-	-
Other income	-	237	(237)	-	-
Start up grants	-	230	(192)	-	38
Swires grant	-	148	(145)	-	3
	<u>883</u>	<u>14,395</u>	<u>(14,735)</u>	<u>(291)</u>	<u>252</u>
Restricted fixed asset funds					
Premises gifted by Local Authority	35,763	6,829	(336)	(190)	42,066
DfE/ESFA capital grants	530	71	-	(601)	-
Capital expenditure from GAG	625	-	(91)	1,557	2,091
Capital expenditure from revenue funding	5	-	(2)	2	5
Donated ICT equipment	246	-	(59)	(10)	177
	<u>37,169</u>	<u>6,900</u>	<u>(488)</u>	<u>758</u>	<u>44,339</u>
Restricted pension funds					
Pension reserve	<u>(2,020)</u>	<u>(1,100)</u>	<u>(350)</u>	<u>1,220</u>	<u>(2,250)</u>
Total restricted funds	36,032	20,195	(15,573)	1,687	42,341
Unrestricted funds					
Unrestricted funds	<u>1,034</u>	<u>1,124</u>	<u>(742)</u>	<u>(467)</u>	<u>949</u>
Total funds	<u>37,066</u>	<u>21,319</u>	<u>(16,315)</u>	<u>1,220</u>	<u>43,290</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19 Funds (continued)

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

(i) Under the fund 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 2019. Note 2 discloses whether the limit was exceeded.

(ii) Capital grants are awarded by the ESFA to fund maintenance projects and refresh ICT provision within the Academy.

(iii) 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.

(iv) 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 2020. The current balance is £181,000.

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019 £ 000	2018 £ 000
Gosforth High School	219	383
Gosforth Junior High	884	760
North Gosforth	117	58
Jesmond Park Academy	726	-
Total before fixed assets and pension reserve	1,946	1,201
Restricted fixed asset reserve	44,617	44,339
Pension reserve	(8,010)	(2,250)
Total	38,553	43,290

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19 Funds (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2019 £ 000
Gosforth High School	6,689	1,631	769	1,612	10,701
Gosforth Junior High	2,176	361	262	784	3,583
North Gosforth Jesmond Park Academy	1,957	551	211	521	3,240
	538	87	3	109	737
Academy Trust	<u>11,360</u>	<u>2,630</u>	<u>1,245</u>	<u>3,026</u>	<u>18,261</u>

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2018 £ 000
Gosforth High School	7,012	875	854	1,676	10,417
Gosforth Junior School	2,141	103	258	805	3,307
North Gosforth	1,426	193	177	306	2,102
Academy Trust	<u>10,579</u>	<u>1,171</u>	<u>1,289</u>	<u>2,787</u>	<u>15,826</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

20 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	4	4
Tangible fixed assets	-	-	44,492	44,492
Current assets	2,289	2,020	-	4,309
Current liabilities	-	(2,223)	-	(2,223)
Creditors over 1 year	-	-	(19)	(19)
Pension scheme liability	-	(8,010)	-	(8,010)
Total net assets	<u>2,289</u>	<u>(8,213)</u>	<u>44,477</u>	<u>38,553</u>

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	5	5
Tangible fixed assets	-	-	44,334	44,334
Current assets	1,013	1,524	-	2,537
Current liabilities	(64)	(1,272)	-	(1,336)
Pension scheme liability	-	(2,250)	-	(2,250)
Total net assets	<u>949</u>	<u>(1,998)</u>	<u>44,339</u>	<u>43,290</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

21 Commitments under operating leases

Operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £ 000	2018 £ 000
Amounts due within one year	72	57
Amounts due between one and five years	135	144
	<u>207</u>	<u>201</u>

The Academy Trust occupies premises which are subject to a private finance initiative (PFI) contract. The Academy Trust is itself not party to this service concession contract, however the Academy Trust has entered into a supporting agreement to make contributions towards the costs. The commitment covers the same period as the PFI agreement of 12 years. The current year cost was £1,422,934 and it is expected that future annual commitments will be at a similar level.

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

		2019 £ 000	2018 £ 000
Net (expenditure)/income		(1,487)	5,004
Amortisation	7	1	2
Depreciation	7	502	485
Capital grants from DfE and other capital income		(780)	(71)
Assets transferred on conversion from Local Authority		-	(6,829)
Interest receivable	6	(5)	(4)
Defined benefit pension scheme obligation inherited	27	1,850	1,100
Defined benefit pension scheme cost less contributions payable	27	600	290
Defined benefit pension scheme finance cost	27	60	60
Increase in stocks		(6)	(3)
Increase in debtors		(790)	(131)
Increase in creditors		906	362
Net cash provided by Operating Activities		<u>851</u>	<u>265</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Cash flows from investing activities

	2019 £ 000	2018 £ 000
Dividends, interest and rents from investments	5	4
Purchase of intangible fixed assets	-	(2)
Purchase of tangible fixed assets	(659)	(326)
Capital grants from DfE/EFA	780	71
Net cash provided by/(used in) investing activities	126	(253)

24 Analysis of cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash at bank and in hand	3,049	2,072
Total cash and cash equivalents	3,049	2,072

25 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.

26 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.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

27 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £305,951 (2018 - £186,630) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%. A copy of the latest valuation report can be found at:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

27 Pension and similar obligations (continued)

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £1,139,887 (2018: £1,017,999).

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

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

Local government pension scheme

Tyne & Wear Pension Fund

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 2019 was £520,000 (2018 - £470,000), of which employer's contributions totalled £380,000 (2018 - £340,000) and employees' contributions totalled £140,000 (2018 - £130,000). The agreed contribution rates for future years are 15.9 per cent for employers and 5.50 - 12.50 per cent for employees.

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

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

27 Pension and similar obligations (continued)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.60	3.50
Rate of increase for pensions in payment/inflation	2.10	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumptions (CPI)	2.10	2.00
RPI increases	3.10	3.10

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

	2019	2018
Retiring today		
Males retiring today	21.90	22.90
Females retiring today	25.10	26.40
Retiring in 20 years		
Males retiring in 20 years	23.60	25.10
Females retiring in 20 years	26.90	28.70

Sensitivity analysis

	At 31 August 2019	At 31 August 2018
	£000	£000
Discount rate +0.1%	21,690	11,110
Discount rate -0.1%	22,700	11,630
Mortality assumption – 1 year increase	22,940	11,690
Mortality assumption – 1 year decrease	21,450	11,050
CPI rate +0.1%	22,490	11,530
CPI rate -0.1%	21,890	11,210

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

	2019	2018
	£ 000	£ 000
Equities	9,280	6,156
Corporate bonds	1,620	1,021
Government bonds	580	365
Property	1,220	775
Cash and other liquid assets	300	201
Other	1,180	602
Total market value of assets	14,180	9,120

The actual return on scheme assets was £640,000 (2018 - £710,000).

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

27 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2019 £ 000	2018 £ 000
Current service cost	640	630
Past service cost	340	-
Interest income	(280)	(200)
Interest cost	340	260
Total amount recognised in the SOFA	1,040	690

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

	2019 £ 000	2018 £ 000
At start of period	11,370	8,880
Conversion of academy trusts	5,340	2,490
Current service cost	640	630
Interest cost	340	260
Employee contributions	140	130
Actuarial (gain)/loss	3,610	(710)
Benefits paid	410	(310)
Past service cost	340	-
At 31 August	22,190	11,370

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

	2019 £ 000	2018 £ 000
At start of period	9,120	6,860
Conversion of academy trusts	3,490	1,390
Interest income	280	200
Actuarial gain/(loss)	360	510
Employer contributions	380	340
Employee contributions	140	130
Benefits paid	410	(310)
At 31 August	14,180	9,120

28 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure related party transactions

During the year the academy trust made the following related party transactions:

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

28 Related party transactions (continued)

SRJ Tutoring (trading name of Sylvia Jordan)

(Sylvia Jordan is the daughter of Mr Hugh Robinson, the Principal)

The Academy Trust purchases specialist school intervention support for Gosforth Junior High Academy from SRJ Tutoring totalling £Nil (2018 - £32,679) during the period. On average working 25 hours per week at an hourly rate of £19 per hour.

The Academy Trust made the purchase following a decision taken by the Senior Management Team in order to meet the needs of the Gosforth Junior High Academy timetable. The hourly rate was negotiated at the same rate as the Gosforth Federated Academies agreed tutor rate of £19 per hour. The hours worked were in accordance with the timetable prepared by the Director of Performance and negotiated with the Director of Human Resources which Mr Robinson did not participate or influence. Invoices raised are processed, authorised and paid in accordance with the Financial Regulations.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

At the balance sheet date the amount due to SRJ Tutoring (trading name of Sylvia Jordan) was £Nil (2018 - £Nil).

Mrs Sally Welsh

(Mrs Sally Welsh is the wife of Mr Allon Welsh, the Director of Curriculum and member of the Senior Management Team).

Mrs Sally Welsh delivered the EPQ course to Sixth Formers with purchases totalling £Nil (2018 - £7,150) during the period.

The Academy Trust made the purchase following a decision taken by the Senior Management Team in order to meet the needs of the Post 16 timetable at Gosforth Academy. Invoices raised are processed, authorised and paid in accordance with the financial regulations.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

At the balance sheet date the amount due to Mrs Sally Welsh was £Nil (2018 - £Nil).

Mrs Kathryn Thomas

(a member of the Academy Trust)

The named is a former employee of the Academy Trust and has been appointed as a Member (but not a Trustee). Upon cessation of her employment during the prior year, 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 totalling £NIL (2018 - £1,645).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

At the balance sheet date the amount due to Mrs Kathryn Thomas was £Nil (2018 - £Nil).

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

29 Conversion to an Academy Trust

On 1 August 2019 the Jesmond Park Academy converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Gosforth Federated Academies Limited from the Newcastle City Council Local Authority for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net resources expended in the Statement of Financial Activities as Charitable activities - transfer from local authority on conversion.

On conversion of Jesmond Park 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 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.

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

	Restricted general fund £ 000	Total £ 000
Budget surplus on LA funds	368	368
LGPS pension deficit	(1,850)	(1,850)
Net liabilities	<u>(1,482)</u>	<u>(1,482)</u>

The above net liabilities include £368,000 that were transferred as cash.