

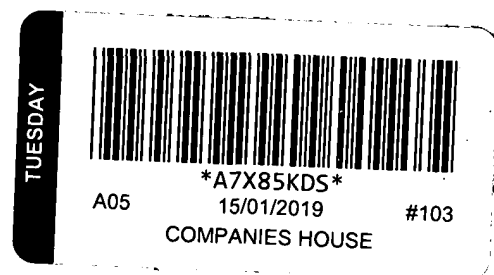
Registration number: 07431423

THE GOSFORTH FEDERATED ACADEMIES LIMITED

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018



The Gosforth Federated Academies Limited

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The Gosforth Federated Academies Limited

Reference and Administrative Details

Members	Mr David Gregory (resigned 19 February 2018) Mr George Snaith Mrs Judy Storey Mrs Kathryn Thomas
Trustees (Directors)	Mr Chris Bell (resigned 19 February 2018) Mrs Alison Craddock (resigned 19 February 2018) Mr Roger Edwardson (appointed 19 February 2018) Mr David Gregory (resigned 19 February 2018) Mr John Hall Mrs Yasmin Hasan (resigned 31 December 2017) Mr Jeffrey Lough (appointed 19 February 2018) Mrs Lesley Malthouse (resigned 19 February 2018) Mr Geoff Norris Mrs Jane Ratcliffe (resigned 19 February 2018) Cllr Jackie Slesenger Green Mr George Snaith, Chair of the Trustees Mrs Judy Storey Dr Iqbal Syed (resigned 19 February 2018) Mr David Vero (resigned 31 December 2017)
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 (appointed 1 January 2018) Mrs Karen Blackburn, Acting Head of Heaton Manor (seconded) (appointed 1 September 2017)
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	KPMG LLP, Statutory Auditor Chartered Accountants Quayside House 110 Quayside Newcastle Upon Tyne NE1 3DX

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 2018

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

The trust operates a Federated Academy for Middle/High school students aged between 9 and 19 in Gosforth, Newcastle upon Tyne and the Seaton Burn area of North Tyneside. The combined pupil numbers total is 3,023 as at the school census date of October 2018.

Structure, Governance and Management

Constitution

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

The Trustees act as directors for the Charitable Company for the purposes of company law and form the Governing Body.

The Charitable Company is known as Gosforth Federated Academies Limited.

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

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 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 2018 (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. At North Gosforth Academy there is an Advisory Group however the Trustees have not delegated any powers and will do so once a Local Governing Body for this school is established. A Parent Director must be a parent of a pupil at one of the Academies on election. Parent Directors are nominated and elected by the Parent body. The Chief Executive Officer shall be a Director for as long as he remains in office as such.

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

All Directors have a term of office of 4 years.

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 "Governews" 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.

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

During the year 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.

Organisational Structure

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

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

Principal and Accounting Officer

Director of Communications

Director of Curriculum

Director of Operations

Director of Human Resources

Director of Junior School

Director of Main School

Director of Performance

Director of Post 16

Operational management of the Academy Trust is the role of the Principal and Senior Leadership Team. The Senior Leadership Team consists of the Principal, Director of Operations 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.

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

Although an Academy this committee has continued to follow the system of an agreed pay range for the Principal and Senior Leaders within a band on the Leadership spine. Senior Leaders will only be recommended for progression with their agreed pay range on successful completion of performance criteria as agreed by the Principal. The Principal has an agreed set of performance criteria and his performance is ratified by the Governing Body before any progression will be recommended.

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

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

Trade Union Facility Time

Gosforth Academy, Gosforth Junior Academy and North Gosforth Academy are covered by Local Authority de-delegation arrangements for Trade Union Facility time. These arrangements are reviewed and then renewed 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).

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 our Academy Trust and was renamed North Gosforth Academy. We commenced a similar arrangement of support with another local school, Heaton Manor College from September 2017. A consultancy fee is charged to Heaton Manor to cover the cost of the support given by the Academy Trust and will continue until such time as a sponsor academy for Heaton Manor is identified. We anticipate Heaton Manor joining our MAT at some point in the New Year of 2019.

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 Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

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 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 Governors commitment to provide a service to the families in Gosforth is clearly demonstrated by their decision to bid for funding to open a new school on the Newcastle Great Park. (This new school would be part of the Gosforth Federated Academies Company). This bid was successful and the Academy Trust has started work on this project. It is hoped that the new site known as Gosforth Great Park Academy 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 school project at Gosforth Great Park. 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 667 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 bid for a free school was supported by more than 500 residents. As these plans develop we will be making sure that public benefit is part of our planning. The holiday club activities that operate on our current sites will be replicated at the Gosforth Great Park site.

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

Our consultancy work another local school is part of our support school role within the educational community.

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.

2018 Key figures

2018 KS2

	Gosforth Junior High	National
Reading	81%	75%
Writing	88%	78%
Maths	79%	75%

Percentage of students beyond expected standard

- Reading – 37%
- Writing – 35%
- Maths – 34%

2018 KS4

- GCSE 5 standard passes inc EM = 78%
- Any English 4+ 85%
- Maths 4+ 82%
- Grade 4+ in an English and Maths 79%
- Grade 5+ in an English and Maths 59%
- 2 Sciences 4+ 82%
- EBacc 4+ 55%
- Av attainment 8 = 55.4
- Progress 8 = 0.60

2018 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%

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

Post 16 Summary

Summary

- 48.3% A*-B
- 98.4% A*-E (10 U-grades across almost 1000 entries)
- 22 students with all A*/A grades
- Average Grade (best three A-Levels): C+
- Vocational: Distinction +
- Progression Headlines
- 4 students to Oxbridge
- 7 students to Medicine/Dentistry
- 66 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.

Year	CENSUS date	GJHA Total	GA Total	NGA Total	Total
2013/14	Oct-13	477	1683	N/A	2160
2014/15	Oct 14	534	1724	N/A	2258
2015/16	Oct 15	571	1727	N/A	2298
2016/17	Oct 16	631	1693	N/A	2324
2017/18	Oct 17	668	1739	N/A	2407
2018/19	Oct 18	704	1804	515	3023

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

Praise Code

The PRAISE code encourages the students to –

Perform

Reward

Achieve

Inspire

Succeed

Excel

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

The table below shows the level of achievement for the students in the lower school at Gosforth Academy for the 2017/18 academic year and comparatives for 2016/17.

Award	No of stamps required	2016/17			2017/18		
		Year 9	Year 10	Year 11	Year 9	Year 10	Year 11
No Award	Below 500	1	5	22	3	15	10
Bronze	500	14	17	59	3	30	58
Silver	1000	27	51	101	7	70	130
Gold	1400	55	82	111	31	104	179
Platinum	1800	97	99	51	97	98	50
Diamond	2200	105	96	9	124	41	13
Certificate of Achievement	2600	72	24	1	119	15	1
Diploma of Outstanding Achievement	3000	9	8	0	15	0	0
Principal's Special Award	3400	3	1	0	0	0	0
Principal's Outstanding Award	3800	0	0	0	0	0	0
Principal's Exceptional Achievement	4200	0	0	0	0	0	0

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

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
2016/17	820,152	731,621	476,978
2017/18	921,478	628,650	562,960

* 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.

Financial

Income & Expenditure			
KPI	2017/18	2016/17	2015/16
Total GAG Funding	£12,994,411	£11,266,974	£11,361,935
Students per October PLASC	2,407 (plus 515 NGA)	2,324	2,298
GAG Income per student	£4,447	£4,847	£4,944
Expenditure per student	£5,570	£5,941	£5,866
<p>Notes: The above shows the impact of lagged funding on the Academy Trust. The GAG funding is based upon the student number census prepared in the previous October. Therefore annual budgets are not in proportion with increasing student numbers. Also The Education Service Grant and Education Services Grant Protection element of the GAG funding has reduced considerably over the last three years. In 2014/15 the Education Services Grant Protection received was £235,609 for the two schools; in 2016/17 we received £10,775 and in 2017/18 we received £70,241</p> <p>The combination of lagged funding, rising student numbers and a reduced budget allocation has resulted in a reduction in GAG income per student than the averages achieved in the previous years. Expenditure per student has increased over the last three years and reflects that other revenue sources are being attained in order to support expenditure.</p>			

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

Staffing			
KPI	2017/18	2016/17	2015/16
Total Staff Costs	£11,749,062	£9,775,260	£9,394,420
Salary costs as % GAG Income	90%	87%	82.7%
<p>Some staff worked on other projects during the year including providing support at Seaton Burn College for which we received Consultancy fees to cover salary costs of the staff involved. We also extended the Associate Leader program in order to back fill those staff working on other projects and we received Regional Academy Growth Funding to support these costs.</p> <p>Salary costs as a % of GAG Income is 90% which is 3% more than last year and 10% more than the target of 80%. This is partly the result of lagged funding and the reduced Education Services Grant element of the GAG. Also when calculating this percentage the consultancy income and grants received to compensate salaries of those working on other projects and the cost of back fill are not incorporated into this percentage.</p> <p>In response to the recommendations in the STRB's 28th Report from 1 September 2018 teachers were given the following pay award:</p> <ul style="list-style-type: none"> a 3.5% uplift has been applied to the statutory minima and maxima of the main pay range and of the unqualified teachers' pay range. a 2% uplift to the statutory minima and maxima of the upper pay range, the leading practitioner pay range and all allowances across all pay ranges. a 1.5% uplift to the leadership pay ranges (including Head teacher groups). <p>Support Staff salaries had a mandatory increase of 2% commencing 1st April 2018. This is a 2 year pay agreement. The law on workplace pensions requires us to carry out auto enrolment. A full exercise was undertaken in May 2017 with many staff choosing to remain in either the TPS or the LGPS, therefore increasing the employer's pension contribution value.</p> <p>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. This will include recruiting NQTs, recently qualified teachers or apprentices whenever appropriate.</p>			

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

Community			
KPI	2017/18	2016/17	2015/16
Sport @ Gosforth Members	667	516	480
Sport @ Gosforth Income	£254,985	£264,588	£267,105
Notes: The Sport @ Gosforth income has reduced by £9,573 when compared with 2016/17; however the membership numbers have increased by 151. The Academy relies on the income generated from the community facility in order to improve facilities and provide additional funding to support educational activities.			

Capital			
KPI	2017/18	2016/17	2015/16
Capital Grant funding received	£71,343	£48,303	£47,909
Donated Classrooms/ICT Equipment	£nil	£1,675,234	£16,560
Capital expenditure in year	£325,957	£1,797,357	£415,081
Capital expenditure per student	£112	£773	£181
Notes: Devolved Formula Capital has been received from the ESFA as in previous years. We have used our own reserves to fund capital projects to make essential improvements to the buildings, for the renovation of a classroom to ICT room at Gosforth Junior High Academy and to refresh some student ICT equipment.			

Investment

In accordance with the Investments Policy the Academy Trust holds cash funds in a deposit account. There is a surplus following the payment of day to day working costs and expenditure on capital projects. At the 31st August 2018 the HSBC deposit account balance was £68,210 and interest earned during the year was £340. The Nationwide Building Society Business Saver account has a balance of £362,764 at the 31st August 2018 with interest for the year received in April 2018 totaling £3,508 at a rate of 1.2%.

Going concern

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

Financial Review

Income

Most of the Academy's income is obtained from the EFA in the form of General Annual Grant (GAG) and other recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year to 31 August 2018 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

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 £15,590,000

Expenditure

The total expenditure on staffing is £11,750,000. 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 £630,000 (£510,000 in 2017) 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 2017/18 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 2018.

Expenditure includes Depreciation charged on fixed assets which totals £486,000

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

The total costs for the year total £16,315,000 which results in an overall deficit for the year of £725,000, excluding the fixed assets and pension deficit transferred on conversion.

Pension Scheme

The actuarial gain on the LGPS pension scheme was £1,220,000 and the defined benefit pension scheme liability of £2,250,000 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 2018 of £43,290,000 comprising £44,339,000 restricted fixed asset funds and restricted non fixed asset funds of £(1,998,000) including the pension deficit of £(2,250,000) together with unrestricted reserves of £949,000.

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

Investments

Interest received on funds in bank deposit accounts totalled £3,000 and balance held in the deposit accounts at the financial year end was £2,072,000.

Future considerations

Lagged funding will continue to be an issue with increasing student numbers and funding being based on the previous academic year's student numbers. There is also current uncertainty around the new funding formula which could result in reductions to the budget allocation.

Any future mandatory increases in salaries, national insurance and pension contributions will continue to add pressure to the school budget. The budget allocation does not reflect any unknown mandatory increases to expenditure. We will continue to review staff positions when they become available and will consider whether the role needs to be replaced or whether alternative arrangements can be made.

The price of resources may increase as a result of the economic impact of the EU Referendum.

Careful management of the budget will be required in order to achieve budget surpluses and maintain the level of reserves.

There will be continued uncertainty relating to the actuarial valuation of the LGPS pension scheme and the impact it will have on the academy financial results.

In accordance with Investment Policy the Trustees may need to consider moving funds invested in the Nationwide Building Society account back into the instant access HSBC deposit account in order to alleviate any future cash flow pressures.

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

Financial Management Policies

During the year the Trustees adopted various policies in relation to financial management including Accounting, Governors Allowance, Investment & Reserves, Lettings, Risk Management and Charges & Remissions.

Reserves Policy

The Academy held fund balances at 31 August 2018 of £43,290,000, comprising £44,339,000 restricted fixed asset funds and restricted non fixed asset funds of £(1,998,000) including the pension deficit of £(2,250,000) together with unrestricted reserves of £949,000.

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 £211,000; start up grants of £38,000 and the Swires fund of £3,000.

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

The restricted pension fund deficit balance is £ (2,250,000) following the actuarial valuation of the Local Government Pension Scheme and incorporates the in year gain of £1,220,000. 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 £252,000 and unrestricted funds of £949,000 is £1,201,000. 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 £1,055,000 below the target level of reserves. The Senior Leadership Team and Trustees have set a surplus budget for 2018/19 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 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.

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

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.

Principal Risks and Uncertainties

Risk Management

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

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

Principal Risks

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

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

The principal risks identified by the Trustees are highlighted below -

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Risk Score	Response - Transfer, Tolerate, Treat	Control procedures and target date	Person(s) responsible for action	Date of next review
Strategic Risk	Charitable objects risk	Charity receives unfavorable Ofsted report	2	5	10	Treat	Internal Monitoring & Evaluation	Principal	31 March 2018
Pension Risk	Funding risk	Risk that scheme is in significant deficit	5	2	10	Treat	Internal/ External Audit	Director of Operations & Assistant Director of Finance	On going
Pension Risk	Contribution risk	Risk that employers' contribution rate increases	3	3	9	Treat	Budget Setting & Monitoring	Director of Operations & Assistant Director of Finance	On going
Strategic Risk	Technology Risk	Virus risk/ Corruption of data risk	3	3	9	Treat	Contract - ICT Managed Service	Director of Operations	31 March 2018
Human Resource Risk	Management Risk	Key person loss/ succession risk	2	4	8	Treat	SLA for HR Services	Principal	On going

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

Risk Score Matrix

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

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (continued)

Financial Risk

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

Category	Sub category	Specific	Likelihood of occurring (5=high, 1=low)	Impact if occurs (5=high, 1=low)	Risk Score	Response - Transfer Tolerate, Treat	Control procedures and target date	Person(s) responsible for action	Date of next review
Overall financial control risk	Budget risk	Risk that the budget will be in deficit.	2	3	6	Treat	Budget setting calendar/Finance Procedure Manual.	Director of Operations & Assistant Director of Finance	1 st July 2019
Provisions and contingent liability risk	Contractual commitments risk	Risk that the charity has entered into future commitments without having the future funding available to meet them.	2	3	6	Treat	Internal/ External Audit	Director of Operations & Assistant Director of Finance	On going
Pension Risk	Contribution risk	Risk that the charity is not making the correct contributions.	2	3	6	Treat	Budget Setting & Monitoring	Director of Operations & Assistant Director of Finance	On going
Strategic Risk	Insurance Risk	Risk of financial loss/inability to replace items if charity does not have adequate insurance cover.	1	5	5	Transfer	Insurance in place	Director of Operations & Assistant Director of Finance	1 st October 2018
Fixed Asset Risk	Capital Construction Risk	Risk that assets built by contractors do not meet specifications, or actual costs exceed budget	2	2	4	Treat	Financial Procedures Manual	Director of Operations & Assistant Director of Site and Contract Services	Ongoing

The Gosforth Federated Academies Limited

Trustees' Report for the Year Ended 31 August 2018 (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 empty 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 further expand our Multi Academy Trust by sponsoring Heaton Manor school.
- To open a new secondary school on Newcastle Great Park in 2021.
- To open a new secondary school in the west of the city in 2021.

The Gosforth Federated Academies Limited

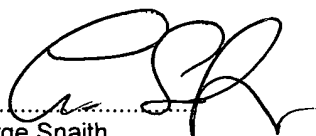
Trustees' Report for the Year Ended 31 August 2018 (continued)

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.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on 21 December 2018 and signed on its behalf by:


.....
Mr George Snaith
Trustee

The Gosforth Federated Academies Limited

Governance Statement

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.

This 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 June 2018.

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 Gosforth Federated Academies Limited

Governance Statement (continued)

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

The Gosforth Federated Academies Limited

Governance Statement (continued)

SUMMARY OF ATTENDANCE AT GOSFORTH FEDERATED ACADEMIES GOVERNOR MEETINGS

1 SEPTEMBER 2017 TO 31 AUGUST 2018

Member/Trustee/ LGB	Governing Body		Finance & Audit Committee		AGM		Curriculum Committee		Salaries Committee		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
C Bell (M)	0	0	0	0	1	1	0	0	0	0	0	0	2	2
A Craddock (LGB)	1	5	0	0	0	1	0	2	1	1	0	0	0	0
R Edwardson (T)	0	0	0	2	0	0	0	0	0	0	1	3	0	0
D Gregory (M)	1	3	3	3	1	1	1	1	1	1	0	0	0	0
J Hall (T & LGB)	5	5	3	3	1	1	0	1	0	0	3	3	0	0
J Lough (T)	0	0	2	2	0	0	0	0	0	0	3	3	0	0
M Harrison (LGB)	2	2	0	1	0	0	2	2	0	0	0	0	0	0
Y Hasan (term ended 31 12 2017)	2	3	0	0	0	1	0	0	0	0	0	0	0	0
L Malthouse (LGB)	2	5	0	1	1	1	0	1	1	1	0	0	0	0
G Norris (T & LGB)	4	5	2	3	1	1	2	1	1	1	2	3	0	0
J Ratcliffe (LGB)	4	5	0	1	0	1	1	2	0	0	0	0	0	0
Z Shaw (LGB)	1	2	0	1	0	0	2	2	0	0	0	0	0	0
J Slesinger (T)	2	3	1	1	1	1	1	1	0	0	0	3	0	0
G Snailth (T)	3	3	2	1	1	1	2	2	1	1	3	3	3	4
J Storey (T & LGB)	3	5	2	3	1	1	0	1	0	0	3	3	1	2
I Syed (LGB)	2	5	0	1	1	1	2	2	0	0	0	0	0	0
K Thomas (M)	0	0	0	0	1	1	0	0	0	0	0	0	4	4
D Vero (LGB)	3	5	1	1	0	1	2	1	0	0	0	0	0	0

The Gosforth Federated Academies Limited

Governance Statement (continued)

Notes

The new Multi Academy Trust Governance Structure was implemented on 19 February 2018 although the inaugural meeting of the Local Governing Body was held on 22 March 2018. It had been agreed at this meeting that all previous governors would be invited to attend all of the scheduled meetings until the end of the academic year.

Key

(M) indicates Member of the board (J Storey was replaced by C Bell as of 19 February 2018)

(T) indicates newly appointed Trustee after 19 February 2018

(LGB) indicates newly appointed Local Governing Body member after 22 March 2018

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

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

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

The Gosforth Federated Academies Limited

Governance Statement (continued)

Future Challenges for the Board of Trustees

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

We must:-

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

Review of Value for Money

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

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

2018: Targeted intervention

There were various intervention projects undertaken during 2018/19 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.

Assertive Mentoring

25% of pupil premium students were involved in our traditional assertive mentoring programme. Other Pupil premium students were mentored by an Assistant Director who met with them regularly to discuss academic progress or were Tutor mentored. In total 53% of the pupil premium cohort benefited from an academic mentoring initiative in Y11.

Easter Schools

89 % of the pupil premium students were involved in attending at least one Easter school session during holiday time to prepare them for Y11 final exams. Many attended multiple sessions.

The Gosforth Federated Academies Limited

Governance Statement (continued)

November and/or March review day intervention

The majority of PP students were involved in some element of review day intervention, with students catching up in up to 3 different subject areas on two different days. 81 % of the PP cohort were involved in at least one session on review day. Impact is measured via feedback from subject leaders on the quality of work produced.

Saturday School

18% pupil premium students attended Saturday Schools in Maths or English for 7 weeks – making up 25% of the Saturday School cohort.

Of these 11, all Pupil premium students achieved a grade 4+, with 5 achieving a Grade 5.

After School Small group tuition Maths

16 PP students were involved in weekly maths small group tuition weekly for 8 weeks in either breakfast or after school sessions. These students were not on target grades.

8 students achieved a grade 4 or above. The average grade improvement between beginning this intervention post mock exams was 0.70 grades.

Intervention was individually focussed with ,for example, one student being supported to achieve a grade 8.

Summary: All except 4 of the pupil premium students, 93%, were involved in at least one of the academic interventions above. Way over half accessed more than 3 interventions

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 in 2016/17/18 has generated additional income and funding streams for the Academy Trust.

Review of Expenditure

Due to school budget pressures and also future uncertainties around budget allocations, the Senior Management Team carried out a review of expenditure and highlighted any areas where we could make reductions. For example, we renegotiated some service contracts and have replaced some contracts with in house staff including two Education Welfare Officers and a Facilities Manager (reducing the Caretaking Contract by one person). On an ongoing basis the Senior Management Team and Finance Team monitor purchases and budget expenditure, and challenge any purchases they consider not to be value for money, thus nsuring that best value is achieved in terms of suitability, efficiency, time and cost.

The Gosforth Federated Academies Limited

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Gosforth Federated Academies for the period ended 31 August 2016 and up to the date of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been place for the period ending 31 August 2017 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;
Regular reviews by the Finance & Audit Committee of reports which indicate financial
2. 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. However the trustees have appointed KPMG LLP the external auditors, to perform additional checks; and produce a Financial Procedures Report.

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

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

The Gosforth Federated Academies Limited

Governance Statement (continued)

Three times a year the auditor reports to the Board of Trustees, through the Finance & Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. At each visit during this financial year, the auditor delivered their schedule of work as planned and no material control issues were found as a result of the work carried out.

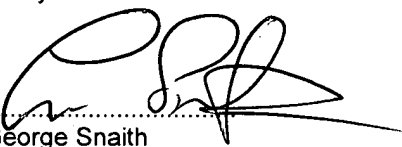
Review of Effectiveness

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:

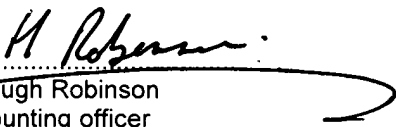
- the work of the additional checks carried out by the external auditor;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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 21 December 2018 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 2017.

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 2017.

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


.....
Mr Hugh Robinson
Accounting officer

21 December 2018

The Gosforth Federated Academies Limited

Statement of Trustees' Responsibilities

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

The Gosforth Federated Academies Limited

Statement of Trustees' Responsibilities (continued)

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 21 December 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'G. Snaith', written over a dotted line.

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 'charitable company') for the year ended 31 August 2018, 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 the accounting policies in note1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS102) and *Academies Accounts Direction 2017 to 2018* issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects

Other information

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Annual Report and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

The Gosforth Federated Academies Limited

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

Trustees' responsibilities

As explained more fully in their statement set out on page 33, the Trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company'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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities

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.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Gosforth Federated Academies Limited

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

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Rachel Fleming (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor,
Chartered Accountants
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX

Date: 21 December 2018

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 20 November 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Gosforth Federated Academies Limited during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the The Gosforth Federated Academies Limited Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of the The Gosforth Federated Academies Limited's funding agreement with the Secretary of State for Education dated 29 November 2010 and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;

The Gosforth Federated Academies Limited

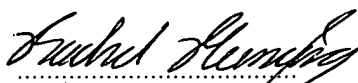
Independent Reporting Accountant's Report on Regularity to The Gosforth Federated Academies Limited and the Education & Skills Funding Agency (continued)

- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2017;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2017 to 2018.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

21 December 2018

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	29	-	(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 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

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2017 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	3	32	6	1,723	1,761
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	4	-	12,187	-	12,187
Other trading activities	5	1,057	72	-	1,129
Investments	6	6	-	-	6
Total		<u>1,095</u>	<u>12,265</u>	<u>1,723</u>	<u>15,083</u>
Expenditure on:					
Raising funds	7	78	-	-	78
<i>Charitable activities:</i>					
Academy trust educational operations	8	1,101	12,100	458	13,659
Other		-	70	-	70
Total		<u>1,179</u>	<u>12,170</u>	<u>458</u>	<u>13,807</u>
Net (expenditure)/income		(84)	95	1,265	1,276
Transfers between funds		140	(214)	74	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	27	-	1,730	-	1,730
Net movement in funds		56	1,611	1,339	3,006
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2016		<u>978</u>	<u>(2,748)</u>	<u>35,830</u>	<u>34,060</u>
Total funds/(deficit) carried forward at 31 August 2017		<u>1,034</u>	<u>(1,137)</u>	<u>37,169</u>	<u>37,066</u>

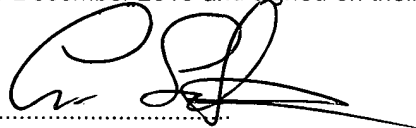
The Gosforth Federated Academies Limited

(Registration number: 07431423)

Balance Sheet as at 31 August 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Intangible assets	13	5	5
Tangible assets	14	44,335	37,665
		<u>44,340</u>	<u>37,670</u>
Current assets			
Stocks	15	78	75
Debtors	16	386	255
Cash at bank and in hand		2,072	2,060
		<u>2,536</u>	<u>2,390</u>
Creditors: Amounts falling due within one year	17	(1,336)	(974)
Net current assets		<u>1,200</u>	<u>1,416</u>
Total assets less current liabilities		<u>45,540</u>	<u>39,086</u>
Net assets excluding pension liability		45,540	39,086
Pension scheme liability	27	(2,250)	(2,020)
Net assets including pension liability		<u>43,290</u>	<u>37,066</u>
Funds of the Academy:			
Restricted funds			
Restricted income fund	18	252	883
Restricted fixed asset fund	18	44,339	37,169
Restricted pension fund	18	(2,250)	(2,020)
		<u>42,341</u>	<u>36,032</u>
Unrestricted funds			
Unrestricted income fund	18	949	1,034
Total funds		<u>43,290</u>	<u>37,066</u>

The financial statements on pages 39 to 71 were approved by the Trustees, and authorised for issue on 21 December 2018 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 2018

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	265	328
Cash flows from investing activities	23	<u>(253)</u>	<u>(158)</u>
Change in cash and cash equivalents in the year		12	170
Cash and cash equivalents at 1 September		<u>2,060</u>	<u>1,890</u>
Cash and cash equivalents at 31 August	24	<u><u>2,072</u></u>	<u><u>2,060</u></u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies

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

Basis of preparation

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

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.

Grants receivable

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 recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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.

Transfer on conversion

Where assets are received by the 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 trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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
Purchased computer software	25% reducing balance

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.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Asset class	Depreciation method and rate
Land & Buildings	up to 125 years straight line
Furniture & Equipment	20% reducing balance
Motor Vehicles	20% reducing balance
ICT 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.

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.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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 Part 11 Chapter 3 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.

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.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the 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.

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 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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 2018 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 2018.

3 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2018 £ 000	Total 2017 £ 000
Other voluntary income					
Capital grants	-	-	71	71	48
Donations - local authority asset transfer	-	-	-	-	1,675
Other donations	69	148	-	217	38
	<u>69</u>	<u>148</u>	<u>71</u>	<u>288</u>	<u>1,761</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2017 £ 000	
Total 2017	<u>32</u>	<u>6</u>	<u>1,723</u>	<u>1,761</u>	

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

4 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2018 £ 000	Total 2017 £ 000
DfE/ESFA revenue grants			
General Annual Grant GAG	12,994	12,994	11,266
Start Up Grants	102	102	-
Other ESFA Group grants	801	801	803
	<u>13,897</u>	<u>13,897</u>	<u>12,069</u>
Other government grants			
Local authority grants	113	113	118
	<u>113</u>	<u>113</u>	<u>118</u>
Non-government grants and other income			
Other income from the academy trusts educational operations	16	16	-
	<u>14,026</u>	<u>14,026</u>	<u>12,187</u>
Total grants			
	<u>14,026</u>	<u>14,026</u>	<u>12,187</u>
	Restricted funds £ 000	Total 2017 £ 000	
Total 2017	<u>12,187</u>	<u>12,187</u>	

5 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2018 £ 000	Total 2017 £ 000
Hire of facilities	277	-	277	293
Catering income	356	-	356	307
Other sales	-	221	221	72
Trip income	317	-	317	347
Exams income	10	-	10	12
Uniform sales	91	-	91	98
	<u>1,051</u>	<u>221</u>	<u>1,272</u>	<u>1,129</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Total 2017 £ 000	
Total 2017	<u>1,057</u>	<u>72</u>	<u>1,129</u>	

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Investment income

	Unrestricted funds £ 000	Total 2018 £ 000	Total 2017 £ 000
Short term deposits	4	4	6
	<u>Unrestricted funds £ 000</u>	<u>Total 2017 £ 000</u>	
Total 2017	6	6	

7 Expenditure

	Non Pay Expenditure			Total 2018 £ 000	Total 2017 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Expenditure on raising funds	-	-	77	77	78
Academy's educational operations					
Direct costs	10,579	-	1,289	11,868	9,924
Allocated support costs	1,171	1,986	1,153	4,310	3,735
Other expenditure	-	-	60	60	70
	<u>11,750</u>	<u>1,986</u>	<u>2,579</u>	<u>16,315</u>	<u>13,807</u>
	Non Pay Expenditure			Total 2017 £ 000	
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Total 2017	<u>9,775</u>	<u>1,266</u>	<u>2,766</u>	<u>13,807</u>	

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2018 £ 000	2017 £ 000
Operating lease rentals	57	52
Depreciation	486	457
Amortisation of intangible fixed assets	2	-
Fees payable to auditor - audit	15	9
Fees payable to auditor - other audit services	9	9
	<u>9</u>	<u>9</u>

8 Charitable activities

	2018 £ 000	2017 £ 000
Direct costs - educational operations	11,868	9,924
Support costs - educational operations	4,310	3,735
	<u>16,178</u>	<u>13,659</u>

	Educational operations £ 000	2018 £ 000	2017 £ 000
Analysis of support costs			
Support staff costs	1,171	1,171	979
Depreciation	488	488	-
Premises costs	1,498	1,498	1,266
Other support costs	1,085	1,085	1,461
Governance costs	68	68	29
Total support costs	<u>4,310</u>	<u>4,310</u>	<u>3,735</u>

9 Staff

Staff costs

	2018 £ 000	2017 £ 000
Staff costs during the year were:		
Wages and salaries	9,005	7,463
Social security costs	903	710
Operating costs of defined benefit pension schemes	1,648	1,378
	<u>11,556</u>	<u>9,551</u>
Supply staff costs	194	174
Staff restructuring costs	-	50
	<u>11,750</u>	<u>9,775</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

9 Staff (continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2017: £49,500).

Staff numbers

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

	2018 No.	2017 No.
Charitable Activities		
Teachers	134	134
Administration and support	260	95
Management	10	9
	<u>404</u>	<u>238</u>

Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	4	6
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1
£140,001 - £150,000	1	1
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £937,304 (2017 - £1,002,615).

10 Central services

No central services were provided by the Academy Trust to its Academies during the period and no central charges arose.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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:

Mr John Hall (Staff Trustee):

Remuneration: £35,000 - £40,000 (2017 - £40,000 - £45,000)

Employer's pension contributions: £5,000 - £10,000 (2017 - £5,000 - £10,000)

Mrs Gillian Milne (Staff Trustee):

Remuneration: £Nil (2017 - £40,000 - £45,000)

Employer's pension contributions: £Nil (2017 - £5,000 - £10,000)

Mrs Jane Ratcliffe (Staff Trustee):

Remuneration: £35,000 - £40,000 (2017 - £35,000 - £40,000)

Employer's pension contributions: £5,000 - £10,000 (2017 - £5,000 - £10,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017 - £39) were reimbursed or paid directly to 0 Trustees (2017 - 1).

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 2018 was £Nil (2017 - £Nil).

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

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

13 Intangible fixed assets

	Software £ 000	Total £ 000
Cost		
At 1 September 2017	5	5
Additions	<u>2</u>	<u>2</u>
At 31 August 2018	<u>7</u>	<u>7</u>
Amortisation		
At 1 September 2017	-	-
Charge for the year	<u>2</u>	<u>2</u>
At 31 August 2018	<u>2</u>	<u>2</u>
Net book value		
At 31 August 2018	<u>5</u>	<u>5</u>
At 31 August 2017	<u>5</u>	<u>5</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
Cost						
At 1 September 2017	-	39,128	225	56	905	40,314
Additions	-	202	9	-	115	326
Inherited assets	6,829	-	-	-	-	6,829
At 31 August 2018	6,829	39,330	234	56	1,020	47,469
Depreciation						
At 1 September 2017	-	1,991	131	21	506	2,649
Charge for the year	36	313	19	7	110	485
At 31 August 2018	36	2,304	150	28	616	3,134
Net book value						
At 31 August 2018	6,793	37,026	84	28	404	44,335
At 31 August 2017	-	37,137	94	35	399	37,665

The Academy Trust's transactions relating to land and buildings included:

- the acquisition of the freehold on North Gosforth Academy which was donated to the Academy Trust at a value of £6,829,000

The land and buildings occupied by the Academy 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, 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 be included in these accounts.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Stock

	2018 £ 000	2017 £ 000
Clothing	<u>78</u>	<u>75</u>

16 Debtors

	2018 £ 000	2017 £ 000
Trade debtors	97	14
VAT recoverable	153	117
Other debtors	8	4
Prepayments	<u>128</u>	<u>120</u>
	<u>386</u>	<u>255</u>

17 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	338	137
Other taxation and social security	246	190
Other creditors	190	150
Accruals	405	391
Deferred income	<u>157</u>	<u>106</u>
	<u>1,336</u>	<u>974</u>

Deferred income

	2018 £ 000	2017 £ 000
Deferred income at 1 September 2017	106	90
Resources deferred in the period	157	106
Amounts released from previous periods	<u>(106)</u>	<u>(90)</u>
Deferred income at 31 August 2018	<u>157</u>	<u>106</u>

Deferred income is in respect of grants received from the ESFA which cover the year to 31st March 2019, funds received in advance for sports lettings booked for the autumn term 2018 and a number of school trips taking place in 2018/19 where income has been collected as part of payment plan from students. Therefore, the income has been proportioned appropriately and values relating to the period after 31st August 2018 have been deferred.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18 Funds

	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
Start up grants	-	230	(192)	-	38
Regional Academy Growth Fund	100	-	(100)	-	-
DfE Northern Fund	14	-	(14)	-	-
Swires grant	-	148	(145)	-	3
Local authority grants	-	113	(113)	-	-
Other income	-	237	(237)	-	-
	<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 2018 (continued)

18 Funds (continued)

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

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds					
General Annual Grant (GAG)	530	11,266	(11,184)	(74)	538
Other DfE/ESFA grants (inc Pupil Premium)	-	583	(583)	-	-
ESFA Project Development Grant	174	120	(63)	-	231
Regional Academy Growth Fund	-	100	-	-	100
DfE Northern Fund	88	-	(74)	-	14
Local authority grants	-	118	(118)	-	-
Donated equipment	-	2	(2)	-	-
Other income	-	72	(72)	-	-
Grants from non government body	-	4	(4)	-	-
	<u>792</u>	<u>12,265</u>	<u>(12,100)</u>	<u>(74)</u>	<u>883</u>
Restricted fixed asset funds					
Premises gifted by Local Authority	34,400	1,658	(295)	-	35,763
DfE/ESFA capital grants	482	48	-	-	530
Capital expenditure from GAG	638	-	(87)	74	625
Capital expenditure from revenue funding	5	-	-	-	5
Donated ICT equipment	<u>305</u>	<u>17</u>	<u>(76)</u>	<u>-</u>	<u>246</u>
	35,830	1,723	(458)	74	37,169
Restricted pension funds					
Pension reserve	<u>(3,540)</u>	<u>-</u>	<u>(70)</u>	<u>1,590</u>	<u>(2,020)</u>
Total restricted funds	33,082	13,988	(12,628)	1,590	36,032
Unrestricted funds					
Unrestricted funds	<u>978</u>	<u>1,095</u>	<u>(1,179)</u>	<u>140</u>	<u>1,034</u>
Total funds	<u>34,060</u>	<u>15,083</u>	<u>(13,807)</u>	<u>1,730</u>	<u>37,066</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18 Funds (continued)

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

	Balance at 1 September 2016 £ 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)	530	24,362	(24,527)	(365)	-
Other DfE/ESFA grants (inc Pupil Premium)	-	1,154	(1,154)	-	-
ESFA Project Development Grant	174	120	(83)	-	211
Start up grants	-	230	(192)	-	38
Regional Academy Growth Fund	-	100	(100)	-	-
DfE Northern Fund	88	-	(88)	-	-
Swires grant	-	148	(145)	-	3
Local authority grants	-	231	(231)	-	-
Donated equipment	-	2	(2)	-	-
Other income	-	309	(309)	-	-
Grants from non government body	-	4	(4)	-	-
	<u>792</u>	<u>26,660</u>	<u>(26,835)</u>	<u>(365)</u>	<u>252</u>
Restricted fixed asset funds					
Premises gifted by Local Authority	34,400	8,487	(631)	(190)	42,066
DfE/ESFA capital grants	482	119	-	(601)	-
Capital expenditure from GAG	638	-	(178)	1,631	2,091
Capital expenditure from revenue funding	5	-	(2)	2	5
Donated ICT equipment	<u>305</u>	<u>17</u>	<u>(135)</u>	<u>(10)</u>	<u>177</u>
	35,830	8,623	(946)	832	44,339
Restricted pension funds					
Pension reserve	<u>(3,540)</u>	<u>(1,100)</u>	<u>(420)</u>	<u>2,810</u>	<u>(2,250)</u>
Total restricted funds	33,082	34,183	(28,201)	3,277	42,341
Unrestricted funds					
Unrestricted funds	<u>978</u>	<u>2,219</u>	<u>(1,921)</u>	<u>(327)</u>	<u>949</u>
Total funds	<u>34,060</u>	<u>36,402</u>	<u>(30,122)</u>	<u>2,950</u>	<u>43,290</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18 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 2018. 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 2018. The current balance is £211,000.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	2018	2017
	£ 000	£ 000
Gosforth High School	383	1,157
Gosforth Junior High	760	760
North Gosforth	58	-
	<hr/>	<hr/>
Total before fixed assets and pension reserve	1,201	1,917
Premises gifted by Local Authority	44,339	37,169
Pension reserve	(2,250)	(2,020)
	<hr/>	<hr/>
Total	<u>43,290</u>	<u>37,066</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18 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 2018 £ 000
Gosforth High School	7,012	875	854	1,676	10,417
Gosforth Junior High	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>

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 2017 £ 000
Gosforth High School	6,833	882	572	1,823	10,110
Gosforth Junior School	1,964	97	120	1,059	3,240
Academy Trust	<u>8,797</u>	<u>979</u>	<u>692</u>	<u>2,882</u>	<u>13,350</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

19 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	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>

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	501	-	37,164	37,665
Current assets	618	1,772	-	2,390
Current liabilities	(85)	(889)	-	(974)
Pension scheme liability	-	(2,020)	-	(2,020)
Total net assets	<u>1,034</u>	<u>(1,137)</u>	<u>37,169</u>	<u>37,066</u>

20 Capital commitments

	2018 £ 000	2017 £ 000
Contracted for, but not provided in the financial statements	<u>-</u>	<u>10</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

21 Commitments under operating leases

Operating leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £ 000	2017 £ 000
Amounts due within one year	57	44
Amounts due between one and five years	144	151
Amounts due after five years	-	1
	<u>201</u>	<u>196</u>

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

		2018 £ 000	2017 £ 000
Net income		5,004	1,276
Amortisation	7	2	-
Depreciation	7	485	457
Capital grants from DfE and other capital income		(71)	(1,723)
Assets transferred on conversion from Local Authority		(6,829)	-
Interest receivable	6	(4)	(6)
Defined benefit pension scheme obligation inherited	27	1,100	-
Defined benefit pension scheme cost less contributions payable	27	290	140
Defined benefit pension scheme finance cost	27	60	70
Increase in stocks		(3)	(6)
(Increase)/decrease in debtors		(131)	183
Increase/(decrease) in creditors		<u>362</u>	<u>(63)</u>
Net cash provided by Operating Activities		<u>265</u>	<u>328</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

23 Cash flows from investing activities

	2018 £ 000	2017 £ 000
Dividends, interest and rents from investments	4	6
Purchase of intangible fixed assets	(2)	(5)
Purchase of tangible fixed assets	(326)	(1,882)
Capital grants from DfE/EFA	71	48
Capital funding received from sponsors and others	-	1,675
Net cash used in investing activities	<u>(253)</u>	<u>(158)</u>

24 Analysis of cash and cash equivalents

	2018 £ 000	2017 £ 000
Cash at bank and in hand	<u>2,072</u>	<u>2,060</u>
Total cash and cash equivalents	<u>2,072</u>	<u>2,060</u>

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.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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.

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 Scott Campbell FIA. 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.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 Pension and similar obligations (continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £1,017,999 (2017 - £868,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard 102 (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 2018 was £470,000 (2017 - £470,000), of which employer's contributions totalled £340,000 (2017 - £370,000) and employees' contributions totalled £130,000 (2017 - £100,000). The agreed contribution rates for future years are 15.90 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 2018 (continued)

27 Pension and similar obligations (continued)

Principal actuarial assumptions

	2018 %	2017 %
Rate of increase in salaries	3.50	3.50
Rate of increase for pensions in payment/inflation	2.00	2.00
Discount rate for scheme liabilities	2.80	2.50
Inflation assumptions (CPI)	2.00	2.00
RPI increases	<u>3.10</u>	<u>3.10</u>

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

	2018	2017
Retiring today		
Males retiring today	22.90	22.80
Females retiring today	26.40	26.30
Retiring in 20 years		
Males retiring in 20 years	25.10	25.00
Females retiring in 20 years	<u>28.70</u>	<u>28.60</u>

Sensitivity analysis

	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	11,110	8,680
Discount rate -0.1%	11,630	9,080
Mortality assumption – 1 year increase	11,690	8,620
Mortality assumption – 1 year decrease	11,050	9,140
CPI rate +0.1%	11,530	8,960
CPI rate -0.1%	<u>11,210</u>	<u>8,800</u>

The Academy Trust's share of the assets in the scheme were:

	2018 £ 000	2017 £ 000
Equities	6,156	4,534
Corporate bonds	1,021	789
Government bonds	365	267
Property	775	617
Cash and other liquid assets	201	268
Other	<u>602</u>	<u>385</u>
Total market value of assets	<u>9,120</u>	<u>6,860</u>

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 Pension and similar obligations (continued)

The actual return on scheme assets was £710,000 (2017 - £990,000).

Amounts recognised in the statement of financial activities

	2018 £ 000	2017 £ 000
Current service cost	630	510
Interest income	(200)	(110)
Interest cost	260	180
Total amount recognised in the SOFA	690	580

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

	2018 £ 000	2017 £ 000
At start of period	8,880	9,060
Conversion of academy trusts	2,490	-
Current service cost	630	510
Interest cost	260	180
Employee contributions	130	100
Actuarial (gain)/loss	(710)	(850)
Benefits paid	(310)	(120)
At 31 August	11,370	8,880

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

	2018 £ 000	2017 £ 000
At start of period	6,860	5,520
Conversion of academy trusts	1,390	-
Interest income	200	110
Actuarial gain/(loss)	510	880
Employer contributions	340	370
Employee contributions	130	100
Benefits paid	(310)	(120)
At 31 August	9,120	6,860

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.

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

28 Related party transactions (continued)

Expenditure related party transactions

During the year the Academy made the following related party transactions:

SRJ Tutoring (trading name of Sylvia Jordan)

(Sylvia Johnson is the daughter of My Hugh Robinson, the Principal)

The Academy Trust purchases specialist school intervention support for Gosforth Junior High Academy from SRJ Tutoring totalling £32,679 (2017 - £19,172) 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 reate 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 2017.

The element above £2,500 has been provided 'at no more than cost' and SRJ Tutoring (trading name of Sylvia Jordan) has provided a statement of assurance confirming this.

At the balance sheet date the amount due to SRJ Tutoring (trading name of Sylvia Jordan) was £Nil (2017 - £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 £7,150 (2017 - £7,270) 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 2017.

At the balance sheet date the amount due to Mrs Sally Welsh was £Nil (2017 - £Nil).

Mrs Kathryn Thomas

(Mrs Kathryn Thomas is a member of the Academy Trust)

The named is a former employee of the Academy Trust and more recently has been appointed as a Member (but not a Trustee). Upon cessation of her employment a contractual retirement allowance was agreed to be paid by her employer (Newcastle Local Authority), this payment transferred to the Academy Trust on conversion. During the year there were twelve monthly payments totalling £1,645 gross (2016 - £1,635).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

At the balance sheet date the amount due to Mrs Kathryn Thomas was £Nil (2017 - £Nil).

The Gosforth Federated Academies Limited

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

28 Related party transactions (continued)

Income related party transactions

During the year the Academy made the following related party transactions:

Seaton Burn College

(Mr George Snaith, the Chair of Governors became a board member of Seaton Burn College IEB from October 2016 and Hugh Robinson, Principal, became the Executive Head of Seaton Burn College from January 2017)

The Academy Trust has offered school to school support to Seaton Burn College during the year. From November 2016, a consultancy fee was charged to Seaton Burn College to cover the cost of the support given by the Academy Trust. A total of £13,000 (2017 - £39,116) was charged between September 2017 and December 2017. On 1st January 2018, Seaton Burn College converted to an academy and joined the The Gosforth Federated Academies..

29 Conversion to an Academy Trust

On 1 January 2018 the Seaton Burn College 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 North Tyneside 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 incoming resources in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

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	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets			
Freehold land and buildings	-	6,829	6,829
LGPS pension deficit	(1,100)	-	(1,100)
Net (liabilities)/assets	(1,100)	6,829	5,729