

Registered number: 07964133

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013



KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013

Governors

D Pearmain, Principal¹
J McHanwell, Chair
R Portsmouth, Vice Chair
D Bowen
G Bulman¹
D Everitt¹
W Fleming
D Gregor
A Hordon¹
D Lowes¹
S Lymn (resigned 18 October 2012)
S O'Neil
R Redshaw
M Robson
V Wigham (resigned 30 September 2012)¹

¹ Members of the Finance, Procurement and Estates Committee

Company registered number

07964133

Principal and registered office

Drayton Road
Newcastle upon Tyne
Tyne and Wear
NE3 3RU

Senior management team

D Pearmain, Principal
S Holmes-Carne, Head of School
V Wigham, Deputy Head
M Kennedy, Deputy Head
R Devlin, Deputy Head

Independent auditors

Clive Owen & Co LLP
Chartered Accountants and Statutory Auditors
Aire House
Mandale Business Park
Durham
DH1 1TH

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013

Advisers (continued)

Bankers

NatWest
Northumberland Street
Newcastle upon Tyne
Tyne and Wear
NE1 7EL

Barclays
High Street
Gosforth
Newcastle upon Tyne
Tyne and Wear
NE3 1HA

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
Tyne and Wear
NE1 4BF

KENTON SCHOOL NEWCASTLE
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Kenton School Newcastle (the academy trust) for the year ended 31 August 2013. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

Details of the Governors who served throughout the period, except as noted, are included in the Legal and Administrative Information 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.

Method of recruitment and appointment or election of Governors

The term of office for any Governor shall be four years save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

During the period the academy continued to operate a unified management structure. The structure consists of four levels: the Governors, The Headship Team, the Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Headship Team consists of the Principal, the Head of School and three Deputy Headteachers who control the academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Headship Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts in the Senior Leadership Team, through appointment boards which sometimes contain a Governor. Some spending control is devolved to members of the Senior Leadership Team, with limits above which a member of the Headship Team must countersign.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Organisational structure (continued)

The Senior Leadership Team includes the Headship Team and seven Assistant Headteachers

The Middle Management of the academy is centred around the Group of Heads of Department and Heads of Year. These managers are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

Connected organisations, including related party relationships

There are no connected organisations, including related party relationships.

Risk management

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

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

Governors' indemnities

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 14.

Principal activities

The principal activity is the operation of Kenton School in Newcastle. Further details are provided under 'Objectives and Activities'.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal objective and activity of the charitable company is the operation of Kenton School to provide education for students of different abilities between the ages of 11 and 19 with an emphasis on providing an inclusive and supportive environment for all our students regardless of their background. The school's aim is summed up in the school motto "all different all equal".

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science, outdoor education, vocational subjects and their practical applications.

KENTON SCHOOL NEWCASTLE
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Objects and aims (continued)

The main objectives of the academy during the year to 31 August 2013 are summarised below

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all students,
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements,
- to maintain close links with industry and commerce, and
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness

Objectives, strategies and activities

The academy's main objectives are encompassed in its mission statement which is "all different all equal" To this end the objectives and the strategies used to achieve them include

- Learning that inspires We are proud of our excellent examination performance, however we want to expose our students to a wide range of quality learning and teaching experiences in order to create adaptability throughout life
- Exemplary conduct We expect all students and staff to promote integrity and honesty and to display manners, politeness and behaviour that enhances mutual respect
- An expectation of the highest standards We never accept "second best" In all areas of academy life we strive for the absolute best
- A commitment to sustainability We wish to keep environmental issues as a priority We also support a wider sustainability agenda Students will be encouraged to understand the personal, local, national and international implications of not doing so
- Aspirational achievement Students at all levels are challenged with personal targets in order to maximise achievement and realise potential in all areas of their development
- Tolerance and partnership Students are made aware of the need for tolerance in a multi-cultural society and are encouraged to see how they can contribute in partnership with others
- Personal care and development Students' individual needs are at the heart of what we do and we value their opinion, their care, health and welfare is paramount

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

Disabled persons

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

Public benefit

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The 2012-13 academic year began with a full and oversubscribed intake at Year 7, as it has every year for at least the last 15 years. Kenton School has been consistently the most popular state-funded school in the city of Newcastle. The school year also began with news of the best ever GCSE results: 56% of students achieved 5 A*-C grades (or better) including English and Mathematics. When compared with similar schools, Kenton School's value added was in the best 11% nationally and in the top 3% when comparing the students' best 8 results with students in similar schools. The quality of teaching, behaviour and broad leadership and management within the school continue to be assessed as good but improving further, following the previous year's good Ofsted inspection, while senior leadership is assessed as outstanding. Kenton School's key priorities for further improvement to overall outstanding status are raising the quality of teaching even further and improving attendance. These will be pursued relentlessly in the 2013-14 school year.

FINANCIAL REVIEW

Financial report

Most of the academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year to 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year to 31 August 2013, total expenditure of £15,873,000 was greater than recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of expenditure over income for the period (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £264,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2013 the net book value of fixed assets was £33,054,000 and movements in tangible fixed assets are shown in note 16 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £1,850,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2013 of £33,091,000 comprising £31,311,000 of restricted funds and £1,780,000 of unrestricted funds.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Financial and risk management objectives and policies

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

Principal risks and uncertainties

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

Reserves policy

The Governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 6% to 9% of 'total incoming resources less restricted fixed asset income', and ideally 7.5% of this income (equivalent to 4 weeks' expenditure, approximately £1.1m). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £1,780,000 (see note 19).

Investments policy

The academy invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the academy 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 Accounting Policies.

PLANS FOR THE FUTURE

Future developments

The 2013 school year has been a year of great change and development for the academy trust. In April 2013 the Department for Education confirmed that they have accepted our proposal to develop a Studio School on the site of the closing All Saints College in West Denton. The school will be called Studio West and will be the first 13-19 Studio School in the country. A Studio School is a new type of state school which seeks to address the gap between what young people require to succeed in life and the skills that the current system provides. It is a small school (300 students) with strong employer links and a focus on projects based on real life and workplace problem-solving. Studio West will open in September 2014, sponsored by Kenton Schools Academy Trust. Val Wigham (formerly Deputy Headteacher at Kenton School) has been appointed as Principal Designate. In order to ensure that this exciting development does not detract in any way from the leadership of Kenton School, David Pearmain, as Principal of Kenton School (as well as overseeing developments at Studio West) will share the Kenton School Headteacher's role with Sarah Holmes-Carne as Head of School.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Future developments (continued)

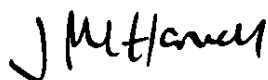
The school began and ended the financial year with a healthy carry-forward balance, which will be important to future planning, as some loss of funding is anticipated over the next 3 years, mainly due to lower Sixth Form funding from the Government. This headroom is important in smoothing out funding changes and maintaining stable plans in an uncertain environment. The development of plans for Studio West is funded by a separate Government grant and will not affect the funding for the education of Kenton School students.

Disclosure of information to auditors

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that

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

This report was approved by order of the Governing Body on 12 December 2013 and signed on its behalf by



J McHanwell
Chair

KENTON SCHOOL NEWCASTLE
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GOVERNANCE STATEMENT

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Kenton School Newcastle 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 Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Kenton School Newcastle and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
D Pearmain, Principal	5	5
J McHanwell, Chair	5	5
R Portsmouth, Vice Chair	5	5
D Bowen	5	5
G Bulman	2	5
D Everitt	5	5
W Fleming	4	5
D Gregor	4	5
A Hordon	4	5
D Lowes	1	5
S Lymn	2	2
S O'Neil	3	5
R Redshaw	3	5
M Robson	3	5
V Wigham	1	1

The Finance, Procurement and Estates Committee is a sub-committee of the main Governing Body. Its purpose is budget preparation, budget monitoring and control, procurements, contracts/procurement, audit reports, lettings and charges, insurances and other general finance issues to ensure financial probity, ensuring that the academy operates within the guidelines and adheres to financial procedures.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
G Bulman	0	3
D Everitt	3	3
A Hordon	3	3
D Lowes	3	3
D Pearmain, Principal	3	3

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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 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 Kenton School Newcastle for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance, Procurement and Estates Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen & Co LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the auditors report to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

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GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

- the work of the external auditors,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy 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, Procurement and Estates 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 12 December 2013 and signed on their behalf, by



J McHanwell
Chair



D Pearmain, Principal
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Kenton School Newcastle I have considered my responsibility to notify the academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the academy Governing Body are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012)

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date

A handwritten signature in black ink, appearing to read 'D Pearmain', with a large, stylized initial 'D' and a cursive surname.

D Pearmain, Principal
Accounting Officer

Date 12 December 2013

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GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

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

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

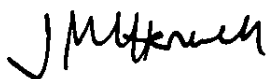
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

The Governors 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 DfE/EFA have been applied for the purposes intended.

The Governors 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 Governing Body on 12 December 2013 and signed on its behalf by



J McHanwell
Chair

KENTON SCHOOL NEWCASTLE
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENTON SCHOOL NEWCASTLE

We have audited the financial statements of Kenton School Newcastle for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the academy 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.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENTON SCHOOL NEWCASTLE

Matters on which we are required to report by exception

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

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



Gary Ellis BA FCA (Senior statutory auditor)

for and on behalf of

Clive Owen & Co LLP

Chartered Accountants and Statutory Auditors
Aire House
Mandale Business Park
Durham
DH1 1TH

12 December 2013

KENTON SCHOOL NEWCASTLE
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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO KENTON SCHOOL
NEWCASTLE AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kenton School Newcastle during the year 1 September 2012 to 31 August 2013 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 Kenton School Newcastle and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kenton School Newcastle and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Kenton School Newcastle and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Kenton School Newcastle's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Kenton School Newcastle's funding agreement with the Secretary of State for Education dated 1 May 2012, and the Academies Financial Handbook extant from 1 September 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

The work undertaken to draw to our conclusion includes

- Review of governing body and committee minutes,
- Review of termly Responsible Officer reports,
- Completion of self assessment questionnaire by Accounting Officer,
- Discussions with the Accounting Officer and finance team,
- Obtained formal letter of representation detailing the responsibilities of Governors,
- Review of payroll, purchases and expenses claims on a sample basis,
- Confirmation that the lines of delegation and limits set have been adhered to,
- Evaluation of internal control procedures and reporting lines,
- Review of credit card transactions,
- Review of register of interests and consideration of related party transactions,
- Review of borrowing agreements,
- Review of land and building transactions, and
- Review of potential and actual bad debts

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO KENTON SCHOOL
NEWCASTLE AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Gary Ellis BA FCA (Senior statutory auditor)

for and on behalf of

Clive Owen & Co LLP

Chartered Accountants and Statutory Auditors
Aire House
Mandale Business Park
Durham
DH1 1TH

12 December 2013

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds 1 May 2012 to 31 August 2012
	Note	2013 £000	2013 £000	2013 £000	2013 £000	2012 £000
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income - transfer from Local Authority on Conversion	3	-	-	-	-	37,674
Activities for generating funds	4	438	15	-	453	127
Investment income	5	39	-	-	39	10
Incoming resources from charitable activities	6	-	13,601	44	13,645	4,619
TOTAL INCOMING RESOURCES		477	13,616	44	14,137	42,430
RESOURCES EXPENDED						
Charitable activities	9	490	13,829	1,516	15,835	5,673
Governance costs	7	-	38	-	38	160
Other resources expended - transfer from Local Authority on conversion	8	-	-	-	-	1,570
TOTAL RESOURCES EXPENDED	10	490	13,867	1,516	15,873	7,403
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		(13)	(251)	(1,472)	(1,736)	35,027
Transfers between Funds	18	(316)	257	59	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(329)	6	(1,413)	(1,736)	35,027
Actuarial gains and losses on defined benefit pension schemes		-	160	-	160	(360)
NET MOVEMENT IN FUNDS FOR THE YEAR		(329)	166	(1,413)	(1,576)	34,667
Total funds at 1 September 2012		2,109	(1,940)	34,498	34,667	-
TOTAL FUNDS AT 31 AUGUST 2013		1,780	(1,774)	33,085	33,091	34,667

All activities relate to continuing operations

The Statement of Financial Activities includes all gains and losses recognised in the year

The notes on pages 21 to 38 form part of these financial statements

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)
REGISTERED NUMBER. 07964133

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Tangible assets	15		33,053	34,497
CURRENT ASSETS				
Debtors	16	314		373
Cash at bank and in hand		2,384		2,318
		<u>2,698</u>		<u>2,691</u>
CREDITORS amounts falling due within one year	17	(810)		(581)
NET CURRENT ASSETS			<u>1,888</u>	<u>2,110</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>34,941</u>	<u>36,607</u>
Defined benefit pension scheme liability	23		<u>(1,850)</u>	<u>(1,940)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>33,091</u></u>	<u><u>34,667</u></u>
FUNDS OF THE ACADEMY				
Restricted funds				
Restricted funds	18	76		-
Restricted fixed asset funds	18	33,085		34,498
		<u>33,161</u>		<u>34,498</u>
Restricted funds excluding pension liability				
Pension reserve		<u>(1,850)</u>		<u>(1,940)</u>
Total restricted funds			<u>31,311</u>	<u>32,558</u>
Unrestricted funds	18		<u>1,780</u>	<u>2,109</u>
TOTAL FUNDS			<u><u>33,091</u></u>	<u><u>34,667</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 12 December 2013 and are signed on their behalf, by



J McHanwell
Chair

The notes on pages 21 to 38 form part of these financial statements

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	2013 £000	2012 £000
Net cash flow from operating activities	20	33	(370)
Returns on investments and servicing of finance	21	39	10
Capital expenditure and financial investment	21	(6)	(38)
Cash transferred on conversion to an academy trust		-	2,716
INCREASE IN CASH IN THE YEAR		<u>66</u>	<u>2,318</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013

	2013 £000	2012 £000
Increase in cash in the year	<u>66</u>	<u>2,318</u>
MOVEMENT IN NET FUNDS IN THE YEAR	66	2,318
Net funds at 1 September 2012	2,318	-
NET FUNDS AT 31 AUGUST 2013	<u>2,384</u>	<u>2,318</u>

The notes on pages 21 to 38 form part of these financial statements

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1 ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Governors 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 academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £3,000 (machinery, equipment and vehicles) or £7,000 (land, buildings and improvements) are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

The PFI contract is an agreement to receive services and, as the academy is deemed to control the services that are provided under the PFI scheme, the academy has recognised the assets used under the contracts within tangible fixed assets. The Governors consider the cost of obtaining an additional valuation would outweigh the benefit.

The non-PFI premises are held on a 125 year lease from Newcastle City Council. As the risks and rewards have transferred to the academy, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at insurance valuation. The Governors consider the cost of obtaining an additional valuation would outweigh the benefit.

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

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

Long term leasehold property	-	straight line over the remaining useful life (15 - 50 years)
Plant and machinery	-	straight line over 5 years
Motor vehicles	-	straight line over 5 years
Fixtures and fittings	-	straight line over 5 years
Computer equipment	-	straight line over 3 years

1.7 OPERATING LEASES

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

1.8 TAXATION

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

1.9 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2013.

3. VOLUNTARY INCOME

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 May 2012 to 31 August 2012 £000
	2013 £000	2013 £000	2013 £000	2012 £000
Amounts transferred from Local Authority upon conversion to an academy	-	-	-	37,674

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 May 2012 to 31 August 2012 £000
	2013 £000	2013 £000	2013 £000	2012 £000
Lettings	142	-	142	57
Catering	123	-	123	3
School fund	5	-	5	48
Sports and leisure	41	-	41	3
Other	127	15	142	16
	438	15	453	127

5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 May 2012 to 31 August 2012 £000
	2013 £000	2013 £000	2013 £000	2012 £000
Bank interest	39	-	39	10

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

6 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 May 2012 to 31 August 2012
	2013 £000	2013 £000	2013 £000	2012 £000
DfE/EFA grants				
Devolved Formula Capital	-	44	44	-
General Annual Grant (GAG)	-	12,266	12,266	4,335
Pupil Premium	-	796	796	138
Other DfE/EFA grants	-	229	229	142
Studio School	-	90	90	-
	-	13,425	13,425	4,615
Other Government grants				
Other Government grants	-	220	220	4
	-	220	220	4
	-	13,645	13,645	4,619

7 GOVERNANCE COSTS

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 May 2012 to 31 August 2012
	2013 £000	2013 £000	2013 £000	2012 £000
Auditors' remuneration	-	5	5	9
Legal and professional fees	-	33	33	151
	-	38	38	160

8. OTHER RESOURCES EXPENDED

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 May 2012 to 31 August 2012
	2013 £000	2013 £000	2013 £000	2012 £000
Pension deficit transferred upon conversion to an academy	-	-	-	1,570

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 May 2012 to 31 August 2012
	2013 £000	2013 £000	2013 £000	2012 £000
DIRECT COSTS				
Wages and salaries	35	6,809	6,844	2,275
National insurance	-	564	564	179
Pension cost	-	1,088	1,088	326
Educational supplies	13	735	748	345
Examination fees	2	241	243	28
Staff development	-	40	40	23
Travel and subsistence	-	18	18	4
Other direct costs	4	-	4	2
	<u>54</u>	<u>9,495</u>	<u>9,549</u>	<u>3,182</u>
SUPPORT COSTS				
Wages and salaries	57	1,477	1,534	433
National insurance	-	80	80	26
Pension cost	-	177	177	48
Depreciation	-	1,516	1,516	499
Net interest cost on pension scheme	-	20	20	10
Technology costs	-	115	115	35
Recruitment and support	-	15	15	12
Maintenance of premises and equipment	-	147	147	23
Cleaning	-	74	74	32
Rent	-	1,200	1,200	945
Rates	86	55	141	23
Energy	27	17	44	23
Insurance	29	19	48	24
Security	-	27	27	6
Transport	-	93	93	2
Catering	168	187	355	54
Occupancy costs	-	21	21	9
Bank interest and charges	-	1	1	-
Other support costs	69	609	678	288
	<u>436</u>	<u>5,850</u>	<u>6,286</u>	<u>2,492</u>
	<u>490</u>	<u>15,345</u>	<u>15,835</u>	<u>5,674</u>

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs	Depreciation	Other costs	Total	Total 1 May 2012 to 31 August 2012
	2013 £000	2013 £000	2013 £000	2013 £000	2012 £000
Direct costs	8,496	-	1,053	9,549	3,192
Support costs	1,791	1,516	2,979	6,286	2,482
CHARITABLE ACTIVITIES	10,287	1,516	4,032	15,835	5,674
GOVERNANCE	-	-	38	38	160
	-	-	-	-	1,570
	10,287	1,516	4,070	15,873	7,404

11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2013 £000	2012 £000
Depreciation of tangible fixed assets		
- owned by the charity	1,516	499
Auditors' remuneration - audit	6	6
Auditors' remuneration - non audit	3	3

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

12. STAFF COSTS

Staff costs were as follows

	2013 £000	2012 £000
Wages and salaries	8,187	2,644
Social security costs	644	206
Other pension costs (Note 23)	1,265	374
	<u>10,096</u>	<u>3,224</u>
Supply teacher costs	169	63
Compensation payments	22	-
	<u>10,287</u>	<u>3,287</u>

Other pension costs includes an LGPS pension deficit adjustment of £50,000

The average number of persons (including the senior management team) employed by the academy during the year expressed as full time equivalents was as follows

	2013 No	2012 No
Senior management	7	8
Teaching staff	143	156
Learning support staff	73	46
Support staff	106	132
	<u>329</u>	<u>342</u>

The number of employees whose annualised emoluments fell within the following bands was

	2013 No	2012 No
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	2	2
In the band £120,001 - £130,000	1	1
	<u>4</u>	<u>4</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year pension contributions for these staff amounted to £68,000 (2012 £17,000)

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

13. GOVERNORS' REMUNERATION AND EXPENSES

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as Governors. The value of Governors' remuneration, made up of gross salary plus pension contributions, fell within the following bands:

	Year ended 31 August 2013 £000	4 month period ended 31 August 2012 £000
D Pearmain, Principal	145-150	45-50
D Bowen	40-45	15-20
D Everitt	45-50	15-20
V Wigham	5-10	30-35

During the year, no Governors received any benefits in kind (2012 - £nil)

During the year, no Trustees received any reimbursement of expenses (2012 - £nil)

14. GOVERNORS' 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,000 (2012 - £1,000).

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

KENTON SCHOOL NEWCASTLE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

15. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST						
At 1 September 2012	34,918	5	22	12	39	34,996
Additions	-	13	30	15	20	78
Disposals	-	-	(7)	-	-	(7)
At 31 August 2013	34,918	18	45	27	59	35,067
DEPRECIATION						
At 1 September 2012	494	-	1	1	3	499
Charge for the year	1,481	3	9	6	17	1,516
On disposals	-	-	(1)	-	-	(1)
At 31 August 2013	1,975	3	9	7	20	2,014
NET BOOK VALUE						
At 31 August 2013	32,943	15	36	20	39	33,053
At 31 August 2012	34,424	5	21	11	36	34,497

16. DEBTORS

	2013 £000	2012 £000
Trade debtors	7	-
VAT recoverable	100	213
Prepayments and accrued income	207	160
	<u>314</u>	<u>373</u>

**17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £000	2012 £000
Trade creditors	11	109
Accruals and deferred income	799	472
	<u>810</u>	<u>581</u>

KENTON SCHOOL NEWCASTLE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

17. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	£000
DEFERRED INCOME	
Deferred income at 1 September 2012	180
Resources deferred during the year	311
Amounts released from previous years	(180)
	<u>311</u>
Deferred income at 31 August 2013	<u>311</u>

Deferred income comprises £289,000 of SEN funding and £22,000 of Devolved Formula Capital, both relating to the Academic Year ended 31 August 2014

18. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS						
Unrestricted general funds	2,055	472	(484)	(316)	-	1,727
School Funds	54	5	(6)	-	-	53
	<u>2,109</u>	<u>477</u>	<u>(490)</u>	<u>(316)</u>	<u>-</u>	<u>1,780</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	12,266	(12,312)	46	-	-
Pupil Premium	-	796	(1,007)	211	-	-
Other DfE/EFA Grants	-	229	(229)	-	-	-
Other Government grants	-	220	(220)	-	-	-
Other income	-	15	-	-	-	15
Studio West	-	90	(29)	-	-	61
Pension reserve	(1,940)	-	(70)	-	160	(1,850)
	<u>(1,940)</u>	<u>13,616</u>	<u>(13,867)</u>	<u>257</u>	<u>160</u>	<u>(1,774)</u>
RESTRICTED FIXED ASSET FUNDS						
Transfers from Local Authority on conversion	34,462	-	(1,490)	-	-	32,972
Capital expenditure from GAG	36	-	(24)	59	-	71
Devolved Formula Capital	-	44	(2)	-	-	42
	<u>34,498</u>	<u>44</u>	<u>(1,516)</u>	<u>59</u>	<u>-</u>	<u>33,085</u>
Total restricted funds	<u>32,558</u>	<u>13,660</u>	<u>(15,383)</u>	<u>316</u>	<u>160</u>	<u>31,311</u>
Total of funds	<u>34,667</u>	<u>14,137</u>	<u>(15,873)</u>	<u>-</u>	<u>160</u>	<u>33,091</u>

KENTON SCHOOL NEWCASTLE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

18 STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the academy, including salaries and related costs, overheads, repairs and maintenance and insurance. Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

Pupil Premium is additional funding to be spent as the academy sees fit to support disadvantaged pupils.

The Studio West Grant is a Project Development Grant from the Department of Education for costs incurred during the pre-opening stage of Studio West, a Studio School proposed by Kenton School.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are given in note 26.

Transfers have been made out of unrestricted reserves to cover the shortfall on GAG and Pupil Premium. A transfer has also been made out of GAG to cover capital expenditure.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds 1 May 2012 to 31 August 2012
	2013 £000	2013 £000	2013 £000	2013 £000	2012 £000
Tangible fixed assets	-	-	33,053	33,053	34,497
Current assets	1,780	886	32	2,698	2,691
Creditors due within one year	-	(810)	-	(810)	(581)
Provisions for liabilities and charges	-	(1,850)	-	(1,850)	(1,940)
	<u>1,780</u>	<u>(1,774)</u>	<u>33,085</u>	<u>33,091</u>	<u>34,667</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20 NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £000	2012 £000
Net incoming / (outgoing) resources before revaluations	(1,736)	35,027
Returns on investments and servicing of finance	(39)	(10)
Cash transferred on conversion	-	(2,715)
Assets transferred on conversion	-	(34,959)
Depreciation of tangible fixed assets	1,516	499
Capital grants from DfE	(66)	-
Decrease/(increase) in debtors	59	(373)
Increase in creditors	229	581
FRS 17 adjustments	70	1,580
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	33	(370)

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £000	2012 £000
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	39	10
	2013 £000	2012 £000
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(78)	(38)
Sale of tangible fixed assets	6	-
Capital grants from DfE	66	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(6)	(38)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £000	Cash flow £000	Other non-cash changes £000	31 August 2013 £000
Cash at bank and in hand	2,318	66	-	2,384
NET FUNDS	2,318	66	-	2,384

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23 PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010

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) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament 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 under arrangements governed by the above Act

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts First, a standard contribution rate (SCR) was determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004 The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth was assumed to be 1.5% The assumed gross rate of return

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23 PENSION COMMITMENTS (continued)

was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis. The employee contribution rate from April 2012 was between 6.4% and 8.8% and from April 2013 was between 6.4% and 11.2%.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme. The total contribution made for the year ended 31 August 2013 was £1,129,000, of which employer's contributions totalled £709,000.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £636,000, of which employer's contributions totalled £506,000 and employees' contributions totalled £130,000. The agreed contribution rates for future years are 16.8% for employers and 5.5% - 7.5% for employees.

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

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23 PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows

	2013 £000	2012 £000
Present value of funded obligations	(5,810)	(4,910)
Fair value of scheme assets	3,960	2,970
	<u> </u>	<u> </u>
Net liability	(1,850)	(1,940)
	<u> </u>	<u> </u>

The amounts recognised in the Statement of financial activities are as follows

	2013 £000	2012 £000
Current service cost	(540)	(150)
Interest on obligation	(220)	(70)
Expected return on scheme assets	200	60
	<u> </u>	<u> </u>
Total	(560)	(160)
	<u> </u>	<u> </u>
Actual return on scheme assets	380	70
	<u> </u>	<u> </u>

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

	2013 £000	2012 £000
Opening defined benefit obligation	4,910	-
Current service cost	540	150
Interest cost	220	70
Contributions by scheme participants	130	40
Actuarial losses	20	370
Benefits paid	(10)	-
Balance transferred on conversion	-	4,280
	<u> </u>	<u> </u>
Closing defined benefit obligation	5,810	4,910
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Movements in the fair value of the academy's share of scheme assets

	2013 £000	2012 £000
Opening fair value of scheme assets	2,970	-
Expected return on assets	200	60
Actuarial gains and (losses)	180	10
Contributions by employer	490	150
Contributions by employees	130	40
Benefits paid	(10)	-
Balance transferred on conversion	-	2,710
	<u>3,960</u>	<u>2,970</u>

The cumulative amount of actuarial losses recognised in the Statement of total recognised gains and losses was £200,000 (2012 - £360,000)

The academy expects to contribute £520,000 to its Defined benefit pension scheme in 2014

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2013	2012
Equities	66.60 %	65.90 %
Property	8.90 %	9.00 %
Government bonds	3.60 %	7.30 %
Corporate bonds	11.60 %	12.10 %
Cash	2.30 %	1.90 %
Other	7.00 %	3.80 %

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

	2013	2012
Discount rate for scheme liabilities	4.50 %	4.20 %
Rate of increase in salaries	4.70 %	4.70 %
Rate of increase for pensions in payment / inflation	2.80 %	2.20 %
Inflation assumption (CPI)	2.80 %	2.20 %
Rate of increase to deferred pensions	2.80 %	2.20 %
Inflation assumption (RPI)	3.70 %	3.20 %

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

	2013	2012
Retiring today		
Males	21.7	21.6
Females	23.9	23.8
Retiring in 20 years		
Males	23.5	23.4
Females	25.8	25.7

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013 £000	2012 £000
Defined benefit obligation	(5,810)	(4,910)
Scheme assets	3,960	2,970
Deficit	<u>(1,850)</u>	<u>(1,940)</u>
Experience adjustments on scheme liabilities	(20)	(370)
Experience adjustments on scheme assets	<u>180</u>	<u>10</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2013 £000	2012 £000	2013 £000	2012 £000
EXPIRY DATE:				
Within 1 year	-	-	8	-
Between 2 and 5 years	<u>-</u>	<u>-</u>	<u>37</u>	<u>28</u>

25. OTHER FINANCIAL COMMITMENTS

Under the PFI arrangement, the academy has a financial liability to make payments to the PFI contractor for the life of the contract, which began in October 2008 and will run for 25 years. The cost is based on pupil numbers and in the current year was £1,200,000. Funding was received from the EFA to cover this cost.

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. No other related party transactions have been identified.