

THE NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

(a company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY
(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 2014

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Newcastle Diocesan Board of Education The Duke of Northumberland's Charity C Snelling
Trustees	C Snelling (chairperson) # R Bishopp (appointed 19/12/2013) # J Brearley * S Brown (resigned 29/09/2013 staff trustee) A Cox (appointed 02/04/2014) * C Davidson (appointed 04/06/2014) * A Day (Executive Director and Accounting Officer) * # S Dickinson (appointed 18/10/2013, staff trustee) D Ferguson (resigned 16/05/2014) # L Kinghorn (parent trustee) # J Lang (appointed 19/11/2013, LA trustee) K Merrin (community trustee)* # M Nicholson * # P Robinson S Stubbings (appointed 04/06/2014) # R Wilson (resigned 08/05/2014) * members of the finance and general purposes committee # members of the standards committee
Company Secretary	M Pitkethly
Senior Management Team	
Executive Director	A Day
Principal Director Secondary	P Blackburn
Principal Director Primary	M Hinson
Principal Director The Centre	S Wild
Principal Director Operations	M Pitkethly
Principal and Registered Office	Josephine Butler Campus Academy Road Ashington, NE63 9FZ
Company Registration Number	06653439 (England and Wales)
Independent Auditors	Baker Tilly UK Audit LLP 1 St James' Gate Newcastle upon Tyne, NE1 4AD
Bankers	HSBC, Team Valley, Maingate Gateshead Tyne & Wear, NE11 OBE

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY
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Solicitors

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

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TRUSTEES' REPORT

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

TRUSTEES' REPORT

The trustees present their report together with the financial statements of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 2 to 19 serving a catchment area in east Ashington, Newbiggin by the Sea and Lynemouth and includes a 100 place unit for children with special needs. It has a nursery to Year 14 pupil capacity of 3,234 and had a roll of 2,471 in the school census in October 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee with no share capital (registration no. 06653439) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust. The trustees of Northumberland Church of England Academy Trust Limited are also directors of the charitable company for the purpose of company law. The charitable company is known as the Northumberland Church of England Academy.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members Liability

Each member of the charitable company undertakes to contribute to the assets of the 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 s/he ceases to be a member.

Trustees' Indemnities

The academy purchases trustee and officers insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The details can be found in note 15 of the accounts.

Method of Recruitment and Appointment or Election of Trustees

The trustees consist of four persons appointed by the Duke of Northumberland's Charity; four by the Newcastle Diocesan Education Board; one by the Local Authority; one representing the Staff; one Community trustee; up to two representing the Parents and the Executive Director.

The board of trustees requires breadth and depth of experience to carry out its duties effectively and efficiently. When recruiting new trustees the important attribute is a passion for the work of our Academy and an understanding of education as an holistic and rounded experience of personal growth. We also invite senior

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TRUSTEES' REPORT (continued)

local business people to consider joining our Board. Where possible the trustees consider that the skills and experience of the Board should comprise the following:

- A Governor with a legal background.
- A Governor with a financial/accounting background
- A Governor with education experience.
- A Governor with senior managerial or business experience.
- A Governor with experience of equal opportunities or disability needs.
- At least one female Governor and at least one male Governor.
- A Governor may have one or more of these skills or attributes.

Staff and Parent trustee are elected by ballot by those eligible to do so.

Policies and Procedures Adopted for the Induction and Training of Trustees

In addition, there are facilitated training events covering trustees' responsibilities. The training and induction provided for new trustees will depend on their existing experience. Where necessary, induction will provide training on charitable and educational legal and financial matters. All new trustees will be given a tour of the Academy and the chance to meet with staff and learners. All trustees are provided with copies of the trustees' handbook and the policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. Induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

During the period under review the board of trustees held six meetings. The **Finance and General Purposes Committee** meets a minimum of 5 times per year. On behalf of the board of trustees it is responsible for constructing and monitoring the effectiveness of the Academy's budget and operations, staffing and pupil premium. The Finance and General Purposes Committee reports to the full board of trustees at the meeting which follows its meeting. The **Standards Committee** meets five times per year. On behalf of the board of trustees it is responsible for monitoring the effectiveness of the Academy's academic performance including the quality of teaching, curriculum, behaviour, and the SEN provision. It is also responsible for Governor training. The standards committee reports to the full board of trustees at the meeting which follows its meeting. The trust has a scheme of delegation that details the level of decisions within this structure.

The Executive Director is responsible for the day-to-day running of the Academy. There are four principal directors. They respectively have responsibility for the secondary campus, the primary campuses, The Centre and the Academy estates (operations). These five posts comprise the Academy's executive leadership team. The next layer includes deputy and assistant principals who have responsibility for key areas of standards and operation of Academy policies. Directors meet with their relevant Principal Directors at least weekly. Each primary campus is led by a Head of Campus who is directly managed by the Principal Director (Primary).

The Academy has a Joint Consultative Committee to discuss with staff association representatives issues affecting them. This meets every term but can meet more regularly on request from the Academy or from staff representatives.

Connected Organisations, Including Related Party Relationships

The Academy is not part of any wider network or a federation.

The Academy is a related party of The Duke of Northumberland's Charity, Newcastle Diocesan Education Board, Ward Hadaway Solicitors.

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TRUSTEES' REPORT (continued)

OBJECTIVES AND ACTIVITIES

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit.

Objects and Aims

• Mission, Aims & Values

The aims of The Northumberland Church of England Academy underpin the mission and these aims will be met by instilling core values in learners we work with. Central to all these are: inspiring achievement and encouraging compassion.

• Ethos

At The Northumberland Church of England Academy we shall strive to:

- i. Provide an inclusive and diverse learning environment with a distinctive Christian ethos which honours God;
- ii. Encourage staff and learners to aspire to fullness of life that they may achieve their potential;
- iii. Promote the moral, personal, physical, social and spiritual development of individuals within a Christian framework;
- iv. Create a community in which everyone without exception is respected, valued and happy.

• Core Principles

- i. **Kind** care for others, especially those in need
- ii. **Honest** tell the truth and be true to our word
- iii. **Humble** help others do well
- iv. **Responsible** be responsible for what we think, say & do
- v. **Determined** work hard
- vi. **Brave** always seek to do what is right
- vii. **Forgiving** learn from our mistakes and encourage one another to try again

Objectives, Strategies and Activities

The Academy's main objective for the period is to provide an excellent education for the community we serve, supporting the achievement of the Academy's mission and in keeping with its Christian foundation. The Academy aims to transform the life chances of young people in the communities it serves. It is particularly concerned that they gain meaningful employment after completion of their education.

The Academy's strategy for achieving its objectives involves;

- creating a high quality, high performing and well-motivated staff and to empower learners to achieve their potential
- ensuring a stimulating & motivating environment free from oppression
- enhancing community links
- maximising/improving outcomes at all levels

The Academy has a comprehensive range of policies to further its objects. Key among these are policies on inclusion, teaching & learning, safeguarding and the curriculum. These are focused on developing the potential of learners and staff to maximise employment opportunities. All the policies of the Academy have been reviewed in the last twelve months and where necessary have been updated to reflect any changes in legislation, official guidance and best practice.

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TRUSTEES' REPORT (continued)

Specific activities contributing to meeting these objectives have included:

- Restructuring the leadership responsibilities to improve management and support to staff to better respond to the students individual needs
- Restructuring the responsibilities of teaching assistants to provide more focused support to students
- A programme of numeracy interventions based on Maths Makes Sense has been set up
- A revised 14 to 19 pathways strategy linked to a revised secondary curriculum has been implemented
- A training programme suited to the needs of the Academy and the staff has been set up to drive the continued improvement of teaching and learning
- A new staff appraisal process has been set up to reflect changes in guidance from the DfE
- Establishing of an combined cadet force

Public Benefit

In setting objectives and planning for activities, The Academy Trust 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 in the advancement of education.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Key Performance Indicators

The academy has continued to make good progress over the last year building upon the continued progress since opening in 2009.

The Academy has in October 2014 33.6% of pupils on roll eligible for free school meals, however, 51.2% of pupils from Year 1 to Year 11 have been in receipt of free school meals in the last six years (Ever 6) and are hence eligible for the pupil premium. In total there are 1,081 free school meals, Ever 6 and Children Looked After and 19 Services Children in the Academy.

The funding the Academy receives for pupil premium children is spent on a variety of different types of support including

- Providing additional teaching to give low teacher: pupil ratios in specific subjects; extra TA resource providing targeted small group settings and individual support including speech and language; and additional specialist teachers and resources in PE and to support children with specific difficulties
- Additional learning pathways and curricula, in particular Read Write Inc in English and Maths Makes Sense for numeracy and 'Letters and Sounds' in nursery.
- Family & Learner Welfare Support and Parent Support Partners
- Subsidised transport and educational visits
- Breakfast, after school clubs and lunchtime clubs

The performance in the public examinations by Academy learners has shown continued improvements in KS2 and KS5 and maintained performance in KS4.

In the KS2 SATS the proportion of learners achieving Level 4+ in Reading, Writing and Maths improved to 84% compared to 68% last year. The proportion of learners achieving expected progress continued to rise with reading up to 95%, writing to 95% and mathematics to 96%. The gap between pupil premium students and on pupil premium students has been narrowed significantly with no gap in reading and writing.

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TRUSTEES' REPORT (continued)

In the sixth form;

- The A2 APS per entry continued to rise – 221.3 in 2014 compared to 211 in 2013
- The % of A* and A grades in academic subjects rose to 32.1% from 11.1% in 2013
- There was a 5% improvement in pass rate at AS level
- 19.5% of learners entered Further Education and 28.3% entered Higher Education 45.7% entered employment or apprenticeships and 6.5% were classified as NEET.

The KS4 results showed continued good progress in learners achieving their expected progress but this did not translate into the anticipated increase in GCSE results, which were below expectations.

- 5A* to C with English and Maths remained essentially level at 39.9% in 2014 compared to 39.9% in 2013 including early entry
- Learners achieving expected progress in Mathematics dropped from 63.5% in 2013 to 53% in 2014
- Learners achieving better than expected progress in Mathematics dropped from 20% in 2013 to 17.5% in 2014
- Learners achieving expected progress in English rose from 50% in 2013 to 68.5% in 2014
- Learners achieving better than expected progress in English rose from 19% in 2013 to 29% in 2014

The Academy tracks the attendance of all children meticulously and has continued to develop a range of targeted strategies to improve it. Actions taken have made a significant difference to reducing the proportion of children who are persistently absent. Attendance has continued the long term improvement trend with overall attendance now meeting the national average. Student exclusions continue to remain very low.

Curricular developments are contributing positively to improving children's achievement and attendance and ensuring better equality of opportunity for all. Our unique and highly successful literacy initiatives are continuing to develop children's progress in reading and increase their confidence in sharing their views and feelings. The new numeracy initiatives are having an impact in improving children's progress and these are being rolled out across primary and in KS3.

The 14 to 19 curriculum has been further refined to meet the developing needs and interests of the children and to reflect the changes in assessment including the move towards terminal examinations. The balance of the curriculum is now more academic and less vocational and students are rising to the challenges of the new curriculum.

Extra-curricular activities continue to expand and develop with the establishment of a Combined Cadet Force in the Academy, the launch of a DoE programme and the continued expansion of playing musical instruments among the students.

Senior leaders and managers, including the board of trustees, share a common ambition and drive to raise standards through improved provision across the academy.

The Academy continues to attract new learners and pupil numbers continue to rise. Feedback from current students is very positive, they feel safe and enjoy being at the Academy. Attendance continues to improve across the Academy.

The key financial performance indicators used were: operating performance against budget, which showed a reduction in surplus from £240,285 to £123,208; maintaining a positive cash flow during the year which was achieved; and staff costs as a percentage of overall income was 2.4% above budget at 83.8% principally due to recruitment of more experienced staff.

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TRUSTEES' REPORT (continued)

Going Concern

After making appropriate enquiries, the board of trustees 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

Financial and Risk Management Objectives and Policies

The Group held fund balances at 31 August 2014 of £48,217,937 comprising £1,566,881 of endowment funds, £47,740,301 of restricted funds, a pension reserve **deficit** of £1,800,000 and £710,755 of unrestricted general funds.

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2014 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. 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 period ended 31 August 2014, total expenditure of £17,105,538 exceeded total incoming resources by £515,195. The excess of income over expenditure of the Group for the year (taking account of donations made by Sponsors to the subsidiary Trust but excluding restricted fixed asset funds) was £408,675. At 31 August 2014 the net book value of fixed assets was £47,223,591 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the learners of the Academy.

The Academy's policy is to pay its suppliers within the deadline specified on the supplier's invoice or within 30 days if not specified. This objective has been achieved.

Reserves Policy

The trustees 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 reason for reserves 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) is £710,755 which is less than is needed. The Academy intends to continue building up free reserves to the level needed.

Investment Policy

The trustees' policy regarding investments is: to monitor regularly Cash Flow and Current Account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments; to avoid its current account being overdrawn; to identify funds surplus to immediate cash requirements and transfer to an account bearing a higher interest rate; to review periodically (at least annually) interest rates and compare with other investment opportunities; and to invest funds only in risk free and immediately accessible deposit accounts.

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TRUSTEES' REPORT (continued)

Principal Risks and Uncertainties

The trustees review the major risks to which the academy is exposed have been identified and are regularly reviewed by the Finance and General Purposes Committee and reported to the full board of trustees. For each specific risk a mitigation strategy has been identified. The principal risks identified by the trustees are:

Risk Register - Strategic and Reputational Risks

Category	Sub category	Specific
1 Strategic risk	Competition risk	Presence of other organisations with similar objects and little scope for differentiation
		Other organisations competing for the same sources of income
	Technology risk	IT systems out of date / no longer supported
2 Public profile risk	Trustee profile risk	Trustees are not considered to be arms length from charity

Risk Register - Operational Risks

2 Human resources risk	Trustee risk	Trustees become too involved with management of the charity and are not independent from management
	Management risk	Key person loss/succession risk
3 Income risk	Grants receivable risk	New funding regime for 2013-14 has detrimental impact. Impacts on Mainstream pre-16, 16-19 and SEN funding
		Pupil Premium funding removed or reduced by change in government policy
		EFA Funding does not rise with inflation resulting in squeeze on budget and proportion of spend on staff costs rises unacceptably
		Funding for learners with statements does not cover costs

Risk Management

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and Academy trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of Academy grounds) and internal financial controls in order to minimise risk. 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 following statement.

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TRUSTEES' REPORT (continued)

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to improve the levels of performance of its learners at all levels and will continue its efforts to ensure its learners have the best opportunities for employment or places in higher education once they leave. The Academy's improvement plan has targeted the following objectives and actions:

1. To embed literacy and numeracy in the work of all areas for all pupils
 - Literacy focus in secondary to build literacy improvement across the phase
 - Numeracy practices to be embedded across the phases
 - Training for all staff in Literacy/Numeracy to ensure that RWCM is embedded in staff practice
2. To ensure all pupils meet or exceed expected levels or points of progress
 - Individual pupil targets coupled with gap analysis implemented
 - Improved format of Review data for progress purposes
 - Action plans for key groups devised to ensure best outcomes
3. To raise more rapidly the attainment of Academy pupils at all levels
 - Raising achievement through a variety of initiatives including implementation of PiXL
 - Review SEN practices and train teachers to deliver under the new SEN framework
 - Targeted improvement work through diagnostic assessment and planning for progress
 - Achievement for All embedded and developed to address the needs of other vulnerable groups
 - Early Years and Foundations Development Plan
4. To improve the quality and consistency of teaching across the Academy
 - Leadership of teaching across all aspects of the Academy reviewed and accountability lines embedded
 - Collaborative Planning for progress and through gaps analysis fully implemented
 - All staff to have clear coaching pathways to develop their needs at whatever stage they are
 - Online appraisal system to be used to develop teachers to be the best they can be
5. To ensure that behaviour is consistently good in all lessons
 - Implement fully new behaviour for learning strategy to encourage the best climate for learning across the secondary phase
 - Develop pupil voice across the Academy
 - Review the efficacy of Alternative Provision and establish internal Alternative Provision resource
6. To improve attendance to 95% in secondary and primary to exceed 96% consistently and reduce persistent absenteeism to <4.5%
7. To improve leadership and management at all levels
 - Introduce rigorous self-evaluation and QA across the Academy
 - Develop a curriculum continuum between primary and secondary transition to mirror the new NC
 - Develop the KS3 curriculum
 - Review curriculum against new measures and world without levels.
 - School Improvement Partner appointed and programme of visits to be agreed.
 - Professional development for Middle Leadership – differentiated leadership development programme in place
 - Ensure the quality of teaching at Post 16 enables all students to make at least expected progress from that achieved at KS4 and reduce the levels of variability in outcomes for Post 16 students
 - Monitor rigorously the progression routes for students in Post 16, ensuring their IAG is effective

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TRUSTEES' REPORT (continued)

8. To develop excellence in governance
 - Continue to embed outcomes of governance review
9. The Academy is operating effectively to achieve its goals
 - Review staffing structures to ensure the Academy's services enable the Academy to meet its core purpose.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no funds held as a custodian trustee on behalf of others.

AUDITOR

In so far as the trustees are aware:

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

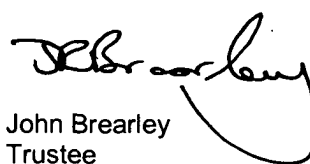
The following resolution will be put to the AGM of the Trust as regards the appointment of auditors.

Following a competitive exercise the members of the Academy trust appointed Baker Tilly LLP, 1 St James' Gate, Newcastle upon Tyne, NE1 4AD as auditor. The members of the Academy trust resolve to reappoint Baker Tilly as Academy auditor subject to an acceptable and affordable cost plan.

Approved by order of the members of the board of trustees on and signed on its behalf by:



Carole Snelling
Chair of Trustees



John Brearley
Trustee

10 December 2014

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Northumberland Church of England Academy has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Executive Director, 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 Northumberland Church of England Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Governor	Meetings attended	Out of a possible
Rory Wilson, Chair until 19/11/13	4	5
Carole Snelling, Chair elected 19/11/13	6	6
John Brearley, Vice Chair elected 9/7/14	5	6
David Ferguson	3	5
Alex Cox	2	2
Colin Davidson	1	1
Louise Kinghorn	5	6
Shirley Dickinson	5	5
Margaret Nicholson	5	6
Richard Bishopp	3	3
Jim Lang	4	5
Peter Robinson	4	6
Keith Merrin	4	6
Stephen Stubbings	1	1
Andrew Day	6	6

On 19th November 2013 Rory Wilson stood down as chair and was elected as vice chair; and Carole Snelling stood down as vice- chair and was elected as chair. On 9th July 2014 John Brearley was elected as vice chair to replace Rory Wilson. Sandra Brown resigned at the beginning of the year and Rory Wilson and David Ferguson resigned during the year. Richard Bishopp, Alex Cox, Colin Davidson, Shirley Dickinson, Jim Lang and Steve Stubbings joined the Board of trustees during the year.

The board of trustees has been subject to a review of its governance and effectiveness that was undertaken by the National Governors Association. The review identified a number of key strengths of the board as:

- Commitment, skills set and knowledge and understanding of the Academy's Chair of Governors and Chairs of committees
- The skills set of the governing body membership.
- The governing body's commitment and drive to use the skills audit analysis to ensure the sustainability of

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GOVERNANCE STATEMENT (continued)

effective governance and to ensure that an effective programme of training and development is established and achieves the desired impact

- Continue to develop the governing body's increased effectiveness with regard to:-
 - a) question and challenge
 - b) involvement in shaping governance practices
 - c) knowledge and understanding of the Academy's improvement priorities
 - d) knowledge, understanding and implementation of its roles and responsibilities
- Continue to develop the effective structures and systems established to ensure that the open, honest and transparent working relationships between the governing body and the Academy's leadership team are sustained
- Ensure that the principles established which have enabled the governing body to develop its current culture of shared strategic leadership with the Academy leadership team is sustained

A number of areas for improvement were also identified.

1. Improving the ways in which the governing body communicates and records governance procedure (with a focus on GB and committee agendas and minutes, and how the GB meeting is organised to capture and demonstrate governors' involvement in Academy improvement priorities) – action lists and additional standing items have been added to the agendas
2. Developing the professional role of the clerk to the governing body (including identifying and accessing training and development opportunities and an annual performance review of the clerk) – the clerk has attended further training
3. Developing the governing body's Succession Planning strategy to include raising the governing body's profile and visibility – there have been numerous changes to the composition of the board this year
4. Developing the governing body's access to quality training and development opportunities in line with the skills audit analysis - an updated skills analysis was undertaken and training opportunities identified for governors.

Overall the impact of these changes has been to make the board more focused on the strategic aims of the trust and monitoring performance against these objectives

The **Finance and General Purposes Committee** is a sub-committee of the main board of trustees. Its purpose is to provide an oversight of the Academy's financial activities and external audit. During the year the committee has met five times. John Brearley continued as chair, Margaret Nicholson and Andrew Day continued as members and Alex Cox and Colin Davison joined the committee during the year.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
John Brearley, Chair	5	5
Alex Cox	1	1
Colin Davidson	0	2
Margaret Nicholson	5	5
Carole Snelling (in attendance)	1	1
Andrew Day	5	5

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GOVERNANCE STATEMENT (continued)

The **Standards Committee** is a sub-committee of the main board of trustees. Its purpose is to provide an oversight of the Academy's quality of teaching, curriculum, behaviour, SEN provision and Governor training. Carole Snelling was chair for three meetings and David Ferguson and Richard Bishopp chaired one meeting each. Margaret Nicholson, Louise Kinghorn and Andrew Day continued as members. Keith Merrin, Margaret Nicholson and Richard Bishopp joined the committee during the year. During the year David Ferguson and Keith Merrin stood down from the committee.

The Committee has met five times this year and attendance at meetings was as follows:

Governor	Meetings attended	Out of a possible
Carole Snelling, Chair (3 meetings)	5	5
David Ferguson, Chair (1 meeting)	3	3
Richard Bishopp, Chair (1 meeting)	4	4
Shirley Dickinson	1	1
Louise Kinghorn	4	5
Keith Merrin	1	5
Margaret Nicholson	3	3
Andrew Day	4	5

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 Northumberland Church of England Academy for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees 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 board of trustees 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 ending 31 August 2014 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's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and General Purposes 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 (as set purchase or capital investment) guidelines;

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed a Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The RO function has been fully delivered in line with the EFA's requirements and no material control issues have been identified.

REVIEW OF EFFECTIVENESS

As accounting officer, the Executive Director 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 Responsible Officer;
- the work of the external auditor;
- 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 and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

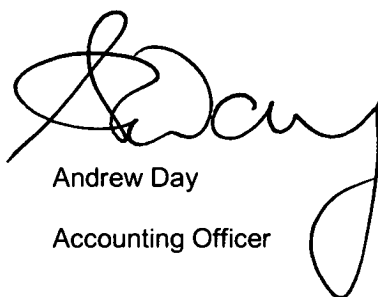
Approved by order of the members of the board of trustees on _____ and signed on their behalf, by:

10 December 2014



Carole Snelling

Trustee



Andrew Day

Accounting Officer

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

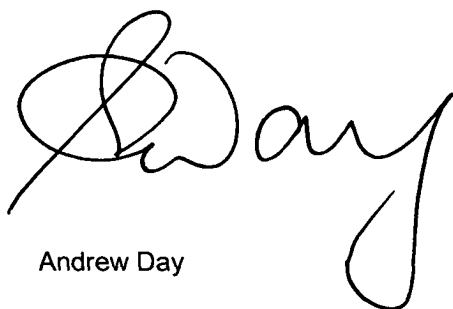
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Northumberland Church of England Academy I have considered my responsibility to notify the Academy's board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Andrew Day

Accounting Officer

Date: 10 December 2014

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who act as trustees for charitable activities of The Northumberland Church of England Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report (incorporating the strategic report) and the financial statements in accordance with the Annual Accounts Requirements published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

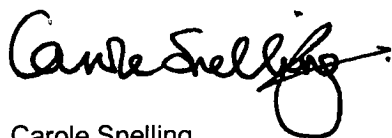
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the board of trustees on _____ and signed on its behalf by:

10 December 2014



Carole Snelling

Chair of Trustees

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

INDEPENDANT AUDITORS REPORT TO THE MEMBERS OF NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY FOR THE YEAR ENDED 31 AUGUST 2014

We have audited the financial statements of The Northumberland Church of England Academy for the year ended 31 August 2014 on pages 20 to 45. 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 to 2014 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 17, the governors (who act as trustees for the charitable activities of the charitable company, and are also 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.

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting records, 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.

Baker Tilly UK Audit LLP

CLAIRE LEECE (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE14AD

16 December 2014

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 AUGUST 2014

		Unrestricted Funds 2014 £	Restricted Funds 2014 £	Restricted Fixed Asset Funds £	Endowment £	Total 2014 £	Total 2013 £
	<i>Note</i>						
Incoming resources							
Incoming from generated funds							
Other Voluntary income	2	-	-	-	250,000	250,000	250,000
Activities for generating funds	3	122,203	69,864	-	-	192,067	116,553
Investment income	4	1,889	90,000	-	35,502	127,391	54,718
Incoming resources from charitable activities	5	393,073	15,413,737	141,154	-	15,947,964	15,507,298
Other incoming resources	6	72,921	-	-	-	72,921	47,549
Total incoming resources		<u>590,086</u>	<u>15,573,601</u>	<u>141,154</u>	<u>285,502</u>	<u>16,590,343</u>	<u>15,976,118</u>
Resources expended							
Cost of Generating Funds							
Fundraising expenses and other costs		38,082	-	-	-	38,082	59,444
Investment management expenses		-	-	-	3,474	3,474	2,152
Charitable activities	8,9	338,325	15,459,667	1,065,024	34,203	16,897,219	16,510,515
Governance costs	7	41,763	-	-	-	41,763	25,358
Exceptional Item	30	-	-	-	125,000	125,000	-
Total resources expended	10	<u>418,170</u>	<u>15,459,667</u>	<u>1,065,024</u>	<u>162,677</u>	<u>17,105,538</u>	<u>16,597,469</u>
Net incoming/(outgoing) resources before transfers		171,916	113,934	(923,870)	122,825	(515,195)	(621,351)
Gross transfers between funds	23	<u>(147,342)</u>	<u>-</u>	<u>-</u>	<u>147,342</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources before investment asset disposals		24,574	113,934	(923,870)	270,167	(515,195)	(621,351)
Profit/(Loss) in disposal of investment assets	18	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,909</u>	<u>1,909</u>	<u>(219)</u>
Net income / (expenditure) for the year		<u>24,574</u>	<u>113,934</u>	<u>(923,870)</u>	<u>272,076</u>	<u>(513,286)</u>	<u>(621,570)</u>

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

		Unrestricted Funds 2014 £	Restricted Funds 2014 £	Restricted Fixed Asset Funds £	Endowment £	Total 2014 £	Total 2013 £
Other recognised gains and losses							
Gains on revaluations of investment assets	18				44,805	44,805	67,101
Actuarial gains on defined pension schemes	28		690,000			690,000	280,000
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		24,574	803,934	(923,870)	316,881	221,519	(274,469)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds brought forward at 1 September		686,181	(2,087,224)	48,147,461	1,250,000	47,996,418	48,270,887
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward at 31 August		710,755	(1,283,290)	47,223,591	1,566,881	48,217,937	47,996,418
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

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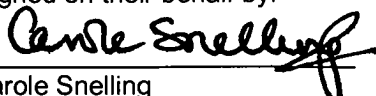
REGISTERED NUMBER 06653436

**BALANCE SHEET
AS AT 31 AUGUST 2014**

		£	2014 £	£	2013 £
	Note				
Fixed assets					
Tangible assets	17		47,223,591		48,147,462
Investments	18		1,381,238		1,141,498
			<u>48,604,829</u>		<u>49,288,960</u>
Current assets					
Stock	19	47,995		32,287	
Debtors	20	1,650,197		555,133	
Cash at bank and in hand		1,754,941		2,335,401	
		<u>3,453,133</u>		<u>2,922,821</u>	
Liabilities					
Creditors: amounts falling due within one year	21	(1,859,027)		(1,475,227)	
Net current assets			<u>1,594,106</u>		<u>1,447,594</u>
Total assets less current liabilities			<u>50,198,935</u>		<u>50,736,554</u>
Creditors: amounts falling due after more than one year	22		(180,998)		(190,136)
Net assets excluding pension liabilities			<u>50,017,937</u>		<u>50,546,418</u>
Defined benefit pension scheme liability	28		(1,800,000)		(2,550,000)
Net assets including pension scheme liabilities			<u>48,217,937</u>		<u>47,996,418</u>
Funds of the Academy					
Endowment funds			1,566,881		1,250,000
Restricted funds					
General fund		516,710		462,776	
Fixed assets fund		47,223,591		48,147,461	
		<u>47,740,301</u>		<u>48,610,237</u>	
Restricted funds excluding pension liability					
Pension reserve		(1,800,000)		(2,550,000)	
Total Restricted funds			<u>45,940,301</u>		<u>46,060,237</u>
Unrestricted funds			<u>710,755</u>		<u>686,181</u>
Total funds	23		<u>48,217,937</u>		<u>47,996,418</u>

The financial statements were approved by the trustees, and authorised for issue on
signed on their behalf by:

and are


Carole Snelling
Chair of Trustees

10 December 2014

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

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REGISTERED NUMBER 06653436

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash (outflow) from operating activities	25	(572,357)	(1,124,754)
<i>Returns on investments and servicing of finance</i>	26	37,391	34,718
<i>Capital expenditure and financial investment</i>	26	(36,356)	(134,554)
		<u> </u>	<u> </u>
Cash (outflow)/inflow before financing			
Financing	26	(9,138)	65,498
		<u> </u>	<u> </u>
(Decrease) in cash in the year		<u>(580,460)</u>	<u>(1,159,092)</u>

**RECONCILIATION OF NET CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
(Decrease) in cash in the year	(580,460)	(1,159,092)
Cash inflow/(outflow) from movement in debt and leasing finance	9,138	(65,498)
	<u> </u>	<u> </u>
Movement in net funds in the year	(571,322)	(1,224,590)
Net funds at 1 September	2,122,241	3,346,831
	<u> </u>	<u> </u>
Net funds at 31 August	<u>1,550,919</u>	<u>2,122,241</u>

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

REGISTERED NUMBER 06653436

1 ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently throughout the year is set out below.

Company status

The academy is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

Going concern

The academy's activities, together with the factors likely to affect its future development, performance and position are set out in the trustees' report. The trustees believe that the academy is adequately placed to manage its risks successfully despite the current uncertain economic outlook. The trustees have a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Incoming resources

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

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 year 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.

Sponsorship income

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measureable.

Donated services and gifts in kind

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.

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Other income

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

Resources expended

All expenditure is recognised in the year 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 to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on 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.

Fund accounting

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

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency (EFA) and Department for Education.

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

Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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 depreciation policy.

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.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

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Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives, as follows:

Leasehold buildings	- over the 125 year lease term
Leasehold improvements	- 10% straight line
Motor vehicles	- 10% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 33% straight line

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

Investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Stocks

Unsold uniforms and catering stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 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 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions

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. These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 16, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each Year.

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

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amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Aggregated results

These financial statements aggregate the results of the Northumberland Church of England Academy Endowment Trust, a Trust of which the Academy is the sole trustee and sole beneficiary, further details of which are given in note 32.

Agency Arrangements

The Academy Trust acts as an agent in the administering of the 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included as amounts due to the Trust.

2 VOLUNTARY INCOME

	Endowment fund	2014 Total	2013 Total
	£	£	£
Donations from the Academy Sponsors	250,000	250,000	250,000
Voluntary income	250,000	250,000	250,000

3 ACTIVITIES FOR GENERATING FUNDS

	2014 Total	2013 Total
	£	£
Fundraising events	87,330	21,204
Hire of facilities	51,048	46,416
Sale of goods	53,689	48,933
	192,067	116,553

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4 INVESTMENT INCOME

	Unrestricted funds £	Restricted funds	Endowment funds £	2014 Total £	2013 Total £
Bank interest receivable	1,889	-	-	1,889	4,315
Endowment Trust dividends receivable	-	-	35,329	35,329	30,109
Endowment Trust interest receivable	-	-	173	173	294
Pension income	-	90,000	-	90,000	20,000
	<u>1,889</u>	<u>90,000</u>	<u>35,502</u>	<u>127,391</u>	<u>54,718</u>

5 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	2014 £	2013 £
DfE/EFA revenue grant					
General Annual Grant (note11)	-	12,164,214	-	12,164,214	14,106,721
Capital Grants	-	-	43,808	43,808	42,694
Other Department for Education grants	-	1,423,535	-	1,423,535	973,445
Other government					
Other government grants	15,500	1,825,988	97,346	1,938,834	75,334
Catering	377,573	-	-	377,573	309,104
	<u>393,073</u>	<u>15,413,737</u>	<u>141,154</u>	<u>15,947,964</u>	<u>15,507,298</u>

GAG Claw back

During the current year, the academy was notified of a GAG claw back of £170,369. This amount has been accrued within the financial statements and is deducted from the current year GAG income within the total GAG income above. This is included in other creditors (see note 21).

Pupil Premium

During the current year clarification has been received from the EFA regarding the funding profile of the Pupil Premium Grant Funding. Following this Governors have re-assessed their method of income recognition. This has resulted in accrued income of £206,450 included within the income for 2014, with no such equivalent accrued amount in the prior year.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

REGISTERED NUMBER 06653436

6 OTHER INCOMING RESOURCES

	Unrestricted Funds	2014 £	2013 £
Staff Services	41,944	41,944	14,396
Feed in Tariff	13,137	13,137	13,672
Other Income Resources	17,840	17,840	19,481
	<u>72,921</u>	<u>72,921</u>	<u>47,549</u>

7 GOVERNANCE COSTS

	Unrestricted funds 2014 £	2014 £	2013 £
Auditor's remuneration			
Audit of financial statements	15,000	15,000	20,220
Other services	5,277	5,277	-
Legal and professional	21,486	21,486	5,138
	<u>41,763</u>	<u>41,763</u>	<u>25,358</u>

8 DIRECT COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Endowment funds 2014 £	2014 £	2013 £
Books, apparatus and stationery	-	461,067	-	461,067	435,431
Examination fees	-	95,407	-	95,407	87,857
Staff development	-	114,120	-	114,120	115,326
Educational consultancy and Bought in Services	-	393,247	-	393,247	168,228
Other direct costs	-	81,311	34,203	115,514	54,088
Pupil recruitment and support	-	109,258	-	109,258	165,740
Catering	338,325	-	-	338,325	353,416
Wages and Salaries – Teaching and Educational Support Staff	-	10,933,467	-	10,933,467	10,003,580
	<u>338,325</u>	<u>12,187,877</u>	<u>34,203</u>	<u>12,560,405</u>	<u>11,383,396</u>

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9 SUPPORT COSTS

	Restricted funds 2014	Restricted Fixed Assets funds 2014	2014 £	2013 £
Maintenance of premises and equipment	292,176	-	292,176	298,817
Cleaning	28,115	-	28,115	32,846
Rent and rates	179,958	-	179,958	181,400
Heat and light	331,679	-	331,679	342,921
Insurance	103,083	-	103,083	96,711
Transport	47,954	-	47,954	17,938
Technology costs	10,959	-	10,959	24,565
Other Support costs	65,776	-	65,776	75,433
Office stationery and communication costs	58,208	-	58,208	60,980
Subscriptions and licences	28,897	-	28,897	104,342
Miscellaneous supplies and services	13,168	-	13,168	60,421
Other staff costs	85,166	-	85,166	36,387
Wages and salaries	1,990,294	-	1,990,294	2,511,906
Depreciation	36,357	1,065,024	1,101,381	1,282,452
	<u>3,271,790</u>	<u>1,065,024</u>	<u>4,336,814</u>	<u>5,127,119</u>

10 ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2014 £	Premises 2014 £	Other costs 2014 £	Total 2014 £	Total 2013 £
Exceptional Item	-	-	125,000	125,000	-
Fundraising expenses	-	-	38,082	38,082	59,444
Investment management costs	-	-	3,474	3,474	2,152
Costs of generating funds	-	-	166,556	166,556	61,596
Academy's Educational operations	-	-	-	-	-
Direct costs	10,933,467	-	1,626,938	12,560,405	11,383,396
Support costs	1,990,294	1,272,622	1,073,898	4,336,814	5,127,119
Governance	-	-	41,763	41,763	25,358
	<u>12,923,761</u>	<u>1,272,622</u>	<u>2,909,155</u>	<u>17,105,538</u>	<u>16,597,469</u>

11 GENERAL ANNUAL GRANT

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2014 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 trust has not exceeded these limits during the year ended 31 August 2014.

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12 NET INCOME/(OUTGOING) RESOURCES

	2014 £	2013 £
Fees payable to the academy's auditors and its associates for audit of the academy's annual financial statements other services	15,000	20,220
Operating Leases	6,825	8,616
	<u>21,825</u>	<u>28,836</u>

13 STAFF COSTS

	2014 £	2013 £
Staff costs during the year were:		
Wages and salaries	9,993,786	9,738,955
Social security costs	686,468	571,130
Other pension costs (Note 28)	1,534,488	1,577,299
	<u>12,214,742</u>	<u>11,887,384</u>
Supply Costs	709,019	628,102
	<u>12,923,761</u>	<u>12,515,486</u>

The monthly average number of persons (including the senior management team) employed by the academy during the year was as follows:

	2014 No.	2013 No.
Teachers	169	167
Teaching support	190	162
Catering	31	27
Caretakers and Cleaners	61	55
Clericals	54	37
Lunchtime supervisors	36	64
Youth and Community	8	47
Lab and Technical Assistants	11	12
Management	5	5
	<u>565</u>	<u>576</u>

The full time equivalent number of employees was 365 (2013= 354) employees.

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The number of employees whose emoluments over £60,000 fell within the following bands was:

	2014	2013
	No.	No.
In the band £60,001 - £70,000	2	0
In the band £70,001 - £80,000	3	3
In the band £90,000 - £100,000	0	1
In the band £100,001 - £110,000	0	0
In the band £110,001 - £120,000	0	0
In the band £120,001 - £130,000	1	0
	<u>6</u>	<u>4</u>

Of these employees earning more than £60,000 per annum, 5 (2013 = 3) participated in the Teachers' Pension Scheme and 1 (2013 = 1) in the local government pension scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £70,081 (2013 - £52,924).

14 TRUSTEES' REMUNERATION

Principal and staff trustees only receive remuneration and expenses in respect of services they provide undertaking the roles of Principal and staff under their contracts of employment and not in respect of their services as trustees. Other trustees did not receive any payments from the academy in respect of their role as trustees. The value of trustees' remuneration fell within the following bands.

	2014	2013
	£	£
Executive Director		
Salary	120,000	110,000
Employers Pension Contributions	16,803	15,510
Other Staff Governor		
Salary	19,278	34,269
Employers Pension Contributions	3,566	7,607
Travel & Subsistence	-	-

15 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £250,000 on any one claim and the cost for the year ended 31 August 2014 was £1,112 (2013: £1,079). The cost of this insurance is included in the total insurance cost.

16 OTHER FINANCE INCOME

	2014	2013
	£	£
Expected return on pension scheme assets	650,000	480,000
Interest on pension scheme liabilities	(560,000)	(460,000)
	<u>90,000</u>	<u>20,000</u>

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17 TANGIBLE FIXED ASSETS

	Leasehold buildings and improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Costs					
At 1 September 2013	47,633,336	29,363	137,993	2,572,213	50,372,905
Additions	100,326		70,939	6,245	177,510
At 31 August 2014	<u>47,733,662</u>	<u>29,363</u>	<u>208,932</u>	<u>2,578,458</u>	<u>50,550,415</u>
Accumulated depreciation					
At 1 September 2013	675,193	10,394	76,142	1,463,714	2,225,443
Charge in year	440,694	2,936	39,078	618,673	1,101,381
At 31 August 2014	<u>1,115,887</u>	<u>13,330</u>	<u>115,220</u>	<u>2,082,387</u>	<u>3,326,824</u>
Net book value					
At 31 August 2014	<u>46,617,775</u>	<u>16,033</u>	<u>93,712</u>	<u>496,071</u>	<u>47,223,591</u>
At 31 August 2013	<u>46,958,143</u>	<u>18,969</u>	<u>61,851</u>	<u>1,108,499</u>	<u>48,147,462</u>

Impairment Review

Given the depreciation period of the leasehold buildings and improvements being 125 years impairment review has been undertaken with reference to FRS11. The impairment review has not found any shortfall between the carrying value and recoverable value and therefore no impairment adjustment has been recognised.

18 FIXED ASSET INVESTMENTS

	Listed securities	Other investments £	Total £
Market value			
At 1 September 2013	1,055,491	86,007	1,141,498
Additions	237,914	69,065	306,979
Disposals	(113,953)	-	(113,953)
Profit on Disposal	1,909	-	1,909
Revaluations	44,805	-	44,805
	<u>1,226,166</u>	<u>155,072</u>	<u>1,381,238</u>

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Material investments

The Academy holds the following investments within its Endowment Trust, the market value of which is more than 5% of the total value of investments held.

	31 August 2014 £	31 August 2013 £
Trojan Fund Shares Class S	68,046	-
Cazenove Inv Fd MT Eqty Inv Trust for Charities	130,578	124,635
Capita Finl Mngrs Trojan FD Inc NAV	-	66,356
Capita Fin Manager Trojan Income S	99,480	92,094
Cazenove In FD MT Diversity Income A	-	68,550
Cazenove Inv Fd MT Growth Trust for Charities	63,378	61,003
Cazenove Int Fd Strategic debt Fd Class A	-	64,685
Kames Capital High Yield BD B Instl Dis Nav	-	56,823
M&G (Guernsey) Offshore Optimal Income FD	-	58,802
M&G Inv Man Global Dividend	64,380	60,169
Polar Cap Gbl Health Ord	65,890	62,480
RWC Asset Man Inc Opps B	-	57,700
Veritas Asset Mgmt Global Equity Income A	80,360	55,111
RWC Income Opportunities Fund	79,811	-
CF Ruffer Shares Class 1	69,245	-
Schroder MM Diversity Income Fund	69,480	-

19 STOCKS

	2014 £	2013 £
Catering stock	9,753	12,439
Stock of uniforms	38,242	19,848
	<u>47,995</u>	<u>32,287</u>

20 DEBTORS

	2014 £	2013 £
Other debtors	1,190,659	267,424
Prepayments	86,426	80,835
Accrued Income	373,112	206,874
	<u>1,650,197</u>	<u>555,133</u>

Debtor Recoverability

Included within other debtors is an amount of £89,000 due from the Newcastle Diocesan Education Board which consists of a gross amount of £214,000 less a provision of £125,000 (see note 30 for details).

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21 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Other loans	23,204	23,204
Other taxation and social security	-	51,606
Other creditors	414,742	147,088
Accruals and deferred income	1,421,081	1,253,329
	<u>1,859,027</u>	<u>1,475,227</u>

Accruals and deferred income includes £8,750 (2013 £23,750) of deferred income arising from the Enterprise Apprenticeship Scheme with Northumberland County Council.

22 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Other loans	180,818	189,956
Other creditors	180	180
	<u>180,998</u>	<u>190,136</u>

Included within the above are amounts falling due as follows:

	2014 £	2013 £
Between one and two years		
Other loans	<u>23,204</u>	<u>23,204</u>
Between two and five years		
Other loans	<u>92,816</u>	<u>92,816</u>
Over five years		
Other loans	<u>88,002</u>	<u>97,140</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2014 £	2013 £
Loan	<u>88,002</u>	<u>97,140</u>

Other loans are loans received from the Duke of Northumberland's Charity to enable the Academy to install solar panelling (£152,866 in 2012 and a further £79,169 in 2013). The loan is unsecured and interest-free and is repayable on or before the tenth anniversary of the loan agreement. If the loan is not repaid on or before the due date, then the Academy will pay interest on the loan at the rate of 5% per annum above base rate.

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23 STATEMENT OF FUNDS

	Brought forward	Incoming resources	Resources expended	Transfers in/(out)	Gains/ (Losses)	Carried forward £
Unrestricted funds						
General funds	686,181	590,085	418,169	(147,342)	-	710,755
Endowment funds						
Sponsors Contributions	1,250,000	250,000	125,000	-	-	1,375,000
General Funds	-	35,502	37,677	147,342	46,714	191,881
	1,250,000	285,502	162,677	147,342	46,714	1,566,881
Restricted funds						
General Annual Grant	(149,806)	12,020,180	11,150,374	(720,000)	-	-
Pupil Premium	-	1,310,973	1,310,973	-	-	-
DfE start up grant	545,015	19,080	47,385	-	-	564,095
Other DfE grants	67,567	237,516	305,083	-	-	-
LEA SEN and EY Funding	-	1,763,374	1,763,374	-	-	-
Alternative Provision Grant	-	62,614	62,614	-	-	-
Educational Visits	-	69,864	69,864	-	-	-
Pension Reserve	(2,550,000)	90,000	750,000	720,000	690,000	(1,800,000)
	(2,087,224)	15,573,601	15,459,667	-	690,000	(1,283,290)
Restricted fixed asset funds						
Restricted fixed asset funds	48,147,461	141,154	1,065,024	-	-	47,223,591
Total restricted funds	46,060,238	15,714,755	16,524,691	-	690,000	45,940,301
Total of funds	47,996,418	16,670,711	16,852,263	-	46,714	48,217,937

Endowment Fund

This fund holds the donations payable to the Academy's subsidiary fund 'Northumberland Church of England Academy Endowment Trust' by its two sponsors, the Newcastle Diocesan Education Board and the Duke of Northumberland's Charity and any associated income received from investing the income received from sponsors. Funds can be used to support the education of the students, relieving hardship and supporting extra-curricular activities at the Academy.

Restricted Funds

General Annual Grant (GAG). This grant must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. This limitation has not been exceeded.

The transfer of £720,000 to the Pension Fund is in respect of employer payments made by the Academy to the Pension Fund during the year.

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Pupil Premium. This grant must be used to support pupil premium activities of the Academy. The Academy monitors pupil premium spend and details can be found on the Academy website.

DfE Start up Grant. This grant comprises a grant for expenditure on acquiring teaching, learning and other materials.

Other DfE Grant. These grants are used to support specific revenue costs.

Alternative Provision. The Academy received payments from Northumberland County Council to enable the Academy to fund alternative/off-site tuition for students.

Restricted Fixed Asset Fund. This fund represents the net book value of fixed assets gifted from the local authority and assets purchased using DfE/EFA grants, other government grants, non-government grants, general annual grant and fundraising activities.

	Brought forward	Incoming resources	Resources expended	Transfers in/out	Gains/ (Losses)	Carried forward £
General funds	686,181	590,086	418,170	(147,342)	-	710,755
Endowment funds	1,250,000	285,502	162,677	147,342	46,714	1,566,881
Restricted funds	(2,087,224)	15,573,601	15,459,667	-	690,000	(1,283,290)
Restricted fixed asset funds	48,147,461	141,154	1,065,024	-	-	47,223,591
	<u>47,996,418</u>	<u>16,590,343</u>	<u>17,105,538</u>	<u>-</u>	<u>736,714</u>	<u>48,217,937</u>

24 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted Funds 2014 £	Restricted fixed asset funds 2014 £	Endowment funds 2014 £	Total Funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	47,223,591	-	47,223,591	48,147,461
Fixed asset investments	-	-	-	1,381,238	1,381,238	1,141,498
Current assets	914,957	2,318,332	-	219,844	3,453,133	2,922,821
Creditors due within one year	(23,204)	(1,801,622)	-	(34,201)	(1,859,027)	(1,475,226)
Creditors due in more than one year	(180,998)	-	-	-	(180,998)	(190,136)
Pension scheme liability	-	(1,800,000)	-	-	(1,800,000)	(2,550,000)
	<u>710,755</u>	<u>(1,283,290)</u>	<u>47,223,591</u>	<u>1,566,881</u>	<u>48,217,937</u>	<u>47,996,418</u>

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25 NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Net incoming resources before revaluations	(513,286)	(621,570)
Returns on investments and servicing of finance	(37,391)	(34,718)
Investment income and costs not affecting cash flow	(194,935)	(278,032)
Depreciation of tangible fixed assets	1,101,381	1,282,452
Capital grants from DfE and others	(141,154)	(42,694)
(Increase)/Decrease in stocks	(15,708)	1,950
(Increase)/Decrease in debtors	(1,095,064)	16,734
Decrease in creditors	383,800	(1,338,876)
FRS 17 adjustments	(60,000)	(110,000)
Net cash outflow from operations	<u>(572,357)</u>	<u>(1,124,754)</u>

26 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014	2013
	£	£
Returns on investments and servicing of finance		
Interest received	1,889	4,609
Dividends received	35,502	30,109
Net cash inflow from returns on investments and servicing of finance	<u>37,391</u>	<u>34,718</u>

	2014	2013
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(177,510)	(177,248)
Capital grants from DfE	43,808	42,694
Other capital grants	97,346	-
	<u>(36,356)</u>	<u>(134,554)</u>

	2014	2013
	£	£
Financing		
Repayment of loans	(9,138)	(13,671)
Other new loans	-	79,169
Net cash inflow from financing	<u>(9,138)</u>	<u>65,498</u>

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27 ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non- cash changes £	31 August 2014 £
Cash at bank and in hand	2,335,401	(580,460)	-	1,754,941
Debt				
Debts due within one year	(23,204)	-	-	(23,204)
Debts falling due after more than one year	(189,956)	9,138	-	(180,818)
	<u>2,122,241</u>	<u>(571,322)</u>	<u>-</u>	<u>1,550,919</u>
Net funds	<u>2,122,241</u>	<u>(571,322)</u>	<u>-</u>	<u>1,550,919</u>

28 PENSION COMMITMENTS

The Academy'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 Northumberland County Council. Both are defined-benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), 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' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement scheme valuations had been suspended since the last valuation in 2004.

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The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is 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 investigation, 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.

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. 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%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, 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. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer contribution rate of 16.4% from September 2015 and an employer cost cap of 10.9%, both to be set in regulations. The employer contribution rate will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £814k (2013: £807k).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and 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 and the implications for the Academy Trust in terms of the anticipated rates.

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28 PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £920,000 (2013:£1,050,000), of which employer's contributions totalled £720,000 (2013:£860,000).

The amounts recognised on the Balance sheet are as follows:

	2014	2013
	£	£
Present value of funded obligations	(13,220,000)	(12,110,000)
Fair value of scheme assets	11,420,000	9,560,000
Net Liability	<u>(1,800,000)</u>	<u>(2,550,000)</u>

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

	2014	2013
	£	£
Interest on obligation	(560,000)	(460,000)
Expected return on scheme assets	650,000	480,000
Current service cost	(720,000)	(700,000)
Past service cost	(30,000)	(70,000)
Total	<u>(660,000)</u>	<u>(750,000)</u>
Actual return on scheme assets	<u>1,020,000</u>	<u>1,020,000</u>

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

	2014	2013
	£	£
Opening defined benefit obligation	12,110,000	10,450,000
Interest cost	560,000	460,000
Contribution by scheme participants	200,000	190,000
Actuarial losses	(320,000)	260,000
Benefits paid	(80,000)	(20,000)
Current service cost	720,000	700,000
Past service cost	30,000	70,000
Closing defined benefit obligation	<u>13,220,000</u>	<u>12,110,000</u>

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28 PENSION COMMITMENTS (continued)

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

	2014	2013
	£	£
Opening fair value of scheme assets	9,560,000	7,510,000
Expected return on assets	650,000	480,000
Actuarial gains and (losses)	370,000	540,000
Contributions by employer	720,000	860,000
Contributions by employees	200,000	190,000
Benefits paid	(80,000)	(20,000)
	<u>11,420,000</u>	<u>9,560,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of financial activities was £10,000 gain (2013: £(680,000) loss).

The academy expects to contribute £620,000 to its Defined benefit scheme in 2015.

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

	2014	2013
Equities	68.50%	68.70%
Government bonds	16.90%	14.90%
Corporate bonds	9.30%	9.80%
Cash	0.00%	1.20%
Property	4.40%	4.30%
Other	0.90%	1.10%

Expected return on assets. The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. Also shown are the assumed rates of return adopted by the Employer for the purposes of FRS17. The overall expected rate of return on Fund assets is a weighted average of the individual expected rates of return on each asset class.

	Long-term expected rate of return	
	(% per annum)	
	2014	2013
Equities	7.5	7.9
Property	6.8	7.4
Government bonds	2.9	3.4
Corporate bonds	3.3	4.1
Cash	1.1	0.9
Other	7.5	7.9
Total	6.3	6.7

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28 PENSION COMMITMENTS (continued)

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

	2014	2013
Discount rate for scheme liabilities	3.70%	4.50%
Expected return on scheme assets at 31 August	6.30%	6.70%
Rate of increase in salaries	3.60%	4.70%
Rate of increase for pensions in payment/inflation	2.10%	2.80%
Inflation assumption (CPI)	2.10%	2.80%
Inflation assumption	3.10%	3.70%

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

	2014	2013
Retiring today		
Males	22.9	22.5
Females	25.4	24.7
Retiring in 20 years		
Males	25.1	24.3
Females	27.7	26.6

Amounts for the current and previous three period are as follows:

Defined benefit pension schemes

	2014	2013	2012	2011
	£	£	£	£
Present Value of defined benefit obligation	(13,220,000)	(12,110,000)	(10,450,000)	(8,120,000)
Fair value of share of scheme assets	11,420,000	9,560,000	7,510,000	5,950,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deficit in scheme	<u>(1,800,000)</u>	<u>(2,550,000)</u>	<u>(2,940,000)</u>	<u>(2,170,000)</u>
Experience adjustments on scheme liabilities		-	-	-
Experience adjustments on share of scheme assets	370,000	540,000	200,000	560,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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29 OPERATING LEASE COMMITMENTS

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within 1 year	-	-	6,825	6,825
Between 2 and 5 years	-	-	29,015	35,840
After more than 5 years	-	5,000	-	-

In addition to these lease commitments, the charitable company occupies buildings owned by Northumberland County Council under a 125 year lease.

30 RELATED PARTY TRANSACTIONS

The Academy is a related party of The Duke of Northumberland's Charity, an Academy Sponsor from which Academy Governors have been appointed. During 2012 and 2013, the Academy received a loan from The Duke of Northumberland's Charity. The Academy made repayments against these loans of £9,138 (2013: £13,671). Further details of the loan are provided in note 22. The total amount owing to The Duke of Northumberland's Charity at the year end was £204,022 (2013: £213,160). Donations income of £125,000 (2013: £125,000) to the Academy's Endowment Trust was receivable from this Charity in the year ended 31 August 2013, under an agreement set up on the formation of the Academy. At the year end, the Charity owed £125,000 to the Endowment Trust, (2013: £125,000).

The Academy is a related party of the Newcastle Diocesan Education Board, an Academy Sponsor from which Academy Governors have been appointed. Donations income of £125,000 (2013: £125,000) to the Academy's Endowment trust was receivable from the Board in the year ended 31 August 2014, under the agreement set up on the formation of the Academy. At the year end, the Board owed £214,000 to the Endowment Trust (2013: £125,000). The Academy notes that the EFA published amended guidance in relation to deeds of gift in January 2012, which means that the DfE will not enforce deeds of gift. To this end, the Academy Trust note the best endeavours of the Newcastle Diocesan Education Board to pay monies in accordance with the original deed of gift, but consider that whilst the terms of the deed are under renegotiation with the Newcastle Diocesan Education Board, a provision of £125,000 against the monies due is appropriate, reducing the debtor to £89,000.

The Academy use Ward Hadaway for HR Legal Services and renewed its contract for these services on 01/09/13. On 02/04/14, Mr A Cox (a land and property partner at Ward Hadaway) was appointed as a governor. Between 02/04/14 and 31/08/14 the Academy spend £5,000 on legal services with Ward Hadaway and at the year end the Academy owed Ward Hadaway £1,200

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions may take place with organisations in which a member of the board of governors may have an interest. Any transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

31 CONTROLLING PARTY

The trustees are considered to be the ultimate controlling party of the Academy.

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32 AGGREGATED FUND

The Academy is the sole trustee of the Northumberland Church of England Academy Endowment Trust, a registered charity (number 1136497). This charity was set up to hold donations from the Academy's two sponsors, the Newcastle Diocesan Education Board and The Duke of Northumberland's Charity. The purpose of the Trust is to invest the sponsors' donations and apply the income towards the objects of the Academy. The results of the trust for the year and its position at the year end were as follows:

	2014	2013
	£	£
Donations from sponsors	250,000	250,000
Investment income receivable	35,502	30,403
Investment costs	(3,474)	(2,152)
Gains/(losses) on investments	46,714	66,882
Expenditure Agreed to support student activities	(34,203)	-
Exceptional Item	(125,000)	-
	<u>169,539</u>	<u>345,133</u>

	2014	2013
	£	£
Investments and cash held	1,381,238	1,141,498
Debtors – donations receivable	214,000	250,000
Other debtors	5,844	5,844
Creditors	(34,201)	-
Total	<u>1,566,881</u>	<u>1,397,342</u>

33 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 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.

34 CONTINGENT LIABILITIES

In the event that during the period of the funding agreement, the Academy sells or disposes of any asset for which a capital grant was received, the Academy shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Academy for its charitable purposes.

35 AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £26,786 and disbursed £21,822 with an amount of £4,964 repayable to the Academy Trust at 31st August 2014. The Academy chose not to take the 5% allowance available as a contribution to administration costs during the year.