

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

FRIDAY



A31OU4U1

A23

14/02/2014

#48

COMPANIES HOUSE

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the academy, its governors and advisers	1 - 2
Governors' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Governors' responsibilities statement	14
Independent auditors' report	15 - 16
Independent auditors' assurance report on regularity	17 - 18
Statement of financial activities	19 - 20
Balance sheet	21
Cash flow statement	22
Notes to the financial statements	23 - 43

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

Governors

E Varley, Chair
A Bennett
S Boughey
S Brown (resigned 22 April 2013)
G W Campbell, Vice Chair¹
N Grieveson, Head Teacher¹
V Hindmarch (resigned 8 January 2013)
V Hodgson
G E Keeler (appointed 22 April 2013)^{1,2}
E A McLaine
S J J Northgreaves^{1,2}
I Robley¹
A S Rodchester, Responsible Officer²
G Short²
D Smith
T Watson¹
J Whittaker
K A Wilkinson¹
L A Allcott (resigned 20 November 2012)
J Imrie (resigned 20 November 2012)
D H Ewart (appointed 18 February 2013)
M McKay (appointed 5 February 2013)
L Northgreaves (appointed 8 January 2013)¹

¹ Members of the Finance and Property Committee

² Staff governors

Company registered number

07638979

Principal and registered office

King James I Academy
South Church Road
Bishop Auckland
Co Durham
DL14 7JZ

Senior management team

N Grieveson, Headteacher
S Whitehead, Deputy Head
D Shearer
J Longstaff
K Jennings
M Stead
R Brown
J Welsh

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

Advisers (continued)

Independent auditors

Clive Owen & Co LLP
Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds TSB
Skinnergate
Darlington
Co Durham
DL3 7ND

Solicitors

Legal Department
Durham County Council
County Hall
Durham
DH1 5UL

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013

The Governors present their annual report together with the financial statements and auditors' reports of the charitable company for the period 1 September 2012 to 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Governors of King James I Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as King James I Academy.

Details of the Governors 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 charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnity

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

Principal Activities

The principal activity is the operation of King James I Academy. Further details are provided under 'Objectives and Activities'.

Method of Recruitment and Appointment or Election of Governors

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

Policies and Procedures Adopted for the Induction and Training of Governors

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

Organisational Structure

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

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

Organisational structure (continued)

The Senior Management Team consists of the Headteacher, a Deputy Headteacher four Assistant Headteachers and two Associate Headteachers who control the academy at an Executive Level, implementing policies and reporting back to Governors through the various Committees. As an executive group they are responsible for authorising spending within agreed limits and the appointment of staff with support from members of the Governing Body.

The Middle Leaders have both academic and pastoral responsibilities and are responsible for operational decision-making in relation to achievement, teaching and learning, facilities and behaviour management.

Risk Management

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

The academy has fully implemented the requirements of the Safer Recruitment procedures.

Connected Organisations, Including Related Party Relationships

During the period, three governors, G Campbell, J Imrie and T Watson, also sat on the Management Committee of the King James I Community Association (J Imrie resigned in December 2011 and no governor took her place). The Association provided facilities and provision for Bishop Auckland and the wider community to enable them to become involved and participate in community activities, sport, the Arts and social events. The Community Association was based on academy premises and paid a fee to the academy. The King James I Community Association ceased to trade from 30th April 2013. The assets and liabilities of King James I Community Association were transferred to King James I Academy who have continued the provision of the facilities to the wider community.

Further details are stated in Note 26 to the Financial Statements.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Charitable Company is the operation of King James I Academy to provide education for students of different abilities between the ages of 11 and 18.

In accordance with the articles of association the Charitable Company has adopted a "Funding Agreement" approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on media and performing arts.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

Objects and Aims (continued)

The main aims of the academy are summarised below

- Be a friendly, welcoming and caring school
- Develop a sense of personal and social responsibility
- Provide opportunities for spiritual, moral, social and cultural education, satisfying the need of and providing equal opportunities for all
- Provide support for all staff to develop their personal expertise, professional skill and to achieve job fulfilment
- Enable every child to achieve their full potential through a broad, balanced and interesting curriculum
- Develop a co-operative working relationship between all children, staff, parents, carers and governors
- Direct the resources of the school to agreed priorities, and
- Encourage and reward pupil achievement and good behaviour

Objectives, Strategies and Activities

King James I Academy aims to provide a creative and inspirational learning experiences which encourage young people to achieve their full potential and to become intelligent, responsible, productive and caring adults who are well prepared for the challenges of a world full of opportunities

King James I Academy is a learning community in which all ages meet to share and develop their talents and to promote mutual respect for all people, whatever their age, gender, ability, background or beliefs

The academy's Development Plan is reviewed annually. The main objectives of the academy during the Period 1 September 2012 to 31 August 2013 were as follows

- Improving attainment at Key Stages 3 and 4
- Improving attainment with More Able and Talented Students
- Improving the Quality of Learning and Progress
- Improving the Quality of SEN Learning and Progress
- Improving levels of Achievement and Enjoyment
- Ensuring Pupil Safety
- Improving Pupil Behaviour
- Promoting Healthy Lifestyles
- Contributing to the Wider Community
- Improving attendance
- Promoting workplace and other skills which will contribute to future economic well being
- Promoting Spiritual, moral, social and cultural development
- Improving the Quality of Teaching
- Improving the Use of Assessment to support learning
- Delivering an appropriate curriculum which meets the pupils needs
- Fostering a caring, guiding and supportive approach
- Improving the effectiveness of Leadership
- Improving the Leadership and management of teaching and learning
- Increasing the effectiveness of the Governing Body in challenging and supporting
- Ensuring the academy's engagement with parents and carers
- Developing partnerships to promote learning and wellbeing
- Promoting equality of opportunity and tackling discrimination
- Promoting Community Cohesion
- Achieving Value for Money
- Improving attainment at Sixth Form
- Improving Quality of provision in the Sixth Form
- Increasing the Effectiveness of leadership and management in the Sixth Form
- Improving Overall effectiveness of the Sixth Form

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

Activities for Achieving Objectives

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

Public Benefit

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

ACHIEVEMENTS AND PERFORMANCE

Review of Activities

It has been an excellent year for both GCSE and A level results. At GCSE level 100% of students achieved at least 5 or more A* to C grades, with a significant improvement on headline measures from 2012 results. Vocational courses continued their strength from previous year and 100% of students achieved A* - C grades or equivalent in such courses. Both ICT students and students studying double GCSE science or equivalent also achieved 100% success by achieving a grade C or above.

AS and A2 results have also improved with 66% of students achieving at least 2 A* - B grades. In year 13, 100% of students achieved success in their chosen programmes of study, with many of these achieving higher-grade levels.

Almost 65% of our students, together with an increasing number joining us for the first time, are choosing to continue with their studies in our Sixth Form, a Sixth Form which is noted for the personalised support it offers and one which this year helped all students wishing to progress to Higher Education, from Year 13 / 14, to secure a place in the University of their choice.

Results during the academic year ended 31 August 2013 were as follows:

Achievement Summary (KS3).

• L5+ in English	89%
• L6+ in English	45%
• L5+ in Maths	85%
• L6+ in Maths	60%
• L5+ EM	77%
• L6+ EM	39%
• L7+ in English	9%
• L7+ in Maths	29%
• L7+ EM	8%

Headline Achievement (KS4)

- 5+ A* to C %	100%
- 5+ A* to C (EM) %	59.4%
- 5+ A* to G %	100%
- 1+ A* to G %	100%
- VA (KS4)	1030 (est)
- CVA (KS4)	1046 (est)
- English 3LoP %	60%
- English 4LoP %	17%
- Maths 3LoP %	69%

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

Review of Activities (continued)

- Maths 4LoP %	23%
- Science 3LoP %	85%
- Science 4LoP %	38%
- English A* to C	65.2%
- Mathematics A* to C	70.3%
- Science A* to C	100%

Headline Achievement (KS5):

<u>Indicator / Year</u>	<u>2012</u>
Average QCA Points per Pupil	633.6
Average QCA Points per Entry	221.6

Leavers Destinations:

- Year 11 Leavers (Provisional Data for November 2013)
 - o Further Education (King James) 65.2%
 - o Further Education (Other) 30.4%
 - o Further Education (All) 95.6%
 - o Apprenticeships 0.7%
 - o Employment 0.7%
 - o Training 1.4%
 - o NEET 1.4%
- Sixth Form Leavers

<u>Academic Year Ends</u>	<u>2012</u>
Number of students in the year group	55
Number of students progressing into Higher education	31
Number of students progressing into employment	4
Gap Year	0
Apprenticeship	4
Year 14	12
Further Education Colleges	0

FINANCIAL REVIEW

Financial report for the period

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

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

During the year ended 31 August 2013, total expenditure of £6,508,000 exceeded recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £5,000.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

Financial report for the period (continued)

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

At 31 August 2013 the net book value of fixed assets was £5,695,000 and movements in tangible fixed assets are shown in note 15 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy

The provisions of Financial Reporting Standard No 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £1,415,000 recognised on the balance sheet

The academy held fund balances at 31 August 2013 of £4,652,000 comprising £4,422,000 of restricted funds and £230,000 of unrestricted funds

Financial and Risk Management Objectives and Policies

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

Principal risks and uncertainties

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

Reserves policy

The Governors review the reserve levels of the academy annually. The academy reserves policy is to hold enough funds to cover the principal risks facing the academy, but always maintaining a minimum level of reserves that the academy will not fall below. The approach taken is to quantify the key financial risks and ensure that there are enough reserves held to cover these risks. The key risks facing King James include a potential drop in student numbers, changes to the Funding Formula for both pre and post 16 students, the cost of short term sickness cover not covered by sickness insurance, and the potential reduction in income from academy lettings. For 2012/13 this amounted to £150,000. The minimum level of reserves is to be set at 2.5% of GAG (currently £108,000). The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £230,000 (see note 18)

Investment policy

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

Going concern

After making appropriate enquiries, the board of Governors 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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

PLANS FOR FUTURE PERIODS

Future developments

We are keen to develop our school to help us to achieve our long term vision, and to move away from being defined by our context and its high levels of deprivation. We believe that inspirational learning fosters aspiration and that aspiration promotes achievement. We believe that achievement coupled with creativity and enterprise help young people to escape from the negativity of their surroundings, to have pride in themselves and seeds long term improvements within their community.

As well as achieving significant success in Key Stage 4, we have improved achievement in Key Stage 5, we are increasing the size of our Sixth Form provision and are keen to develop the range of subjects on offer. We feel a significant sense of responsibility in relation to the regeneration of Bishop Auckland and take every opportunity to promote enterprise and entrepreneurial opportunities. We are keen to develop Apprenticeships and to use the skills we develop in our young people to help them to access Higher Education and training in ever larger numbers.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

This report was approved by order of the Board of Governors on 4 December 2013 and signed on its behalf by



E Varley
Chair

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As governors, we acknowledge we have overall responsibility for ensuring that King James I Academy, Bishop Auckland Limited 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 Governors has delegated the day-to-day responsibility to the Headteacher, 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 King James I Academy, Bishop Auckland Limited and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
E Varley, Chair	3	3
A Bennett	2	3
S Boughey	2	3
S Brown	1	2
G W Campbell, Vice Chair	3	3
N Greveson, Head Teacher	3	3
V Hindmarch	0	1
V Hodgson	2	3
G E Keeler	3	3
E A McLaine	1	3
S J J Northgreaves	3	3
I Robley	1	3
A S Rodchester, Responsible Officer	2	3
G Short	0	0
D Smith	2	3
T Watson	0	3
J Whittaker	3	3
K A Wilkinson	2	3
L A Allcott	0	0
J Imrie	0	0
D H Ewart	2	2
M McKay	1	2
L Northgreaves	1	2

The Finance and Property Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. The key issues that were reviewed by the Finance and Property Committee included agreeing the Medium Term Financial Plan, regularly reviewing the budget, implementing the Job Evaluation model, commenting on the academy's Priority Building Schools Programme Bid and reviewing the academy's Financial Management and Governance Evaluation. During the period G Campbell, who was an accountant prior to retirement, chaired the committee.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
G W Campbell, Chair	3	3
N Greveson, Head Teacher	3	3
G E Keeler	2	3
S J J Northgreaves	2	3
L Northgreaves	2	3
I Robley	1	3
T Watson	3	3
K A Wilkinson	3	3

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in King James I Academy, Bishop Auckland Limited for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Governors 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 Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

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 Governors,
- regular reviews by the of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed S Rodchester, a Governor, as responsible officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the board of Governors on the operation of the systems of control and on the discharge of the board of Governors' financial responsibilities.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities. The Responsible Officer has delivered their work as planned and no material control issues have been identified.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 Governors on 4 December 2013 and signed on their behalf,
by



E Varley
Chair of Trustees



N Grieveson
Accounting Officer

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of King James I Academy, Bishop Auckland Limited I have considered my responsibility to notify the academy Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

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

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



N Grieveson
Accounting Officer

Date 04 December 2013

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

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

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Governors on 4 December 2013 and signed on its behalf by



E Varley
Chair of Trustees

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED

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

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



C P Beaumont BA (Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen & Co LLP

Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
4 December 2013

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO KING JAMES I
ACADEMY, BISHOP AUCKLAND LIMITED AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by King James I Academy, Bishop Auckland Limited during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

**RESPECTIVE RESPONSIBILITIES OF KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED'S
ACCOUNTING OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of King James I Academy, Bishop Auckland Limited's funding agreement with the Secretary of State for Education dated 1 June 2011, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO KING JAMES I
ACADEMY, BISHOP AUCKLAND LIMITED AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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



Christopher Beaumont BA (Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen & Co LLP

Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

4 December 2013

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds 15 months ended 31 August 2012
	Note	2013 £000	2013 £000	2013 £000	2013 £000	£000
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	3	-	-	-	-	8,271
Activities for generating funds	4	282	322	-	604	880
Investment income	5	1	-	-	1	1
Incoming resources from charitable activities	6	-	4,790	16	4,806	5,796
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL INCOMING RESOURCES		283	5,112	16	5,411	14,948
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
RESOURCES EXPENDED						
Charitable activities	9	299	5,078	1,108	6,485	7,835
Governance costs	7	-	23	-	23	67
Other resources expended	8	-	-	-	-	964
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL RESOURCES EXPENDED	10	299	5,101	1,108	6,508	8,866
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		(16)	11	(1,092)	(1,097)	6,082

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds 15 months ended 31 August 2012
	Note	2013 £000	2013 £000	2013 £000	2013 £000	£000
Transfers between Funds	18	(127)	(114)	241	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(143)	(103)	(851)	(1,097)	6,082
Actuarial gains and losses on defined benefit pension schemes		-	24	-	24	(357)
NET MOVEMENT IN FUNDS FOR THE YEAR		(143)	(79)	(851)	(1,073)	5,725
Total funds at 1 September 2012		373	(1,200)	6,552	5,725	-
TOTAL FUNDS AT 31 AUGUST 2013		230	(1,279)	5,701	4,652	5,725

All activities relate to continuing operations

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

The notes on pages 23 to 43 form part of these financial statements

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 07638979

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Tangible assets	15		5,695	6,545
CURRENT ASSETS				
Debtors	16	327		312
Cash at bank and in hand		518		613
		<u>845</u>		<u>925</u>
CREDITORS amounts falling due within one year	17	(473)		(378)
NET CURRENT ASSETS			<u>372</u>	<u>547</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,067</u>	<u>7,092</u>
Defined benefit pension scheme liability	24		(1,415)	(1,367)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>4,652</u></u>	<u><u>5,725</u></u>
FUNDS OF THE ACADEMY				
Restricted funds				
Restricted funds	18	136		167
Fixed asset funds	18	5,701		6,552
		<u>5,837</u>		<u>6,719</u>
Restricted funds excluding pension liability				
Pension reserve		(1,415)		(1,367)
		<u></u>		<u></u>
Total restricted funds			4,422	5,352
Unrestricted funds	18		230	373
TOTAL FUNDS			<u><u>4,652</u></u>	<u><u>5,725</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 4 December 2013 and are signed on their behalf, by



E Varley
Chair of Trustees

The notes on pages 23 to 43 form part of these financial statements

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

		31 August 2013 £000	15 months ended 31 August 2012 £000
	Note		
Net cash flow from operating activities	20	145	198
Returns on investments and servicing of finance	21	1	1
Capital expenditure and financial investment	21	(241)	(40)
Cash transferred on conversion to an academy trust		-	454
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u>(95)</u>	<u>613</u>

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

	31 August 2013 £000	15 months ended 31 August 2012 £000
(Decrease)/Increase in cash in the year	<u>(95)</u>	<u>613</u>
MOVEMENT IN NET FUNDS IN THE YEAR	(95)	613
Net funds at 1 September 2012	<u>613</u>	<u>-</u>
NET FUNDS AT 31 AUGUST 2013	<u>518</u>	<u>613</u>

The notes on pages 23 to 43 form part of these financial statements

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Fund accounting

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

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

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

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the academy being notified of an impending distribution or the legacy being received.

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

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

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 measurable.

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

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

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

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

1.4 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

The premises are held on a 125 year lease from Durham County Council. As the risks and rewards have transferred to the Academy the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at depreciated replacement cost, as determined by an independent valuation.

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

Long term leasehold property	-	straight line over remaining useful economic life
Long term leasehold land	-	straight line over 125 years
Motor vehicles	-	straight line over 5 years
Fixtures and fittings	-	straight line over 10 years
Computer equipment	-	straight line over 3 years

1.7 Taxation

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

1 ACCOUNTING POLICIES (continued)

1.8 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method As stated in note 24, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year

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

2. GENERAL ANNUAL GRANT (GAG)

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

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

3 VOLUNTARY INCOME

	Unrestricted funds	Restricted funds	Total funds	Total funds 15 months ended 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Donations	-	-	-	4
Transfer from local authority on conversion	-	-	-	8,267
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	-	-	-	8,271
	<hr/>	<hr/>	<hr/>	<hr/>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds	Restricted funds	Total funds	Total funds 15 months ended 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Sundry income	60	113	173	186
Lettings	9	-	9	3
UCAN Centre	5	209	214	432
School trips	-	-	-	3
Staff absence insurance	40	-	40	41
Catering	81	-	81	97
School fund	87	-	87	118
	<u>282</u>	<u>322</u>	<u>604</u>	<u>880</u>

5 INVESTMENT INCOME

	Unrestricted funds	Restricted funds	Total funds	Total funds 15 months ended 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Bank interest	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Total funds	Total funds 15 months ended 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
DfE/EFA grants				
Devolved Formula Capital	-	16	16	7
General Annual Grant (GAG)	-	4,359	4,359	5,550
Pupil Premium	-	236	236	183
16-19 Bursary	-	13	13	-
Summer school	-	20	20	24
Other DfE/EFA Grants	-	4	4	7
PE Teacher Grant	-	8	8	-
	-	4,656	4,656	5,771
Other government grants				
SEN	-	67	67	-
Extended school community funding	-	18	18	-
Youth Grant	-	12	12	-
Other government grants	-	53	53	25
	-	150	150	25
	-	4,806	4,806	5,796

7. GOVERNANCE COSTS

	Unrestricted funds	Restricted funds	Total funds	Total funds 15 months ended 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Governance Auditors' remuneration	-	7	7	6
Legal expenses	-	16	16	61
	-	23	23	67

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

8. OTHER RESOURCES EXPENDED

	Unrestricted funds	Restricted funds	Total funds	Total funds 15 months ended 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Transferred from Local Authority on conversion	-	-	-	964
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Total funds	Total funds 15 months ended 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
DIRECT COSTS				
Wages and salaries	200	2,259	2,459	3,005
National insurance	-	195	195	234
Pension cost	-	336	336	374
Educational supplies	-	198	198	203
Examination fees	-	86	86	108
Staff development	-	8	8	12
Technology costs	-	13	13	-
Other direct costs	99	-	99	66
	<u>299</u>	<u>3,095</u>	<u>3,394</u>	<u>4,002</u>
SUPPORT COSTS				
Wages and salaries	-	963	963	1,280
National insurance	-	58	58	74
Pension cost	-	158	158	199
Depreciation	-	1,108	1,108	1,314
Net interest cost on pension schemes	-	47	47	56
Technology costs	-	11	11	49
Travel and subsistence	-	7	7	11
Recruitment and support	-	8	8	5
Maintenance of premises and equipment	-	62	62	139
Cleaning	-	15	15	16
Rent	-	31	31	44
Rates	-	41	41	46
Energy	-	117	117	136
Insurance	-	99	99	114
Security	-	3	3	9
Catering	-	49	49	65
Occupancy costs	-	8	8	10
Other support costs	-	306	306	266
	<u>-</u>	<u>3,091</u>	<u>3,091</u>	<u>3,833</u>
	<u>299</u>	<u>6,186</u>	<u>6,485</u>	<u>7,835</u>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs	Depreciation	Other costs	Total	Total 15 months ended 31 August 2012
	2013 £000	2013 £000	2013 £000	2013 £000	£000
Academy's educational operations	2,990	-	404	3,394	4,002
Support costs - Academy's educational operations	1,179	1,108	804	3,091	3,777
Charitable activities	4,169	1,108	1,208	6,485	7,779
Governance	-	-	23	23	67
Other resources expended	-	-	-	-	964
	4,169	1,108	1,231	6,508	8,810

11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	31 August 2013 £000	15 months ended 31 August 2012 £000
Depreciation of tangible fixed assets - owned by the charity	1,108	1,314
Auditors' remuneration	6	6
Auditors' remuneration - non-audit	1	-

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

12. STAFF COSTS

Staff costs were as follows

	31 August 2013 £000	15 months ended 31 August 2012 £000
Wages and salaries	3,295	4,218
Social security costs	253	308
Other pension costs (Note 24)	494	573
	<u>4,042</u>	<u>5,099</u>
Supply teacher costs	116	67
Compensation payments	11	-
	<u>4,169</u>	<u>5,166</u>

Included within Other pension costs is a £25,000 movement in accrued pension costs and £48,000 in respect of movements in the LGPS deficit

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

	31 August 2013 No	15 months ended 31 August 2012 No
Teaching staff	60	60
Teaching support and technicians	26	27
Premises staff	13	12
Admin staff	11	14
Other staff	7	7
	<u>117</u>	<u>120</u>

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

	31 August 2013 No	15 months ended 31 August 2012 No
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	2	1
	<u>2</u>	<u>2</u>

All of the above employee's participated in the Teachers Pension Scheme During the year ended 31 August 2013 contributions amounted to £23,000 (2012 £29,000)

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

13. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Governors (2012 - 6) in respect of defined benefit pension schemes

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

	31 August 2013 £000	Annualised 31 August 2012 £000
N Grieveson, Head Teacher	90-95	85-90
G Short	60-65	60-65
G E Keeler	45-50	45-50
A S Rodchester, Responsible Officer	95-100	95-100
S J J Northgreaves	30-35	30-35

During the year, no Governors received any reimbursement of expenses (2012 - £NIL)

14. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,417 (2012 - £400)

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

15. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 September 2012	7,813	11	7	29	7,860
Additions	180	25	23	30	258
At 31 August 2013	7,993	36	30	59	8,118
Depreciation					
At 1 September 2012	1,300	11	1	3	1,315
Charge for the year	1,084	2	5	17	1,108
At 31 August 2013	2,384	13	6	20	2,423
Net book value					
At 31 August 2013	5,609	23	24	39	5,695
At 31 August 2012	6,513	-	6	26	6,545

16. DEBTORS

	2013 £000	2012 £000
Trade debtors	3	3
VAT recoverable	79	36
Prepayments and accrued income	245	273
	<u>327</u>	<u>312</u>

**17. CREDITORS:
Amounts falling due within one year**

	2013 £000	2012 £000
Trade creditors	129	83
Other taxation and social security	75	76
Other creditors	58	59
Accruals and deferred income	211	160
	<u>473</u>	<u>378</u>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

17. CREDITORS:
Amounts falling due within one year (continued)

	£000
Deferred income	
Deferred income at 1 September 2012	50
Resources deferred during the year	24
Amounts released from previous years	(50)
	<hr/>
Deferred income at 31 August 2013	24
	<hr/> <hr/>

Deferred income includes Devolved Formula Capital, Rates and SEN funding which straddle the academic year

18. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Designated funds						
Equal Pay	-	-	-	53	-	53
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General funds						
Unrestricted						
general funds	338	196	(199)	(180)	-	155
School Fund	35	87	(100)	-	-	22
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	373	283	(299)	(180)	-	177
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted funds	373	283	(299)	(127)	-	230
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds						
General Annual Grant (GAG)	-	4,360	(4,299)	(61)	-	-
Other DfE/EFA grants	-	282	(282)	-	-	-
Other government grants	-	87	(87)	-	-	-
UCAN centre	106	209	(188)	-	-	127
Equal pay	61	-	(8)	(53)	-	-
Durham Youth	-	12	(3)	-	-	9
Other grants	-	162	(162)	-	-	-
Pension reserve	(1,367)	-	(72)	-	24	(1,415)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(1,200)	5,112	(5,101)	(114)	24	(1,279)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

18. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Legacy assets -						
land and buildings	6,502	-	(1,085)	-	-	5,417
Devolved Formula						
Capital	7	16	(2)	-	-	21
Capital expenditure						
from GAG	43	-	(21)	61	-	83
Capital expenditure						
from unrestricted	-	-	-	180	-	180
	<u>6,552</u>	<u>16</u>	<u>(1,108)</u>	<u>241</u>	<u>-</u>	<u>5,701</u>
Total restricted						
funds	5,352	5,128	(6,209)	127	24	4,422
Total of funds	<u>5,725</u>	<u>5,411</u>	<u>(6,508)</u>	<u>-</u>	<u>24</u>	<u>4,652</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy, including salaries and related costs, overheads, repairs and maintenance and insurance. The Academy is allowed to carry forward at 31 August 2013 a total of £523,000, being 12% of the current year's GAG funding. Of the carried forward balance, up to 2% can be used for general purposes at the Academy's discretion but any balance over 2% must be spent on capital.

The UCAN centre is an inclusion centre used by schools in the Bishop Auckland cluster. King James I Academy recharges its running costs to the other schools.

Equal pay represents funding set aside to meet the cost of potential Equal Pay claims.

Other DfE/EFA grants relate to Pupil Premium, Summer School, 16-19 Bursary fund, PE Teacher grant and WGA grant. Pupil premium is additional funding to be spent as the school sees fit to support disadvantaged children. Summer school funding is to be used to run a Summer School for disadvantaged students. 16-19 Bursary fund is to be used towards the cost of education of post year 11 students. The PE Teacher grant is to be used for the provision of physical education teacher costs. The WGA grant is to be used towards costs non educational running costs of the Academy.

Other government grants consists of SEN funding from Durham County Council, Extended school community funding, Youth grants and other small grants from Durham County Council. All of the grants are to be used for the provision of special educational needs and other educational costs.

Other grants relate to recharges in respect of the headmasters time spent at other schools and grants obtained from non government sources. All grants are to be used to cover salary and other staffing costs.

Fixed asset funds represent funding received to pay for assets held by the academy.

Unrestricted funds represents funding received for the academy to use as it sees fit.

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds 15 months ended 31 August 2012
	2013 £000	2013 £000	2013 £000	2013 £000	£000
Tangible fixed assets	-	-	5,695	5,695	6,545
Current assets	384	455	6	845	925
Creditors due within one year	(154)	(319)	-	(473)	(378)
Provisions for liabilities and charges	-	(1,415)	-	(1,415)	(1,367)
	<u>230</u>	<u>(1,279)</u>	<u>5,701</u>	<u>4,652</u>	<u>5,725</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2013 £000	15 months ended 31 August 2012 £000
Net incoming resources before revaluations	(1,097)	6,082
Returns on investments and servicing of finance	(1)	(1)
Cash transferred from Local Authority on conversion	-	(454)
Donated fixed assets	-	(7,813)
Depreciation of tangible fixed assets	1,108	1,315
Capital grants from DfE	(16)	(7)
Increase in debtors	(15)	(312)
Increase in creditors	94	378
FRS 17 adjustments	72	1,010
Net cash inflow from operations	<u>145</u>	<u>198</u>

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

	31 August 2013 £000	15 months ended 31 August 2012 £000
Returns on investments and servicing of finance		
Interest received	<u>1</u>	<u>1</u>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

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

	31 August 2013 £000	15 months ended 31 August 2012 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(257)	(47)
Capital grants from DfE	16	7
Net cash outflow capital expenditure	<u>(241)</u>	<u>(40)</u>

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £000	Cash flow £000	Other non-cash changes £000	31 August 2013 £000
Cash at bank and in hand	613	(95)	-	518
Net funds	<u>613</u>	<u>(95)</u>	<u>-</u>	<u>518</u>

23. CAPITAL COMMITMENTS

At 31 August 2013 the academy had capital commitments as follows

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	<u>144</u>	<u>-</u>

24. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Durham 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010

Contributions amounting to £59,000 were payable to the scheme at 31 August 2013 (2012 - 58,000) and are included within creditors

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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

The TPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £489,000, of which employer's contributions totalled £304,000.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £169,000, of which employer's contributions totalled £117,000 and employees' contributions totalled £52,000. The agreed contribution rates for future years are 14.4% for employers and 5.5 - 7.5% for employees.

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

The amounts recognised in the Balance sheet are as follows:

	31 August 2013 £000	15 months ended 31 August 2012 £000
Present value of funded obligations	(2,636)	(2,315)
Fair value of scheme assets	1,221	948
Net liability	(1,415)	(1,367)

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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

	31 August 2013 £000	15 months ended 31 August 2012 £000
Current service cost	(186)	(188)
Interest on obligation	(101)	(116)
Expected return on scheme assets	54	60
Past service cost	(3)	-
	<u>(236)</u>	<u>(244)</u>
Total	<u>(236)</u>	<u>(244)</u>

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

	31 August 2013 £000	15 months ended 31 August 2012 £000
Opening defined benefit obligation	2,315	1,632
Current service cost	186	188
Interest cost	101	116
Contributions by scheme participants	49	62
Actuarial Losses	15	331
Past service costs	3	-
Benefits paid	(33)	(14)
	<u>2,636</u>	<u>2,315</u>
Closing defined benefit obligation	<u>2,636</u>	<u>2,315</u>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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

	31 August 2013 £000	15 months ended 31 August 2012 £000
Opening fair value of scheme assets	948	668
Expected return on assets	54	60
Actuarial gains and (losses)	39	(26)
Contributions by employer	164	198
Contributions by employees	49	62
Benefits paid	(33)	(14)
	<u>1,221</u>	<u>948</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £24,000 (2012 - £(357,000))

The academy expects to contribute £164,000 to its Defined benefit pension scheme in 2014

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

	2013	2012
Property	7 00 %	6 90 %
Equities	53 30 %	51 70 %
Government bonds	28 00 %	29 30 %
Corporate bonds	9 40 %	10 80 %
Cash	2 30 %	1 30 %

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

	2013	2012
Discount rate for scheme liabilities	4 50 %	4 20 %
Rate of increase in salaries	4 70 %	4 70 %
Rate of increase for pensions in payment / inflation	2 80 %	2 20 %
Inflation assumption (CPI)	2 80 %	2 20 %
Rate of increase to deferred pensions	2 80 %	2 20 %
RPI inflation	3 70 %	3 20 %

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

	2013	2012
Retiring today		
Males	22 1	22 0
Females	24 3	24 1
Retiring in 20 years		
Males	23 9	23 8
Females	26 2	26 1

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013 £000	2012 £000
Defined benefit obligation	(2,636)	(2,315)
Scheme assets	1,221	948
Deficit	<u>(1,415)</u>	<u>(1,367)</u>
Experience adjustments on scheme liabilities	(15)	(331)
Experience adjustments on scheme assets	<u>39</u>	<u>(26)</u>

25. OPERATING LEASE COMMITMENTS

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

	Land and buildings 2013 £000	2012 £000	2013 £000	Other 2012 £000
Expiry date:				
Within 1 year	-	-	2	12
Between 2 and 5 years	-	-	2	-
After more than 5 years	-	-	-	6

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year, three governors of the academy also sat on the management committee of the King James 1 Community Association. The academy charged the Community Association £50,000 (2012 £50,000) for use of the premises, £5,000 for staff costs (2012 £5,000) and £nil (2012 £3,000) for other goods and services during the period. The balance owed to the Academy as at 31 August 2013 was £nil (2012 £3,000).