

Company Registration Number: 07638979 (England and Wales)

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

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KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

G W Campbell
A S Rodchester
E Varley

Governors

E Varley, Chair
G W Campbell, Vice Chair¹
N Grieveson, Accounting Officer¹
C W Booth¹
S Boughey
R A M Dobinson (appointed 27 March 2017)
D H Ewart (resigned 21 January 2017)¹
A L Gardner
P Hardy (appointed 23 March 2017)
G E Keeler, Staff Governor (resigned 20 September 2017)
L Northgreaves (resigned 23 November 2016)¹
S J J Northgreaves, Staff Governor¹
Dr C T Potter
I Robley
A S Rodchester
D A Shearer, Staff Governor (resigned 8 June 2017)
G Short¹
D Smith¹
H Stevens
Cllr T Tucker¹
Dr J Whittaker
K A Wilkinson¹
L A Willis (resigned 13 December 2016)

¹ Members of the Finance and Property Committee

Company registered number

07638979

Company name

King James I Academy, Bishop Auckland Limited

Principal and registered office

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017

Senior management team

N Grieveson, Head Teacher
S Whitehead, Deputy Head
D Shearer, Assistant Head
J Longstaff, Assistant Head
M Stead, Assistant Head
R Brown, Assistant Head
J Aitken, Assistant Head

Independent auditors

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

Bankers

Lloyds Bank plc
21-23 Northgate
Darlington
Co Durham
DL1 1TL

Solicitors

Legal Department
Durham County Council
County Hall
Durham
DH1 5UL

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Governors' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Bishop Auckland. It has a pupil capacity of 950 and had a roll of 728 in the school census on 18 May 2017.

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, Bishop Auckland Limited 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' Indemnities

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

Method of recruitment and appointment or election of Governors

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Head Teacher 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.

All Governor vacancies are advertised on the school website. Where the vacancy is for a Parent Governor, a letter is sent to all parents seeking nominations. Parent Governor vacancies are appointed following a ballot process, other Governor vacancies are appointed following an interview process.

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 Governors a year, induction tends to be done informally and is tailored specifically to the individual.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

The academy operates a unified management structure consisting 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 policy, adopting an annual development plan and budget. They monitor academy performance via regular reporting and make major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Senior Management Team consists of the Head Teacher, a Deputy Head Teacher and five Assistant Head Teachers 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.

Arrangements for setting pay and remuneration of key management personnel

The Head Teacher is appointed on a seven point Individual School Range. The Individual School Range is set by the Governing Body and is based on the academy size, and any permanent additional relevant factors as determined within the framework of the School Teachers' Pay and Conditions document. Progression on the Individual School Range is subject to a review of the Head Teacher's performance set against the annual appraisal review.

All other leadership posts have been assigned a 5 point pay range by the Governing Body. These ranges have been determined from within the indicative leadership scale contained in the School Teacher's Pay and Conditions document and in accordance with setting the pay for the Head Teacher. The range for individual posts has been determined according to the duties and responsibilities of the post. Progression on the pay range will be subject to a review of their performance set against the annual appraisal review.

Related Parties and other Connected Charities and Organisations

During the period the academy transacted with one related party. Details of related party transaction are stated in Note 23 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 19.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with emphasis on media and performing arts.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Objects and aims (continued)

The main objectives of the academy during the year ended 31 August 2017 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 opportunities 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 experience that encourages 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 2016 to 31 August 2017 were as follows

- To improve the effectiveness of Leadership
- To improve the leadership and management of teaching and learning
- To ensure that students achieve the best possible outcomes in English and Maths and ensure that performance across all subjects is matched
- To improve performance and standards through increased challenge, accountability and quality assurance
- To set challenging and achievable targets for all students
- To update the curriculum and realign targets to reflect Attainment 8 / Progress 8 Accountability Measures
- To improve the level of engagement with parents and carers
- To promote improved and consistent literacy and numeracy standards
- To ensure pupil safety
- To improve primary liaison, outreach and recruitment
- To grow our outreach programme to support lifelong learning
- To support the project management of the PSBP programme to ensure that outcomes are fit for purpose
- To ensure that the budget is managed in order to meet the educational needs of all students
- To ensure that the academy has the appropriate balance of support and teaching staff to maximise achievement
- To Increase the effectiveness of the Governing Body in challenging and supporting
- To ensure that Governors are informed of school and national issues
- To ensure pupil targets are realistic and challenging, and progress against targets is tracked
- To improve the quality and consistency in homework
- To improve the Quality of Teaching
- To improve the Quality of Learning and Progress
- To ensure an appropriate CPD programme is in place
- To develop and share best practice across the academy
- To improve the ethos, climate and attitude to learning
- To improve attendance
- To improve pupil behaviour

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities (continued)

- To improve progress and achievement at Key Stages 3, 4 and 5 in all subject areas
- To achieve a Progress 8 target of +0.5 and an Attainment 8 target of B- / Grade 5
- To improve the performance of More Able and Talented Students
- To Improve the performance ("close the gap") of pupil premium children
- To improve the Quality of SEN Learning and Progress
- To improve levels of Achievement and Enjoyment
- To recognise and reward high achievement
- To improve the use of assessment to support learning
- To improve attainment at Sixth Form
- To improve quality of provision in the Sixth Form
- To improve recruitment and retention with the Sixth Form
- To Increase the effectiveness of leadership and management in the Sixth Form
- To improve the overall effectiveness of the Sixth Form

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 academy's aims and achievements are set out within this report and have been undertaken to further its 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 Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy should undertake.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Review of activities

Our Year 11 students celebrated significant achievements following receipt of their GCSE results. 50% of our Year 11 students have achieved 8 or more A*-C grades, with students achieving over 140 A+ grades, or higher, across their chosen subjects.

In the following subjects, 100% of the students achieved an A* to C grade (or equivalent): Art, Photography, Religious Studies, Spanish, Business, Health & Social Care, Sport, Travel & Tourism, Food & Cookery and Creative Studies (Music). We have seen major improvements in the percentage of students achieving good grades in History, Computing and Geography. Students in Science have also been recognised for their dedication with 95% in Biology and 90% in Physics achieving good grades.

Students in English and Mathematics have completed the new style GCSE and will be the first to receive the new 9 to 1 grades. It has been a good year and a year in which we have celebrated significant gains across a diverse range of subjects.

Students have achieved a provisional Progress 8 figure of +0.12 meaning that, on average, students have achieved an eighth of a grade more, across all subjects, when compared with students nationally, based upon their prior performance. This means that for the second consecutive year, the Academy, based upon this measure, is amongst the highest achieving schools in County Durham.

In 2016/17 we saw an increase in the proportion of Sixth Form students choosing academic A levels. Students have achieved an average B grade across a broad range of subjects from English Literature and Mathematics to Art and Business (average of A' Level, Academic, Applied General and Technical qualifications).

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Review of activities (continued)

Results during the academic year ended 31 August 2017 were as follows:

Achievement Summary (KS3)

End of Key Stage Analysis:

- % of students achieving Grade 2+ & 3+ v target

Subject	% Grade 2+ target	% Grade 2+	% Grade 3+ target	% Grade 3+
Maths	84%	86%	61%	66%
English	88%	88%	64%	60%
Science	87%	93%	57%	72%

Core Subject Analysis:

- % of students making 2+ Grades of Progress Year 7 to Year 9

Subject	Year 9 2016-17
Maths	67%
English	52%

Level 5+ & Level 6+

Subject	2017 L5+ % actual	2017 L6+ % actual
Maths	86%	65%
English	89%	60%

Headline Achievement (KS4)

Attainment 8 Score	43.96
Progress 8 score	+0.12 (provisional)
English A8 (2)	8.17
Mathematics A8 (2)	7.76
EBacc' Subjects A8 (3)	11.72
Open Subjects A8 (3)	16.32
4+ (EM) %	50%
5+ (EM) %	23%
English 4+ %	59%
English 5+ %	35%
Maths 4+ %	63%
Maths 5+ %	37%

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Headline Achievement (KS5)

A' Level APS / Grade	32.84 / C+
Academic APS / Grade	32.73 / C+
Applied General APS / Grade	39.48 / Distinction+
Tech' Level APS / Grade	34.57 / Distinction
English Progress Measure	+0.65
Mathematics Progress Measure	+0.38

Ofsted

The most recent Ofsted inspection in March 2017 resulted in a judgement for the overall effectiveness of the school as 'Good'. The school was judged to be 'Good' in each inspection category: Effectiveness of leadership and management; Quality of teaching, learning and assessment; Personal development, behaviour and welfare; Outcomes for pupils; 16 to 19 study programmes.

The following provides a summary of the key findings for parents and pupils:

- The Head Teacher is resolute and committed to raising standards and expectations for both staff and pupils. His efforts are reflected within pupils' improved outcomes in Year 11 in 2016.
- Governors and other leaders have initiated strategies that have had a positive impact on pupils' outcomes over time.
- External support has also been effective in driving school improvement, such as the leadership of modern foreign languages.
- Pupils' progress across a range of subjects, including English and mathematics, is now good. Standards are rising. Disadvantaged pupils achieve well.
- A clear focus on bespoke training and the development of staff has paid dividends. Teaching has improved and is good, particularly in key stage 4.
- Teachers' good subject knowledge and skilful questioning ensure that pupils are motivated to learn. Although in the main, assessment information is used well to provide work well matched to pupils' needs, sometimes, work lacks challenge, particularly for the most able. There remains scope to share good teaching practice more widely among staff.
- The curriculum offers a broad and personalised approach. Leaders think carefully about the subjects that pupils study so that they are prepared well for life beyond school.
- Although pupils achieve well in English, opportunities to develop their literacy skills across the curriculum are still, sometimes, overlooked.
- As a result of good teaching and leadership, students in the sixth form achieve well. Students in the sixth form are excellent role models for younger year groups.
- Pupils are polite and respectful and behave well. They are positive ambassadors for the school.
- Pupils feel safe and are kept safe. Any concerns are dealt with promptly.
- Leaders' targeted and continued efforts to improve attendance are being successful.
- New schemes of learning continue to improve pupils' outcomes. However, leaders need to continue to check that they are having a sustained and equal impact across all year groups.
- The vast majority of parents are very positive about the school. They recognise that the quality of education has improved.

Key performance indicators

The key financial performance indicators of the academy trust are as detailed below:

Total Income per pupil	£6,606
Total GAG per pupil	£5,773
GAG/Income ratio	87.4%
Teaching Staff Costs / Total Income	58.4%
Total Staff Cost / Total Income	82.7%
Expenditure per pupil	£6,692
Pupil Teacher ratio	13.6
Level of general reserves	£114,963
General reserve / income ratio	2.33%
General reserve / GAG ratio	2.66%

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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.

FINANCIAL REVIEW

Most of the academy's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2017 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/ESFA. In accordance with The Charities SORP (FRS102), 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.

In addition the academy receives income for the sale of goods and services. These services mainly include the provision of catering facilities to children and staff and the letting of sports facilities to the public.

During the year ended 31 August 2017, total expenditure of £5,548,000 was in excess of recurrent grant funding from the DfE/ESFA 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 £208,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2017 the net book value of fixed assets was £14,439,000 and movements in tangible fixed assets are shown in note 12 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 (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £1,911,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2017 of £12,617,000 comprising £12,481,000 of restricted funds and £136,000 of unrestricted funds.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The academy holds endowment restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held to cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by the Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £105,000 (based on 2.5% of GAG).

This is considered sufficient to cover the principal risks faced by the Academy such as

- a) pupil numbers not raising as quickly as anticipated
- b) changes to the Funding Formula for both pre and post 16 students
- c) the cost of sickness cover above that included within budget

The academy's current level of free reserves are in surplus by £119,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The Governors continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied.

Investments 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.

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA. 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.

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 Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PLANS FOR FUTURE PERIODS

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.

Following significant success in Key Stages 4 and 5, our aim is to continuously improve progress and results year on year providing our students with the opportunities to access higher education, apprenticeships or to gain employment. 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.

2017/18 will be the first full academic year in which our students will benefit from all of the state of the art facilities (improved sports, arts, ICT and general teaching provision) delivered under the Priority Schools Building Programme Scheme.

Disclosure of information to auditors

Insofar as the Governors are aware:

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

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 14 December 2017 and signed on its behalf by:



E Varley
Chair

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
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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 Head Teacher, 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 Statement of Governors' Responsibilities. 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
G W Campbell, Vice Chair	3	3
N Grieveson, Accounting Officer	3	3
C W Booth	3	3
S Boughey	3	3
R A M Dobinson	1	1
D H Ewart	1	1
A L Gardner	2	3
P Hardy	1	1
G E Keeler, Staff Governor	1	3
L Northgreaves	0	0
S J J Northgreaves, Staff Governor	2	3
Dr C T Potter	3	3
I Robley	1	3
A S Rodchester	2	3
D A Shearer, Staff Governor	2	2
G Short	3	3
D Smith	2	3
H Stevens	0	3
Cllr T Tucker	2	3
Dr J Whittaker	1	3
K A Wilkinson	3	3
L A Willis	0	1

The Governing body is constituted from a mix of member appointed, parent and staff governors and includes expertise from a number of professions including education, accountancy and law. During the financial year two new parent governors were appointed and five governors resigned their positions. There are currently three governor vacancies being recruited to. The major challenges faced by Governors during the year included improving the educational results, managing the impact of the Priority Building Schools Programme and addressing government funding pressures.

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GOVERNANCE STATEMENT (continued)

Governance (continued)

In the autumn term of 2016 the academy undertook an audit of Governor skills and used this information to align governors with key functional area and governing body committees to ensure that we are making the most appropriate use of Governor's skills. The following outcomes were achieved:

- To improve Governor's awareness of Ofsted expectations in relation to Governance
- To identify Committees and agree appropriate membership
- To identify Governors' skills and experience and how these relate to the role of Committees and to Governors' responsibilities
- To confirm the leadership arrangements for Committees
- To identify the potential sources of evidence which can be used by Governors to inform judgements and actions
- To agree the process for consulting up and agreeing policies
- To identify and promote departmental links

Governance has been redefined based upon the Ofsted guidance in order to ensure that clear lines of accountability are defined and to confirm challenge and practice. The following comments are taken from the Ofsted report March 2017:

- "Governors are unwavering in their support for the headteacher; they balance this with appropriate, well-informed challenge. They are justifiably proud of all that the school achieves, but remain ambitious for further improvements. A recent review of governance has sharpened their skills in holding senior and middle leaders to account
- Governors are reflective and measured. They use key information received by school leaders in a timely manner. They use this alongside information from other sources and their own direct experiences of the school to monitor specific areas of school life. They do not rely solely on what senior leaders tell them.
- Governors fully understand their strategic role in sustaining long-term improvements. They share the determination of the headteacher to continue such improvements. They moved swiftly to challenge the headteacher when pupils' outcomes were not good enough; they now hold leaders to account in a more informed and incisive manner."

The Finance and Property Committee is a subcommittee 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, commenting on the Academy's Priority Building Schools Programme, reviewing the Statement of Accounts, reviewing the risk register and receiving the auditor's reports. During the period G W Campbell, who worked as an accountant prior to retirement, chaired the committee.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
G W Campbell	3	3
C Booth	3	3
D H Ewart	0	1
N Grieveson, Accounting Officer	3	3
L Northgreaves	0	1
S J J Northgreaves, Staff Governor	2	3
G Short	3	3
D Smith	1	3
T Tucker	1	3
K A Wilkinson	2	3

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GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

Improving Educational Results

The academy has achieved a provisional Progress 8 figure of +0.12 via the adoption of a number of key strategies including:

- Strengthening, and increasing teaching capacity in core subjects (including the appointment of new and experienced teachers to the English Department, and increasing the capacity of the Mathematics department from September 2016 via the appointment of two lead practitioners and two NQTs)
- Improving tracking for all Year 10 and 11 students (identifying the completion of coursework and controlled assessments in addition to their knowledge and skills in relation to examinable content)
- Increasing the use of walking talking mock and pre-public examinations
- Early entry for targeted English and Mathematics students (intervention strategy)
- Half termly progress reviews for all departments
- The application of a Red Amber Green (RAG) rating to departments according to the risks in each key stage relative to successful outcomes
- Increased use of data analysis tools to track actual and predicted achievement against interventions (to support targeted intervention)
- The use of internal "forensic" analysis to support student progress interviews considering predicted against actual results

Students' achievement in KS5 have continued to improve. Strategies for improvement included Intervention, personalised study timetables, tutor support, regular progress reviews, subject interventions sessions, holiday intervention revision lessons etc. "As a result of good teaching and leadership, students in the sixth form achieve well. Students in the sixth form are excellent role models for younger year groups." [Ofsted Inspection, March 2017]

Intervention has been implemented within the core subjects throughout the academic year and has demonstrated the positive impact of intervention when applied to targeted students. Pupils who undertake intervention activities do so during timetabled, targeted enrichment periods. The pattern within the academic year suggests that intervention is a significant contributor to improved progress amongst those students targeted. Pupils are targeted based on need, and are selected based on rigorous analysis of assessment data.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Financial Governance and Oversight

The Finance and Property Committee approve the annual budget forecast of the academy trust including a review of pupil admissions / forecasts, the medium term financial plan (3 years) and a rolling 12 month cash flow statement to ensure the long term sustainability of the academy and thus that the academy remains a 'going concern'.

On a termly basis the Committee review the budget monitoring reports and updated cash flow forecasts, approve additional expenditure requirements or reductions, and ensure compliance with the academy trust's procurement regulations.

Following the annual audit, the Finance and Property Committee receives and reviews the financial statements and the external auditor's management report prior to forwarding these to the Governing Body for approval.

The Governing Body reviews the work of the Finance and Property Committee prior to ratifying the decisions.

A working party (Budget Working Group) was introduced in November 2015 to approve and monitor actions required to address the short to medium term funding shortfall faced by the academy. The work of this party has included the reviewing of all areas of the budget with a view of reducing costs.

Value for Money and Efficient Use of Resources

The academy strives to focus on value for money and understanding the value of our assets and how they can be used to increase our students' rate of progress. Existing service delivery is proactively challenged and alternative provision is evaluated.

The academy promotes fair competition through quotations and tenders in accordance with its Financial Regulations thus ensuring that goods and service are secured in the most economic, efficient and effective way.

The Headteacher reviews and authorises all invoices on behalf of the Academy and regularly challenges these for efficiency and effectiveness. In turn, the Governing Body reviews the functions of the school, challenging how services are provided and setting targets and performance indicators for improvement.

The facilities provided under the Priority Schools Building Programme (PSBP) are anticipated to be significantly more energy efficient. Governors and staff have challenged the ESFA and PSBP contractor to ensure the facilities delivered under the PSBP do not lead to an increased premises costs.

Maximising income generation

The academy explores all opportunities to generate additional income including improving catering arrangements, the introduction of a cashless catering system, the use of an online payments system, the hire of academy facilities to the community, offering support to other schools and academies and the submission of appropriate grant applications. All surplus monies are actively managed and invested in term deposits.

Reviewing Controls and Managing Risks

The Finance and Property Committee maintains an oversight of the academy's risk management, value for money framework and governance arrangements.

The Academy appointed Clive Owen LLP Chartered Accountants to undertake system and accounting checks and reports these findings back to the Finance and Property Committee.

The Finance and Property Committee consider the strategic risks facing the academy including how these risks are managed via a termly review of the Risk Register.

The Headteacher and Finance Director review budget monitoring reports on a monthly basis addressing any significant variances against budget.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
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GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in King James I Academy, Bishop Auckland Limited for the year 1 September 2016 to 31 August 2017 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of 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 Finance and Property Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The 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 Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of petty cash/expenses procedures
- Testing of control account/bank reconciliations
- Testing of Income systems
- Testing of the Accounting system and management information produced
- Review of governor appointments/resignations and declarations of interest
- Review of gifts and hospitality & honorarium / ex-gratia payments
- Review of information technology strategy
- Review of Fixed Assets
- Review of VAT and Corporation Tax position

On a termly basis, the auditors report to the Board of Governors through the Finance and Property committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

As Accounting Officer, the Head Teacher 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 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 Property 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 Governors on 14 December 2017 and signed on their behalf, by:



E Varley
Chair



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 trust Board of Governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust Board of Governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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 Governors and ESFA.



N Grieveson
Accounting Officer

Date: 14 December 2017

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors (who 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 and Skills 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 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/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 14 December 2017 and signed on its behalf by:



E Varley
Chair

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of King James I Academy, Bishop Auckland Limited for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

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

Conclusions relating to going concern

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

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

Other information

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Governors' Responsibilities, 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, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

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

Auditor's responsibilities for the audit of the financial statements

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

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



Christopher Beaumont BA (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
14 December 2017

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 AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than King James I Academy, Bishop Auckland Limited and the ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 AND SKILLS FUNDING AGENCY**
(continued)

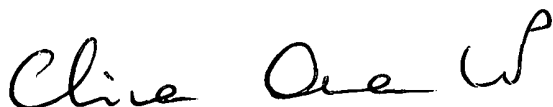
Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy.

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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

14 December 2017

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
INCOME FROM:						
Donations and capital grants	3	-	-	200	200	103
Charitable activities	5	-	4,625	-	4,625	4,770
Other trading activities	4	314	67	-	381	371
TOTAL INCOME		<u>314</u>	<u>4,692</u>	<u>200</u>	<u>5,206</u>	<u>5,244</u>
EXPENDITURE ON:						
Charitable activities		<u>383</u>	<u>4,831</u>	<u>334</u>	<u>5,548</u>	<u>5,514</u>
TOTAL EXPENDITURE	7	<u>383</u>	<u>4,831</u>	<u>334</u>	<u>5,548</u>	<u>5,514</u>
NET EXPENDITURE BEFORE TRANSFERS						
Transfers between Funds	16	(69)	(139)	(134)	(342)	(270)
		<u>-</u>	<u>(2)</u>	<u>2</u>	<u>-</u>	<u>-</u>
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(69)	(141)	(132)	(342)	(270)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	754	-	754	(1,207)
NET MOVEMENT IN FUNDS		<u>(69)</u>	<u>613</u>	<u>(132)</u>	<u>412</u>	<u>(1,477)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		102	(2,398)	14,501	12,205	13,682
Prior year adjustment (Note 15)		103	(103)	-	-	-
TOTAL FUNDS CARRIED FORWARD		<u>136</u>	<u>(1,888)</u>	<u>14,369</u>	<u>12,617</u>	<u>12,205</u>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07638979

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	As restated 2016 £000
FIXED ASSETS				
Tangible assets	12		14,439	14,585
CURRENT ASSETS				
Debtors	13	195		173
Cash at bank and in hand		18		154
		<u>213</u>		<u>327</u>
CREDITORS: amounts falling due within one year	14	(124)		(202)
NET CURRENT ASSETS			<u>89</u>	<u>125</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,528</u>	<u>14,710</u>
Defined benefit pension scheme liability	20		(1,911)	(2,505)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>12,617</u></u>	<u><u>12,205</u></u>
FUNDS OF THE ACADEMY				
Fixed asset funds:				
Restricted income funds	16	23		4
Restricted fixed asset funds	16	14,369		14,501
		<u></u>		<u></u>
Restricted income funds excluding pension liability		14,392		14,505
Pension reserve		(1,911)		(2,505)
		<u></u>		<u></u>
Total fixed asset funds			12,481	12,000
Unrestricted income funds	16		136	205
TOTAL FUNDS			<u><u>12,617</u></u>	<u><u>12,205</u></u>

The financial statements on pages 25 to 49 were approved by the Governors, and authorised for issue, on 14 December 2017 and are signed on their behalf, by:



E Varley
Chair

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(134)	65
Cash flows from investing activities:			
Purchase of tangible fixed assets		(202)	(98)
Capital grants from DfE/ESFA		17	18
Other capital grants		4	15
Donated fixed assets		179	70
Net cash (used in)/provided by investing activities		(2)	5
Change in cash and cash equivalents in the year		(136)	70
Cash and cash equivalents brought forward		154	84
Cash and cash equivalents carried forward		18	154

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

King James I Academy, Bishop Auckland Limited constitutes a public benefit entity as defined by FRS 102.

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.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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 Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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.

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

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 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is 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 2017

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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these 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

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 incorporating Income and Expenditure Account.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.8 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.12 PENSIONS

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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1. ACCOUNTING POLICIES (continued)

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

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

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £348,000.

Land – Land is held under a 125 year lease from Durham County Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

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2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2017 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 2017.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Other donations	-	-	-	5
Donated fixed assets	-	179	179	70
Capital Grants	-	21	21	28
	<hr/>	<hr/>	<hr/>	<hr/>
	-	200	200	103
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	<hr/>	<hr/>	<hr/>	<hr/>
	-	103	103	
	<hr/>	<hr/>	<hr/>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Sundry income	133	-	133	107
Lettings	51	-	51	56
BALE Centre	-	67	67	65
Catering	115	-	115	101
School fund	15	-	15	42
	<hr/>	<hr/>	<hr/>	<hr/>
	314	67	381	371
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	<hr/>	<hr/>	<hr/>	<hr/>
	305	66	371	
	<hr/>	<hr/>	<hr/>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,203	4,203	4,382
Pupil Premium	-	283	283	276
Other DfE/ESFA Grants	-	50	50	53
	-	4,536	4,536	4,711
Other government grants				
SEN	-	57	57	35
Other Government Grants	-	11	11	16
	-	68	68	51
Other funding				
Other Grants	-	21	21	8
	-	21	21	8
	-	4,625	4,625	4,770
Total 2016	-	4,770	4,770	

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NOTES TO THE FINANCIAL STATEMENTS
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6. CHARITABLE ACTIVITIES

	2017 £000	2016 £000
DIRECT COSTS		
Wages and salaries	2,712	2,783
National insurance	275	235
Pension cost	482	393
Educational supplies	95	115
Examination fees	73	102
Staff development	14	10
Technology costs	6	8
Other direct costs	49	101
Travel and subsistence	4	5
	<hr/> 3,710	<hr/> 3,752
SUPPORT COSTS		
Wages and salaries	647	627
National insurance	38	32
Pension costs	106	104
Depreciation	348	343
Net interest cost on pension scheme	49	44
Recruitment and support	9	4
Maintenance of premises and equipment	92	68
Cleaning	12	17
Rates	54	58
Energy	55	93
Insurance	27	30
Security	6	4
Catering	76	64
Transport	69	40
Occupancy costs	3	3
Technology costs	31	24
Other support costs	169	161
Governance costs	17	16
Rent	30	30
	<hr/> 1,838	<hr/> 1,762
	<hr/>	<hr/>
	<hr/> 5,548	<hr/> 5,514
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. EXPENDITURE

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Academy's educational operations:					
Direct costs	3,469	-	241	3,710	3,752
Support costs	791	537	510	1,838	1,762
	<u>4,260</u>	<u>537</u>	<u>751</u>	<u>5,548</u>	<u>5,514</u>
<i>Total 2016</i>	<u>4,174</u>	<u>583</u>	<u>757</u>	<u>5,514</u>	

In 2017, of the total expenditure, £383,000 (2016 - £281,000) was to unrestricted funds, £4,831,000 (2016 - £4,902,000) was to restricted funds and £334,000 (2016 - £331,000) was to restricted fixed asset funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charity	348	343
Auditors' remuneration - audit	9	9
Auditors' remuneration - other services	2	1
Operating lease rentals	39	27
	<u>398</u>	<u>380</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	3,201	3,327
Social security costs	313	267
Operating costs of defined benefit pension schemes	588	497
	<u>4,102</u>	<u>4,091</u>
Apprenticeship levy	1	-
Supply staff costs	135	56
Staff restructuring costs	22	27
	<u><u>4,260</u></u>	<u><u>4,174</u></u>

Staff restructuring costs comprise:

Redundancy payments	-	24
Severance payments	22	3
	<u>22</u>	<u>27</u>

Included in operating costs of defined benefit pension schemes is a debit of £111,000 (2016: £18,000) relating to the pension deficit actuarial adjustment.

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

	2017 No.	2016 No.
Teaching staff	61	65
Teaching support and technicians	45	50
Premises staff	16	16
Admin staff	18	19
Other staff	10	8
	<u>150</u>	<u>158</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	0
In the band £80,001 - £90,000	1	1

All of the above employee's participated in the Teachers Pension Scheme.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employers national insurance and employer pension contributions) received by key management personal for their services to the academy trust was £516,000 (2016: £482,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. GOVERNORS' REMUNERATION AND EXPENSES

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

		2017 £000	2016 £000
N Grieveson	Remuneration	85-90	80-85
	Pension contributions paid	10-15	10-15
D A Shearer (resigned 8 June 2017)	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10
G E Keeler (resigned 20 September 2017)	Remuneration	30-35	40-45
	Pension contributions paid	0-5	5-10
S J J Northgreaves	Remuneration	30-35	30-35
	Pension contributions paid	0-5	0-5

During the year, no Governors received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Governors received any reimbursement of expenses (2016 - £NIL).

11. GOVERNORS' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

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12. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST					
At 1 September 2016	15,172	62	96	94	15,424
Additions	179	-	5	18	202
Disposals	-	-	-	(12)	(12)
At 31 August 2017	15,351	62	101	100	15,614
DEPRECIATION					
At 1 September 2016	676	37	44	82	839
Charge for the year	302	11	19	16	348
On disposals	-	-	-	(12)	(12)
At 31 August 2017	978	48	63	86	1,175
NET BOOK VALUE					
At 31 August 2017	14,373	14	38	14	14,439
At 31 August 2016	14,496	25	52	12	14,585

13. DEBTORS

	2017 £000	2016 £000
Trade debtors	18	34
VAT recoverable	25	30
Prepayments and accrued income	152	109
	195	173

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Trade creditors	28	42
Other taxation and social security	-	81
Accruals and deferred income	96	79
	124	202

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14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2017 £000	2016 £000
DEFERRED INCOME		
Deferred income at 1 September 2016	65	72
Resources deferred during the year	67	65
Amounts released from previous years	(65)	(72)
	<u>67</u>	<u>65</u>
Deferred income at 31 August 2017	<u>67</u>	<u>65</u>

Deferred income includes Rates funding which straddle the academic year together with BALE income invoiced in July 2017 for year ended 31 March 2018 and trips monies collected pre year end in respect of post year end trips.

15. PRIOR YEAR ADJUSTMENT

In the prior years the BALE reserve was recognised as a restricted fund. After a further review of the original documentation it was confirmed that this should be recognised as a designated fund going forward.

16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
DESIGNATED FUNDS						
BALE reserve	103	-	(5)	(81)	-	17
	<u>103</u>	<u>-</u>	<u>(5)</u>	<u>(81)</u>	<u>-</u>	<u>17</u>
GENERAL FUNDS						
Unrestricted general funds	95	299	(362)	81	-	113
School Fund	7	15	(16)	-	-	6
	<u>102</u>	<u>314</u>	<u>(378)</u>	<u>81</u>	<u>-</u>	<u>119</u>
Total Unrestricted funds	<u>205</u>	<u>314</u>	<u>(383)</u>	<u>-</u>	<u>-</u>	<u>136</u>

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16. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	-	4,203	(4,201)	(2)	-	-
Pupil Premium	-	283	(283)	-	-	-
Other DfE/ESFA Grants	-	50	(50)	-	-	-
SEN	-	57	(57)	-	-	-
Other Government Grants	-	11	(11)	-	-	-
Other Grants	-	21	-	-	-	21
BALE - available reserve	2	67	(67)	-	-	2
Durham youth	2	-	(2)	-	-	-
Pension reserve	(2,505)	-	(160)	-	754	(1,911)
	<u>(2,501)</u>	<u>4,692</u>	<u>(4,831)</u>	<u>(2)</u>	<u>754</u>	<u>(1,888)</u>

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Legacy assets - land and buildings	3,508	-	(45)	-	-	3,463
PSBP - New Building	10,689	179	(223)	-	-	10,645
Devolved Formula Capital	54	17	(20)	-	-	51
Capital expenditure from GAG	57	-	(23)	2	-	36
Capital expenditure from Unrestricted	129	-	(18)	-	-	111
Other capital grants	64	4	(5)	-	-	63
	<u>14,501</u>	<u>200</u>	<u>(334)</u>	<u>2</u>	<u>-</u>	<u>14,369</u>
Total restricted funds	<u>12,000</u>	<u>4,892</u>	<u>(5,165)</u>	<u>-</u>	<u>754</u>	<u>12,481</u>
Total of funds	<u>12,205</u>	<u>5,206</u>	<u>(5,548)</u>	<u>-</u>	<u>754</u>	<u>12,617</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
DESIGNATED FUNDS						
BALE reserve	108	-	(5)	-	-	103
	<u>108</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>103</u>
GENERAL FUNDS						
Unrestricted general funds	60	263	(228)	-	-	95
School Fund	13	42	(48)	-	-	7
	<u>73</u>	<u>305</u>	<u>(276)</u>	<u>-</u>	<u>-</u>	<u>102</u>
Total Unrestricted funds	<u>181</u>	<u>305</u>	<u>(281)</u>	<u>-</u>	<u>-</u>	<u>205</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	4,382	(4,378)	(4)	-	-
Pupil Premium	-	276	(276)	-	-	-
Other DfE/ESFA Grants	-	53	(53)	-	-	-
Other restricted funds	8	8	(16)	-	-	-
Other Government Grants	-	51	(51)	-	-	-
BALE - available reserve	-	65	(63)	-	-	2
Durham youth	4	1	(3)	-	-	2
Pension reserve	(1,236)	-	(62)	-	(1,207)	(2,505)
	<u>(1,224)</u>	<u>4,836</u>	<u>(4,902)</u>	<u>(4)</u>	<u>(1,207)</u>	<u>(2,501)</u>

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16. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
Legacy assets - land and buildings	3,553	-	(45)	-	-	3,508
PSBP - New Building	10,834	75	(220)	-	-	10,689
Devolved Formula Capital	49	18	(13)	-	-	54
Capital expenditure from GAG	84	-	(31)	4	-	57
Capital expenditure from Unrestricted	147	-	(18)	-	-	129
Other capital grants	58	10	(4)	-	-	64
	<u>14,725</u>	<u>103</u>	<u>(331)</u>	<u>4</u>	<u>-</u>	<u>14,501</u>
Total restricted funds	<u>13,501</u>	<u>4,939</u>	<u>(5,233)</u>	<u>-</u>	<u>(1,207)</u>	<u>12,000</u>
Total of funds	<u>13,682</u>	<u>5,244</u>	<u>(5,514)</u>	<u>-</u>	<u>(1,207)</u>	<u>12,205</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 BALE 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.

Other DfE/ESFA grants relate to Post 16 bursary and Yr 7 Catch up grant. Post 16 Bursary fund is to be used towards the cost of education of post year 11 students. The year 7 Catch up grant is to be used on costs relating to year 7 pupils.

Pupil Premium is additional funding to be spent as the school sees fit to support disadvantaged children.

SEN relates to special educational needs funding from Durham County Council.

Other Government grants consists of Catch Up Funding.

Other Grants consists of Youth Music Funding to run a two year music programme.

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.

A transfer of £2,000 has been made to Capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

A transfer of £81,000 has been made to unrestricted general funds from the BALE reserve to reflect the final balance which relates to a redundancy provision.

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17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	72	-	14,367	14,439
Current assets	130	83	-	213
Creditors due within one year	(64)	(60)	-	(124)
Provisions for liabilities and charges	-	(1,911)	-	(1,911)
Difference	(2)	-	2	-
	<u>136</u>	<u>(1,888)</u>	<u>14,369</u>	<u>12,617</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000
Tangible fixed assets	84	-	14,501	14,585
Current assets	24	303	-	327
Creditors due within one year	(6)	(196)	-	(202)
Provisions for liabilities and charges	-	(2,505)	-	(2,505)
	<u>102</u>	<u>(2,398)</u>	<u>14,501</u>	<u>12,205</u>

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £000	2016 £000
Net expenditure for the year (as per Statement of Financial Activities)	(342)	(270)
Adjustment for:		
Depreciation charges	348	343
(Increase)/decrease in debtors	(22)	93
Decrease in creditors	(78)	(60)
Capital grants from DfE and other capital income	(21)	(33)
Defined benefit pension scheme cost less contributions payable	111	18
Defined benefit pension scheme finance cost	49	44
Donated fixed assets	(179)	(70)
Net cash (used in)/provided by operating activities	<u>(134)</u>	<u>65</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash in hand	18	154
Total	<u>18</u>	<u>154</u>

20. 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 Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2015 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

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FOR THE YEAR ENDED 31 AUGUST 2017**

20. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2015 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £328,000 (2016 - £329,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust 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 2017 was £197,000 (2016 - £200,000), of which employer's contributions totalled £149,000 (2016 - £150,000) and employees' contributions totalled £48,000 (2016 - £50,000). The agreed contribution rates for future years are 14% for employers and 5.5 - 12.5% 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.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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20. PENSION COMMITMENTS (continued)

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

	2017	2016
Retiring today		
Males	23.2	22.7
Females	24.9	25.2
Retiring in 20 years		
Males	25.4	24.9
Females	27.2	27.5

	At 31 August 2017 £000	At 31 August 2016 £000
Sensitivity analysis		
Discount rate +0.1%	4,273	4,523
Discount rate -0.1%	4,483	4,745
Mortality assumption - 1 year increase	4,509	4,487
Mortality assumption - 1 year decrease	4,246	4,781
CPI rate +0.1%	4,450	4,703
CPI rate -0.1%	4,305	4,564

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	1,196	930
Government bonds	760	689
Corporate bonds	210	181
Property	174	171
Cash and other liquid assets	126	157
Total market value of assets	2,466	2,128

The actual return on scheme assets was £167,000 (2016 - £300,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £000	2016 £000
Current service cost	(258)	(166)
Past service cost	(2)	(2)
Interest income	44	67
Interest cost	(93)	(111)
Total	(309)	(212)

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20. PENSION COMMITMENTS (continued)

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

	2017 £000	2016 £000
Opening defined benefit obligation	4,633	2,915
Current service cost	258	166
Interest cost	93	111
Employee contributions	48	50
Actuarial (gains)/losses	(631)	1,440
Benefits paid	(26)	(51)
Past service costs	2	2
	<hr/>	<hr/>
Closing defined benefit obligation	4,377	4,633
	<hr/>	<hr/>

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

	2017 £000	2016 £000
Opening fair value of scheme assets	2,128	1,679
Interest income	44	67
Actuarial losses	123	233
Employer contributions	149	150
Employee contributions	48	50
Benefits paid	(26)	(51)
	<hr/>	<hr/>
Closing fair value of scheme assets	2,466	2,128
	<hr/>	<hr/>

21. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
AMOUNTS PAYABLE:		
Within one year	28	26
Between one and five years	36	18
	<hr/>	<hr/>
Total	64	44
	<hr/>	<hr/>

22. NET INTEREST COST ON PENSION SCHEME

	2017 £000	2016 £000
Interest income on pension scheme assets	44	67
Interest on pension scheme liabilities	(93)	(111)
	<hr/>	<hr/>
	(49)	(44)
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
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23. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust 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.

Cre8tive Graphics Limited - a company in which the son-in-law of Mr K A Wilkinson and the spouse of Mrs R A M Dobinson (Governors of the trust) has a majority interest:

- The trust purchased signwriting from Cre8tive Graphics Limited totalling £390 (2016 : £867) during the period. There was no amounts outstanding at 31 August 2017 (2016 : £nil)
- The trust made the purchases at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr K A Wilkinson and Mrs R A M Dobinson neither participated in, nor influenced
- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2016