

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

THURSDAY



A4YKPJ88

A29

14/01/2016

#196

COMPANIES HOUSE

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

CONTENTS

	Page
Reference and administrative details of the academy, its members, governors and advisers	1 - 2
Governors' report	3 - 9
Governance statement	10 - 14
Statement on regularity, propriety and compliance	15
Governors' responsibilities statement	16
Independent auditors' report	17 - 18
Independent reporting accountant's assurance report on regularity	19 - 20
Statement of financial activities	21
Balance sheet	22
Cash flow statement	23
Notes to the financial statements	24 - 42

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members

E Varley
G W Campbell¹
A S Rodchester

Governors

E Varley, Chair
G W Campbell, Vice Chair¹
A Bennett (resigned 7 November 2014)
C Booth (appointed 10 March 2015)¹
S Boughey
D H Ewart¹
N Grieveson, Accounting Officer¹
G E Keeler, Staff Governor
L Northgreaves¹
S J Northgreaves, Staff Governor¹
C Potter (appointed 6 November 2014)
I Robley
A S Rodchester, Staff Governor
D A Shearer, Staff Governor
G Short¹
D Smith¹
H Stevens (appointed 17 November 2014)
T Watson¹
J Whittaker
K A Wilkinson¹
L Willis (appointed 1 December 2014)

¹ Members of the Finance and Property Committee

Company registered number

07638979

Principal and registered office

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

Senior management team

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Independent auditors

Clive Owen LLP
Chartered Accountants
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
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2014 to 31 August 2015. 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 11-19 serving a catchment area in Bishop Auckland. It has a pupil capacity of 950 and had a roll of 782 in the school census on 2 October 2014.

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 13.

Method of Recruitment and Appointment or Election of Governors

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Principal 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 new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

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

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure

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

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

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

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

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

During the period the academy transacted with 1 related party. Details of related party transactions are stated in Note 26 to the Financial Statements.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of King James I Academy to provide education for students of different abilities between the ages of 11 and 19.

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

The main objectives of the academy during the year ended 31 August 2015 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 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

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

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

OBJECTIVES AND ACTIVITIES (continued)

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 main objectives of the academy during the period 1 September 2014 to 31 August 2015 were as follows

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

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 trustees have considered this guidance in deciding what activities the academy should undertake.

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

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Review of Activities

Students have achieved some excellent GCSE results across a range of subjects and have been justifiably rewarded for their hard work.

Those following arts-based subjects, including Fine Art, Photography, Media, Expressive Arts and Drama have achieved superb results with 100% of students achieving A* to C grades in Photography and over 90% of students achieving A* to C in other subjects. Excellent performance has also been sustained in a range of vocational subjects including Business, Health & Social Care, Media, Music, Travel and Tourism and Sports Studies.

Improved results in Mathematics are complemented by an increased number of students achieving GCSE Statistics (100% A* to C) and GCSE Further Mathematics (100% A* to C). Overall, 7% of students have achieved 5 or more A*/A grades, 53% of students have achieved 5+ A* to C and 22% of students have achieved an impressive 10 or more A* to C grades. This is a reflection of the hard work of students and teachers.

Our Sixth Form students have excelled in a range of academic and vocational courses and are now ready to move to the next stage of their education, employment or training.

This year, 45% of our Year 13 students achieved A* grades, making this the most successful year group ever, with 63% of students achieving at least one A* or A grade.

Results during the academic year ended 31 August 2015 were as follows:

Achievement Summary (KS3):

• L5+ in English	88%
• L5+ in Maths	77%
• L5+ EM	73%
• L5+ in Science	100%
• L5+ in Drama / Expressive Arts	100%
• L6+ in English	54%
• L6+ in Maths	53%
• L6+ EM	38%
• L6+ in Science	100%
• L6+ in Drama / Expressive Arts	82%

Headline Achievement (KS4):

• 5+ A* to C %	53%
• 5+ A* to C (EM) %	36%
• 5+A* to G %	99%
• Maths A* to C %	62%
• English A* to C %	42%
• English 3 LoP %	36%
• English 4 LoP %	6%
• Maths 3 LoP %	55%
• Maths 4 LoP %	19%

Headline Achievement (KS5):

• % achieving A* grades	46%
• % achieving A* / A grades	63%
• 2A* - B	35%
• 2A* - E	85%
• Average QCA points per pupil	619
• Average QCA points per entry	217

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

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

ACHIEVEMENTS AND PERFORMANCE (continued)

An Ofsted inspection in April 2015 resulted in a judgement for the overall effectiveness of the school as 'Requires Improvement' despite being awarded 'Good' for Leadership and Management, 'Good' for Behaviour and Safety of Pupils and 'Good' for Sixth Form Provision.

The following were highlighted as strengths within the school:

- The Headteacher has managed well significant changes in staffing, including to senior and middle leadership.
- High quality professional development is rapidly improving teaching and raising achievement strongly in Years 7 – 11.
- Governors are increasingly well informed about the school's performance.
- The effectiveness of the sixth form is good.
- The school's work to keep students safe and secure is good.
- Behaviour around the school is calm and orderly.
- The many visits and extra-curricular experiences, across Years 7 to 11, and in sixth form effectively promotes both students' personal development and their understanding of British values.

Key Financial Performance Indicators

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

Total Income per pupil	£6,689
Total GAG income per pupil	£5,446
GAG income/Total Income ratio	81.4%
Teaching Staff Costs / Total Income	50.2%
Total Staff Cost / Total Income	64.10%
Expenditure per pupil	£6,881
Pupil Teacher ratio	13.0
Level of general reserves	£73,442
General reserve / income ratio	1.4%
General reserve / GAG ratio	1.7%

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

Financial report for the period

Most of the academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

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

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

FINANCIAL REVIEW (continued)

Financial report for the period (continued)

The academy also receives income for the sale of goods and services. These services include the provision of catering facilities to children and staff, the letting of sports facilities to the public, the provision of professional services to the local authority and intervention support to other schools.

During the year ended 31 August 2015, total expenditure of £6,385,000 exceeded recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £150,000.

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

At 31 August 2015 the net book value of fixed assets was £14,830,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £1,236,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2015 of £13,682,000 comprising £13,609,000 of restricted funds and £73,000 of unrestricted funds.

Reserves policy

The academy holds 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 Governors review the reserve levels of the academy annually. The Academy reserves policy is to hold enough funds to cover the principal risks facing the academy, but always maintaining a minimum level of reserves that the Academy will not fall below. The approach taken is to quantify the key financial risks and ensure that there are enough reserves held to cover these risks. The key risks facing King James include a potential drop in student numbers, changes to the Funding Formula for both pre and post 16 students and the cost of short term sickness cover not covered by sickness insurance. For 2014/15 this amounted to £118,000. The minimum level of reserves is to be set at 2.5% of GAG (currently £105,000).

The academy's current level of unrestricted reserves are in surplus by £73,000 and therefore are considered to be below the level of reserves required for the ongoing needs of the academy. An action plan has been implemented to identify sufficient savings to increase the level of free reserves to above the minimum level identified above.

Principal risks and uncertainties

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

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.

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

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

FINANCIAL REVIEW (continued)

Principal risks and uncertainties (continued)

The academy has implemented the requirements of the Safer 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.

Investment policy

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

PLANS FOR FUTURE PERIODS

Future developments

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

Following significant success in Key Stages 4 and 5, our aim is to continuously improve 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.

2015/16 will be the first full academic year in which our students will benefit from the state of the art facilities (including new improved sports, arts, ICT and general teaching provision) delivered under the Priority Schools Building Programme Scheme. The final phase of this development is due for completion in December 2015 incorporating the demolition of the old upper school and the development of a number of outdoor sports fields.

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 taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Governors' report, incorporating the Strategic report, was approved by order of the Board of Governors, as the company directors, on 10 December 2015 and signed on the board's behalf by:



E Varley
Chair

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

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Governors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between King James I Academy, Bishop Auckland Limited and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Governor	Meetings attended	Out of a possible
E Varley, Chair	3	3
G W Campbell, Vice Chair	3	3
A Bennett	0	0
C Booth	0	1
S Boughey	1	3
D H Ewart	3	3
N Grieveson, Accounting Officer	3	3
G E Keeler, Staff Governor	3	3
L Northgreaves	1	3
S J Northgreaves, Staff Governor	1	3
C Potter	2	3
I Robley	2	3
A S Rodchester, Staff Governor	3	3
D A Shearer, Staff Governor	2	3
G Short	2	3
D Smith	3	3
H Stevens	1	2
T Watson	2	3
J Whittaker	1	3
K A Wilkinson	3	3
L Willis	0	1

During the financial year one member of the Governing Body resigned their posts and four new Governors were appointed.

Between October and December 2014 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

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

GOVERNANCE STATEMENT (continued)

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. "Governors are increasingly well informed about the school's performance. They confidently challenge the Headteacher and senior leaders about the school's work and students' achievement" [Ofsted Inspection, April 2015].

The Finance and Property Committee is a sub committee of the main governing body. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. The key issues that were reviewed by the Finance and Property Committee included agreeing the Medium Term Financial Plan, regularly reviewing the budget, 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 Campell, who was 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	1	1
D H Ewart	0	3
N Grieveson	3	3
L Northgreaves	2	3
S J J Northgreaves, Staff Governor	2	3
G Short	3	3
D Smith	2	3
T Watson	2	3
K A Wilkinson	3	3

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the trust'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 available. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

Improving Educational Results

Students' achievement in KS5 has continued to improve and this has led to a significant increase in recruitment into our Sixth Form. We won an LPUK Award for Academic Value-Added at the LPUK Conference on 23rd March 2015 coming third out of 580 schools. "Achievement in the sixth form is good. Given their broadly average starting points in Year 12, the vast majority of students make good progress in most of their academic subjects and attain above average in end of Year 13 A-level standards." [Ofsted Inspection, April 2015].

Good progress is being made in KS3 as demonstrated by the analysis of progress data and the range of strategies which are demonstrably addressing the literacy weaknesses identified on students' entry to the Academy. "Good support is made available for students at risk of falling behind. For example, Year 7 'catch-up' funding is used to provide specialist resources and teaching. The school's information on the impact of these measures shows good gains to date, especially in reading, spelling and basic numeracy skills, for a large majority of students." [Ofsted Inspection, April 2015]

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)

Students in receipt of Pupil Premium funding are making good progress in KS4 and there is evidence of the gap between these students and non-FSM/CLA narrowing over time, including in the 2015 cohort. "...the progress made by disadvantaged students has increased significantly during the present academic year and is now good. Gaps from their starting points in Year 7, in English and mathematics, with their non-disadvantaged peers nationally, are closing. In school, they have closed completely in some years." [Ofsted Inspection, April 2015]

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.

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 are anticipated to be significantly more energy efficient.

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
(A company limited by guarantee)

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 2014 to 31 August 2015 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 2014 to 31 August 2015 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 income;
- Testing of the accounting systems 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 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 work as planned and no material control issues have been identified.

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

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 10 December 2015 and signed on its 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 Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy Board of Governors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2014).

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 EFA.



N Grieveson
Accounting Officer

10 December 2015

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

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

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

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

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

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

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

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

Approved by order of the members of the Board of Governors on 10 December 2015 and signed on its behalf by:



E Varley
Chair of Trustees

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

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

We have audited the financial statements of King James I Academy, Bishop Auckland Limited for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



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
10 December 2015

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED

(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 2014 to 31 August 2015 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to King James I Academy, Bishop Auckland Limited and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than King James I Academy, Bishop Auckland Limited and EFA, for our work, for this report, or for the conclusion we have formed.

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

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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KING JAMES I
ACADEMY, BISHOP AUCKLAND LIMITED AND THE EDUCATION 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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Christopher Beaumont BA (Hons) FCA DChA

Clive Owen LLP

Chartered Accountants
Statutory Auditors

Reporting Accountant
Darlington
Co Durham
DL3 7RT

10 December 2015

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

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	3	-	-	10,961	10,961	15
Activities for generating funds	4	481	100	-	581	617
Investment income	5	-	-	-	-	1
Incoming resources from charitable activities	6	-	4,650	48	4,698	4,765
TOTAL INCOMING RESOURCES		481	4,750	11,009	16,240	5,398
RESOURCES EXPENDED						
Charitable activities	8	570	4,775	1,004	6,349	6,479
Governance costs	7	-	36	-	36	29
TOTAL RESOURCES EXPENDED	9	570	4,811	1,004	6,385	6,508
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		(89)	(61)	10,005	9,855	(1,110)
Transfers between Funds	17	-	(37)	37	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(89)	(98)	10,042	9,855	(1,110)
Actuarial gains and losses on defined benefit pension schemes		-	(20)	-	(20)	305
NET MOVEMENT IN FUNDS FOR THE YEAR		(89)	(118)	10,042	9,835	(805)
Total funds at 1 September 2014		162	(998)	4,683	3,847	4,652
TOTAL FUNDS AT 31 AUGUST 2015		73	(1,116)	14,725	13,682	3,847

All activities relate to continuing operations.

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

The notes on pages 24 to 42 form part of these financial statements.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED

(A company limited by guarantee)

REGISTERED NUMBER: 07638979

**BALANCE SHEET
AS AT 31 AUGUST 2015**

	Note	£000	2015 £000	2014 £000
FIXED ASSETS				
Tangible assets	14		14,830	4,780
CURRENT ASSETS				
Debtors	15	266		342
Cash at bank and in hand		84		314
		<u>350</u>		<u>656</u>
CREDITORS: amounts falling due within one year	16	(262)		(411)
NET CURRENT ASSETS			<u>88</u>	<u>245</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,918</u>	<u>5,025</u>
Defined benefit pension scheme liability	23		(1,236)	(1,178)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>13,682</u></u>	<u><u>3,847</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	17	120		180
Fixed asset funds	17	14,725		4,683
		<u>14,845</u>		<u>4,863</u>
Restricted funds excluding pension liability				
Pension reserve		(1,236)		(1,178)
		<u></u>		<u></u>
Total restricted funds			13,609	3,685
Unrestricted funds	17		73	162
			<u></u>	<u></u>
TOTAL FUNDS			<u><u>13,682</u></u>	<u><u>3,847</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 10 December 2015 and are signed on their behalf, by:



E Varley
Chair

The notes on pages 24 to 42 form part of these financial statements.

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £000	2014 £000
Net cash flow from operating activities	19	(201)	(54)
Returns on investments and servicing of finance	20	-	1
Capital expenditure and financial investment	20	(29)	(151)
DECREASE IN CASH IN THE YEAR		(230)	(204)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £000	2014 £000
Decrease in cash in the year	(230)	(204)
MOVEMENT IN NET FUNDS IN THE YEAR	(230)	(204)
Net funds at 1 September 2014	314	518
NET FUNDS AT 31 AUGUST 2015	84	314

The notes on pages 24 to 42 form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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 funders where the asset acquired or created is held for a specific purpose.

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

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

1.3 Incoming resources

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

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

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

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

1.4 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

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

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

The premises are held on a 125 year lease from Durham County Council. As the risks and rewards have transferred to the academy the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at depreciated replacement cost, as determined by an independent valuation. During the year the EFA have provided a new building on the current site. They have advised the academy of the cost. On the basis that the risk and rewards have passed to the academy the building has been included at that cost as an addition in the year.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

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

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

1.7 Taxation

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

1.8 Pensions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2015 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 2015.

3. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Donations	-	-	-	15
Donated fixed assets	-	10,961	10,961	-
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	-	10,961	10,961	15
	<hr/>	<hr/>	<hr/>	<hr/>

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Sundry income	260	3	263	234
Lettings	26	10	36	45
BALE Centre	-	87	87	153
Staff absence insurance	6	-	6	27
Catering	94	-	94	80
School fund	95	-	95	78
	<hr/>	<hr/>	<hr/>	<hr/>
	481	100	581	617
	<hr/>	<hr/>	<hr/>	<hr/>

5. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Bank interest	-	-	-	1
	<hr/>	<hr/>	<hr/>	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
DfE/EFA grants				
Devolved Formula Capital	-	27	27	16
General Annual Grant (GAG)	-	4,259	4,259	4,395
Pupil Premium	-	329	329	318
16-19 Bursary	-	6	6	12
Other DfE/EFA Grants	-	4	4	10
	-	4,625	4,625	4,751
Other Government grants				
SEN	-	45	45	16
SSCO	-	-	-	1
Other Government Grants	-	7	7	(45)
	-	52	52	(28)
Other funding				
Other Grants	-	21	21	42
	-	21	21	42
	-	4,698	4,698	4,765

7. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Auditors' remuneration	-	8	8	7
Auditors' non audit costs	-	4	4	2
Legal and professional expenses	-	7	7	9
Wages and salaries	-	17	17	11
	-	36	36	29

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

8. CHARITABLE ACTIVITIES

	Total funds 2015 £000	Total funds 2014 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	2,764	2,774
National insurance	219	215
Pension cost	374	375
Educational supplies	135	195
Examination fees	101	91
Staff development	12	9
Technology costs	7	13
Travel and subsistence	5	5
Other direct costs	162	158
	<hr/> 3,779	<hr/> 3,835
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	780	703
National insurance	27	26
Pension cost	106	101
Depreciation	1,016	1,124
Net interest cost on pension schemes	16	47
Technology costs	55	8
Recruitment and support	10	7
Maintenance of premises and equipment	69	79
Cleaning	18	15
Rent	45	31
Rates	51	38
Energy	116	116
Insurance	46	61
Security	5	3
Transport	5	-
Catering	56	49
Occupancy costs	4	5
Other support costs	145	231
	<hr/> 2,570	<hr/> 2,644
	<hr/> 6,349	<hr/> 6,479

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

9. RESOURCES EXPENDED

	Staff costs	Non Pay	Expenditure	Total	Total
	2015	Premises	Other costs	2015	2014
	£000	2015	2015	£000	£000
		£000	£000		
Direct costs	3,357	-	422	3,779	3,835
Allocated support costs	913	1,307	350	2,570	2,644
Charitable activities	4,270	1,307	772	6,349	6,479
Governance	17	-	19	36	29
	4,287	1,307	791	6,385	6,508

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

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015	2014
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the charity	1,016	1,124
Auditors' remuneration	8	7
Auditors' remuneration - non-audit	4	2

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	3,488	3,418
Social security costs	246	241
Other pension costs (Note 23)	480	476
	<hr/> 4,214	<hr/> 4,135
Supply teacher costs	29	39
Staff restructuring costs	44	31
	<hr/> <hr/> 4,287	<hr/> <hr/> 4,205

Included in other pension costs is a debit of £26,000 relating to the pension deficit actuarial adjustment.

b. Staff severance payments

There were no non statutory/non contractual severance payments made during the year (2014: Nil).

c. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teaching staff	60	61
Teaching support and technicians	27	24
Premises staff	11	10
Admin staff	12	12
Other staff	6	6
	<hr/> 116	<hr/> 113

d. Higher paid staff

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

	2015 No.	2014 No.
In the band £80,001 - £90,000	2	2

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

12. 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 Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher 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:

N Grieveson (Headteacher and Governor):

Remuneration £80,000 - £85,000 (2014: £80,000 - £85,000)

Employers pension contributions £10,000 - £15,000 (2014: £10,000 - £15,000)

A S Rodchester (Governor):

Remuneration £85,000 - £90,000 (2014: £85,000 - £90,000)

Employers pension contributions £10,000 - £15,000 (2014: £10,000 - £15,000)

S J Northgreaves (Governor):

Remuneration £30,000 - £35,000 (2014: £25,000 - £30,000)

Employers pension contributions £0 - £5,000 (2014: £0 - £5,000)

D A Shearer (Governor):

Remuneration £55,000 - £60,000 (2014: £50,000 - £55,000)

Employers pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

G E Keeler (Governor):

Remuneration £40,000 - £45,000 (2014: £40,000 - £45,000)

Employers pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

During the year, no Governors received any reimbursement of expenses (2014 - £NIL).

13. GOVERNORS' AND OFFICERS' INSURANCE

The academy trust has opted into the Department of 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 trustees and officers indemnity element from the overall cost of the RPA scheme.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 September 2014	8,179	36	40	72	8,327
Additions	10,962	26	46	32	11,066
At 31 August 2015	19,141	62	86	104	19,393
Depreciation					
At 1 September 2014	3,471	18	14	44	3,547
Charge for the year	965	9	12	30	1,016
At 31 August 2015	4,436	27	26	74	4,563
Net book value					
At 31 August 2015	14,705	35	60	30	14,830
At 31 August 2014	4,708	18	26	28	4,780

15. DEBTORS

	2015 £000	2014 £000
Trade debtors	89	137
VAT recoverable	28	28
Prepayments and accrued income	149	177
	<u>266</u>	<u>342</u>

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

	2015 £000	2014 £000
Trade creditors	35	114
Other taxation and social security	75	77
Other creditors	59	59
Accruals and deferred income	93	161
	<u>262</u>	<u>411</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

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

	£000
Deferred income	
Deferred income at 1 September 2014	76
Resources deferred during the year	72
Amounts released from previous years	(76)
	<hr/>
Deferred income at 31 August 2015	72
	<hr/>

Deferred income includes Rates funding which straddle the academic year together with BALE income invoiced in July 2015 for year ended 31 March 2016 and trips monies collected pre year end in respect of post year end trips.

17. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Designated funds						
Community Action Fund	13	32	(45)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General funds						
Unrestricted general funds	134	354	(428)	-	-	60
School Fund	15	95	(97)	-	-	13
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	149	449	(525)	-	-	73
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted funds	162	481	(570)	-	-	73
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds						
General Annual Grant (GAG)	17	4,259	(4,239)	(37)	-	-
Pupil Premium	-	329	(329)	-	-	-
SEN Funding	-	45	(45)	-	-	-
Other DfE/EFA grants	-	10	(10)	-	-	-
Other Government Grants	-	7	(7)	-	-	-
Other restricted funds	15	-	(7)	-	-	8
BALE - available reserve	18	-	(18)	-	-	-
BALE - essential reserve	125	99	(116)	-	-	108
Durham youth	5	1	(2)	-	-	4
Pension reserve	(1,178)	-	(38)	-	(20)	(1,236)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(998)	4,750	(4,811)	(37)	(20)	(1,116)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Legacy assets - land and buildings	4,359	-	(806)	-	-	3,553
PSBS - New Building	-	10,961	(127)	-	-	10,834
Devolved Formula Capital	33	27	(11)	-	-	49
Capital expenditure from GAG	86	-	(39)	37	-	84
Capital expenditure from Unrestricted	165	-	(18)	-	-	147
Other capital grants	40	21	(3)	-	-	58
	<u>4,683</u>	<u>11,009</u>	<u>(1,004)</u>	<u>37</u>	<u>-</u>	<u>14,725</u>
Total restricted funds	<u>3,685</u>	<u>15,759</u>	<u>(5,815)</u>	<u>-</u>	<u>(20)</u>	<u>13,609</u>
Total of funds	<u>3,847</u>	<u>16,240</u>	<u>(6,385)</u>	<u>-</u>	<u>(20)</u>	<u>13,682</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.

The Community Action designated Fund represents funding set aside to meet the costs of the community's use of the school. This fund is intended to be used to cover the costs of any work relating to community projects occurring in the school.

Other DfE/EFA grants relate to Pupil Premium, Summer School, Post 16 bursary and Yr 7 Catch up grant. Pupil premium is additional funding to be spent as the school sees fit to support disadvantaged children. Summer school funding is to be used to run a Summer School for disadvantaged students. 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.

Other Government grants consists of SEN funding from Durham County Council and other small grants from Durham County Council. All of the grants are to be used for the provision of special educational needs and other educational costs.

Other restricted income relates to a donation. These are to be used on staffing re BATH .

Durham youth relates to grants received form use on educational costs.

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

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

A transfer of £37,000 has been made to Capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

17. STATEMENT OF FUNDS (continued)

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 2 discloses whether the limit was exceeded.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	87	-	14,743	14,830	4,780
Current assets	-	263	87	350	656
Creditors due within one year	(14)	(143)	(105)	(262)	(411)
Provisions for liabilities and charges	-	(1,236)	-	(1,236)	(1,178)
	<u>73</u>	<u>(1,116)</u>	<u>14,725</u>	<u>13,682</u>	<u>3,847</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Net incoming resources before revaluations	9,855	(1,110)
Returns on investments and servicing of finance	-	(1)
Donated fixed assets	(10,961)	-
Depreciation of tangible fixed assets	1,016	1,124
Capital grants from DfE	(17)	(16)
Other capital grants	(59)	(42)
Decrease/(increase) in debtors	76	(15)
Decrease in creditors	(149)	(62)
FRS 17 adjustments	38	68
Net cash outflow from operations	<u>(201)</u>	<u>(54)</u>

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

	2015 £000	2014 £000
Returns on investments and servicing of finance		
Interest received	<u>-</u>	<u>1</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

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

	2015 £000	2014 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(105)	(209)
Capital grants from DfE	17	16
Other capital grants	59	42
	<hr/>	<hr/>
Net cash outflow capital expenditure	(29)	(151)
	<hr/>	<hr/>

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	314	(230)	-	84
	<hr/>	<hr/>	<hr/>	<hr/>
Net funds	314	(230)	-	84
	<hr/>	<hr/>	<hr/>	<hr/>

22. CAPITAL COMMITMENTS

At 31 August 2015 the academy had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	16	47
	<hr/>	<hr/>

23. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

23. PENSION COMMITMENTS (continued)

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

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 (currently 14.1%);
- 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The total contribution made to the TPS in the period amounted to £511,000 (2014: £415,000) of which employer's contributions totalled £301,000 (2014: £301,000) and employees' contributions totalled £210,000 (2014: £114,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £205,000 of which employer's contributions totalled £153,000 and employees' contributions totalled £52,000. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

23. PENSION COMMITMENTS (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2015 £000	Fair value at 31 August 2014 £000
Equities	824	839
Bonds	625	525
Property	102	100
Cash	128	54
Total market value of assets	<u>1,679</u>	<u>1,518</u>
Present value of scheme liabilities	<u>(2,915)</u>	<u>(2,696)</u>
(Deficit)/surplus in the scheme	<u><u>(1,236)</u></u>	<u><u>(1,178)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(2,915)	(2,696)
Fair value of scheme assets	<u>1,679</u>	<u>1,518</u>
Net liability	<u><u>(1,236)</u></u>	<u><u>(1,178)</u></u>

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

	2015 £000	2014 £000
Current service cost	(175)	(175)
Interest on obligation	(103)	(123)
Expected return on scheme assets	<u>87</u>	<u>76</u>
Total	<u><u>(191)</u></u>	<u><u>(222)</u></u>
Actual return on scheme assets	<u><u>(5)</u></u>	<u><u>139</u></u>

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

	2015 £000	2014 £000
Opening defined benefit obligation	2,696	2,636
Current service cost	175	175
Interest cost	103	123
Contributions by scheme participants	52	48
Actuarial (gains) and losses	(72)	(242)
Benefits paid	<u>(39)</u>	<u>(44)</u>
Closing defined benefit obligation	<u><u>2,915</u></u>	<u><u>2,696</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

23. PENSION COMMITMENTS (continued)

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

	2015 £000	2014 £000
Opening fair value of scheme assets	1,518	1,221
Expected return on assets	87	76
Actuarial gains and (losses)	(92)	63
Contributions by employer	153	154
Contributions by employees	52	48
Benefits paid	(39)	(44)
	1,679	1,518

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £48,000 loss (2014 - loss of £28,000 loss).

The academy expects to contribute £158,000 to its Defined benefit pension scheme in 2016.

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Rate of increase in salaries	3.60 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.10 %
Inflation assumption (CPI)	1.85 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2015	2014
Retiring today		
Males	22.6	22.5
Females	25.1	25.0
Retiring in 20 years		
Males	24.8	24.7
Females	27.5	27.3

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

23. PENSION COMMITMENTS (continued)

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

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000
Defined benefit obligation	(2,915)	(2,696)	(2,636)	(2,315)
Scheme assets	1,679	1,518	1,221	948
Deficit	<u>(1,236)</u>	<u>(1,178)</u>	<u>(1,415)</u>	<u>(1,367)</u>
Experience adjustments on scheme liabilities	72	242	(15)	(331)
Experience adjustments on scheme assets	<u>(92)</u>	<u>63</u>	<u>39</u>	<u>(26)</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015 £000	2014 £000	2015 £000	2014 £000
Expiry date:				
Within 1 year	-	-	3	-
Between 2 and 5 years	<u>-</u>	<u>-</u>	<u>17</u>	<u>4</u>

25. NET INTEREST COST ON PENSION SCHEME

	2015 £000	2014 £000
Expected return on pension scheme assets	87	76
Interest on pension scheme liabilities	<u>(103)</u>	<u>(123)</u>
	<u>(16)</u>	<u>(47)</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governors 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 - a company in which K A Wilkinsons son-in-law is a director.

- The academy made purchases of £529 during the year from Cre8tive Graphics. There were no outstanding items at 31 August 2015.
- The trust made the purchases at arms length in accordance with its financial regulations, which K Wilkinson neither participated in, nor influenced.
- In entering into the transaction the trust has complied with the requirements of EFA's Academies Financial Handbook.