

Company Registration Number: 07638979 (England & Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



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

Members

G W Campbell
V Hetherington (appointed 9 November 2020)
H Stevens
E Varley
Dr J Whittaker

Governors

E Varley, Chair¹
G W Campbell, Vice Chair¹
S Boughey
R A M Dobinson
N Grieveson, Accounting Officer¹
D M Hall (resigned 31 August 2020)¹
D Martin
K Philpott (resigned 13 November 2019)
S Price (appointed 4 October 2019)
C Robinson (appointed 30 September 2019)¹
I Robley (deceased 6 September 2020)
G Short (resigned 15 June 2020)¹
D Smith (resigned 20 November 2019)¹
Cllr T Tucker¹
K A Wilkinson¹

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

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Senior management team

N Grieveson, Head Teacher
S Whitehead, Deputy 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
County Durham
DL3 7RT

Bankers

Lloyds Bank plc
21-23 Northgate
Darlington
County 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 2020

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 19 serving a catchment area in Bishop Auckland. It was built under the PSBP scheme to have a pupil capacity of 950 and had a roll of 909 in the school census of January 2020.

Pupils are admitted to the academy in line with the academy admission policy, adopted from Durham County Council's policy, and administered by the local authority.

Structure, governance and management

Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Articles of Association is the primary governing document 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, Bishop Auckland Limited.

Details of the Governors who served during the year, and to the date these accounts are approved 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 trust has joined the ESFA Risk Protection Arrangement to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business. Further details are provided in note 12.

Method of recruitment and appointment or election of Governors

The management of the academy trust is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

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 holder 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.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Policies 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.

Organisational structure

The academy trust 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 trust performance via regular reporting and make major decisions about the direction of the academy trust, 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 trust 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.

Trade union facility time

The academy trust has entered into a service level agreement with Durham County Council for the provision of Trade Union Facility Time. The cost of this service for the 2019-20 academic year was £2,399.

Related parties and other connected charities and organisations

During the period the academy trust transacted with one related party. Details of related party transactions are stated in note 24 to the Financial Statements.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

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.

The main objectives of the academy trust during the year ended 31 August 2020 are as 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.

The school 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 trust during the Period 1 September 2019 to 31 August 2020 were as follows:

- **Engagement and Performance of Boys** (the performance of boys continues to be a focus in 2020-21).
- **Performance of HPA Students** (a range of strategies to target high performing students, particularly boys, has been initiated)
- **Performance of Pupil Premium students** (this continues to be a challenge and our Catch-Up programme reflects the fact that this group's progress was significantly and adversely affected by school closure).
- **Subject Priorities** - English / History / Physics / Psychology:
 - **History** – In 2020-21 History will continue to be a priority, however teacher assessments for 2020 confirmed a significant improvement and the department has benefitted from the appointment of additional specialist teachers.
 - **English** – English outcomes in 2020 represent a significant improvement, but in both Literature and Language GCSEs, English continues to be a significant priority.
 - **Physics** – Teaching in Physics is a significant priority for Senior and Middle Leaders with a package of support being provided for new and specialist teachers.
 - **Psychology** – As well as increasing the level of teaching support available for Psychology in the Sixth Form we have also employed an additional A Level Psychology teacher (KT) to help to develop Applied Psychology as an alternative option for 2020. KT will now lead the development of Psychology.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

- **Planning for Learning** (this has been a focus for training related for the new Ofsted Education Inspection Framework).
- **Subject Knowledge and Deeper Learning** leading to increased challenge (an explicit focus for Spring Term observations in 2020-21).
- **Subject Ambassadors and Learning Collaboratives** (collaborative CPD and the promotion of subject ambassadors have been pursued throughout our INSET programme).
- **KS3 Schemes as preparation for KS4** (a review of KS3 and KS4 schemes of work has been completed and Learning Journeys have been developed in order to provide a user-friendly format for defining intent and sequencing. This year we will develop assessment and tracking to reflect revised schemes of work).
- **Literacy skills in KS3** - Reading > Comprehension > Spelling > Writing (through the work of our Literacy Coordinator we are promoting a number of new literacy strategies: Active Reading / KS3 Reading Sessions / Reading Challenge / Key Word Development. A new and experienced Coordinator started in mid-2019-20).
- **Progress 8** = +0.10.
- **Sixth Form VA** = +0.25 Across Technical, Applied General, Academic and A' Level (this is a key focus for the Sixth Form Team and a new Head of Sixth Form and Assistant HoY who have been appointed).
- **Strategic development of Sixth Form Curriculum** (our new Head of Sixth Form and a newly appointed AAHT are investigating curriculum options and opportunities, this is being further supported by an Associate AHT).
- **Recruitment to Year 7** – Covid restrictions place a limit on the activities that can be undertaken to support recruitment. The development of a Virtual Open Evening and the use of our website and Vision magazine will be key in raising our profile).
- **Recruitment to Sixth Form** = 190 target for September 2021.
- **Implementation of Effective Teaching Strategies and Increased Curriculum Relevance** = 95% Good or better.
- **Teacher Induction, Training and Support** – This including ITE / NQT support & development (we have provided appropriate and timely support for the student teachers and those who have joined our team).
- **Attendance** = 95% (attendance following our return from lockdown and our use of Re-Engagement Days has been good and for the first week of the new academic year was 95%).
- **Reduction in Fixed Term and Permanent Exclusions** = 2 (we permanently excluded 4 students in 2019-2020). We are awaiting feedback from the LA regarding a proposal to work collaboratively to reduce exclusions having received positive feedback from the town's two other secondary schools.

Effective Financial Management - we continue to fight for our school's share of resources through the Schools Forum and through direct contact with LA officers, and despite having no access to Growth Funding we have maintained a surplus through a challenging year. The Budget Working Group is highly effective in supporting financial management and in challenging school leaders.

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.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Public benefit

The academy trust'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 trust should undertake.

Strategic report

Achievements and performance

Achievements in the year

Year 11 and Sixth Form outcomes were determined by using Centre Assessed Grades and a national standardisation process following the lockdown of schools and therefore the cancellation of the summer 2020 examination series.

The following outcomes reflect the SISRA analysis of performance comparing our performance with that of the SISRA national cohort.

Results indicate a continuing improvement in outcomes and are the result of a rigorous centre-assessment process which was subject to rigorous quality assurance by department leaders and senior leaders within the Academy:

Headline Achievement (KS4)

Attainment 8 Score	50.17
Progress 8 score	0.05
English A8	4.67
Mathematics A8	4.76
2 x Sciences	4.49
Humanities	4.25
MFL	0.96 (Small cohort effect)
Open Subjects A8 (3)	5.83
4+ (EM) %	69.1%
5+ (EM) %	46.3%
English 4+ %	77.2%
English 5+ %	54.5%
Maths 4+ %	77.2%
Maths 5+ %	59.3%

Headline Achievement (KS5)

Value Added	+0.40
A' Level APS / Grade	32.63 / C+
Academic APS / Grade	32.53 / C+
Applied General APS / Grade	38.78 / Dist+
Tech' Level APS / Grade	42.50 / Dist*
English Progress Measure	+0.18
Mathematics Progress Measure	+0.54

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

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.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Key performance indicators

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

	2020	2019
Total Income per pupil	£6,680	£6,472
Total GAG per pupil	£5,440	£5,216
GAG/Income ratio	81.43%	80.59%
Teaching Staff Costs / Total Income	59.47%	55.93%
Total Staff Cost / Total Income	82.24%	80.46%
Expenditure per pupil	£6,655	£6,440
Pupil Teacher ratio	13.77	14.1
Total Revenue Reserves	£42,000	£27,000
Total Revenue Reserves / income ratio	0.69%	0.48%
Total Revenue Reserves / GAG ratio	0.85%	0.60%

The above calculations excluding capital income, depreciation and LGPS pension valuation adjustments as these are not deemed to be pupil related.

The performance indicators are broadly in line with the previous year's figures and Governor expectations. The revenue reserves are lower than planned however following increased spend in response to the COVID pandemic.

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. Governors have anticipated, and accept that the academy faces a challenge in ensuring that adequate resources are available, throughout the year, to provide excellent education to all students following the continued significant growth in pupil numbers over recent years. Funding for additional students admitted in September 2020 is not received until 1st September 2021, but the continued growth in numbers (and hence lagged funding) and the successful management of in-year expenditure allows Governors to continue to adopt the going concern basis in preparing the financial statements. The academy has received over 171 "first choice" applications by 18th November 2020 and would anticipate being over-subscribed for September 2021 for the third year running. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

Review of the year

Most of the academy trust'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 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended practice, 'Accounting and Reporting by Charities SORP (FRS102)', such grants are shown under 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 trust 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.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Financial review (continued)

Review of the year (continued)

The academy trust was affected by the COVID pandemic, with an effective closure of the school from end of March to the end of the summer term. The provision of education continued remotely over this period and pupil re-engagement days were held over the summer holidays in preparation of a full return in September. There was a significant financial impact as a result of these changes, both from increased costs and loss of catering and lettings income. In order that the financial stability of the school was not threatened, an exceptional costs refund grant claim was made to ESFA. Nevertheless, the restrictions around eligible expenditure that could be reclaimed under the scheme, means the reported unrestricted surplus for the year of £15,000 is lower than Governor expectations.

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

At 31 August 2020 net book value of fixed assets was £13,879,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

During the year ended 31 August 2020, total expenditure of £6,617,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (excluding pension reserve movements and restricted fixed asset funds) was £15,000.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £3,469,000 recognised on the Balance Sheet.

The academy trust held fund balances as at 31 August 2020 of £10,415,000 comprising £- of restricted general funds, £13,842,000 of restricted fixed asset funds, a pension deficit of £3,469,000 and £42,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as of 31 August 2020 was £42,000.

Reserves policy

The academy trust holds restricted and unrestricted funds (the attached financial statements detail these funds).

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 trust 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) in excess of £112,000 (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; and
- c) the cost of sickness cover above that included within budget.

The academy trust's current level of free reserves are in surplus by £42,000 and therefore considered to be below the level of reserves required for the ongoing needs of the academy. The Governing Body is considering actions to increase the level of free reserves to the value identified within the policy.

Investment policy

The academy trust 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.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of 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 trust, 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 trust 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 trust is subject to a number of risks and uncertainties in common with other academies. This includes the risk of the current COVID pandemic extending throughout the current academic year. The academy trust has in place procedures to identify and mitigate financial risks.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Governors.

Plans for future periods

2019-2020 was an academic year defined by the coronavirus pandemic and its impact upon the education of our students. The impact of, and planning for, the pandemic continues to dominate our academy Improvement Plan.

We continue to place the safety of our students and staff at the forefront of our thoughts and we have put in place measures to continue to support the education of students within, and beyond, the academy trust. Our investment in Chromebook technology, over several years, has placed us in an enviable position and now means that all students will have access to a laptop computer to support their remote learning.

We are investing in the training of students and staff alike, to ensure that they have the necessary skills to be able to make full use of the technology at their fingertips and to support their teaching and learning.

In the short-term we have developed Recovery Plans and have completed gap analysis to enable teachers to target catch-up funding in a way that best supports our learners. We are employing additional staff to support this endeavour.

The strategic development of the academy trust will be a focus for the coming year, Covid-19 permitting, and the academy trust continues to consider suitable partners to support potential Multi-Academy Trust development.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

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
- that 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 auditors are 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 3 December 2020 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. The effective oversight of funds was maintained via the Budget Working Group who met on 7 occasions during the year. As such, the Board felt 3 meetings was sufficient.

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
S Boughey	2	3
R A M Dobinson	2	3
N Grieveson, Accounting Officer	3	3
D M Hall (resigned 31 August 2020)	3	3
D Martin	3	3
K Philpott (resigned 13 November 2019)	0	0
S Price (appointed 4 October 2019)	3	3
C Robinson (appointed 30 September 2019)	3	3
I Robley (deceased 6 September 2020)	3	3
G Short (resigned 15 June 2020)	1	3
D Smith (resigned 20 November 2019)	0	0
Cllr T Tucker	2	3
K A Wilkinson	3	3

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. The major challenges faced by Governors during the year included improving the educational results, growing the sixth form and addressing government funding pressures.

In the autumn term of 2019 the academy trust 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

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

- delegation of authority and segregation of duties
- 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 Head Teacher; 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 head teacher to continue such improvements. They moved swiftly to challenge the Head Teacher 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 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, reviewing the Statement of Accounts, reviewing the risk register and receiving the auditor's reports. During the period G Campbell, who worked as an accountant prior to retirement, chaired the committee. Attendance at meetings in the year was as follows:

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
G W Campbell (Chair)	3	3
N Grieveson (Accounting Officer)	3	3
E Varley	3	3
D Hall (resigned 31 August 2020)	3	3
C Robinson (appointed 30 September 2019)	3	3
G Short (resigned 15 June 2020)	2	3
D Smith (resigned 20 November 2019)	1	1
Cllr T Tucker	1	3
K A Wilkinson	3	3

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

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Head Teacher 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 academy 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 appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Continuing the utilisation strategy of cover supervisors to reduce teaching supply costs
- Procuring modular buildings in line with the academy trust's financial procedures and value for money principles
- Reviewing assets that have become surplus to requirements for potential sale
- Continuing to adopt electronic and remote communications where possible

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 on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in King James I Academy, Bishop Auckland Limited for the year 1 September 2019 to 31 August 2020 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 trust 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 trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 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 trust'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
- identification and management of risks

The Board of Governors has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

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

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

- 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 external 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 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.

Following the revised FRC Ethical Standard with regard to the separation of the external audit and internal audit firm, the arrangement for Clive Owen LLP to provide such services was concluded at the end of Academic Year 2019/20. Following a procurement exercise this functionality will be commissioned from Azets from 1 September 2020.

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 trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the Board of Governors on 3 December 2020 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2019.

I confirm that I and the academy trust Board of Governors are able to identify any material irregular or improper use of all 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 2019.

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: 3 December 2020

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

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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 Academies Accounts Direction published 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 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 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 and signed on its behalf by:


E Varley
Chair

Date: 3 December 2020

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 (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2020 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 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust 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.

Material uncertainty related to going concern

We draw attention to section 1.5 'Going Concern' of Note 1 in the financial statements which indicates that, whilst Governors are satisfied they have sufficient measures in place, the academy trust is facing challenges over the next 12 months, brought about by a significant increase in pupil numbers and by the lag between the admission of these students and the academy trust's receipt of funding. As noted in section 1.5 of Note 1, these events or conditions indicate that a material uncertainty exists that could cast doubt on the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 (CONTINUED)

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 the financial year 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 trust 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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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 (CONTINUED)**

Responsibilities of Governors

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the academy trust 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 trust'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 trust or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the academy trust'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 trust'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 trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Beaumont BA (Hons) BFP FCA DChA (Senior Statutory Auditor)
for and on behalf of
Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

3 December 2020

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

INDEPENDENT REPORTING ACCOUNTANT'S 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 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 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 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 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 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KING JAMES
I ACADEMY, BISHOP AUCKLAND LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

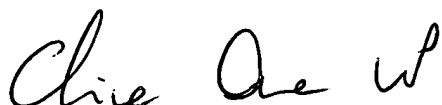
- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- 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 registers 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;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KING JAMES
I ACADEMY, BISHOP AUCKLAND LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has 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 Accountant
Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 3 December 2020

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 2020**

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants	4	-	-	28	28	67
Charitable activities	6	106	5,736	-	5,842	5,209
Other trading activities	5	220	-	-	220	339
Total income		326	5,736	28	6,090	5,615
Expenditure on:						
Charitable activities	7	311	5,969	337	6,617	6,167
Total expenditure		311	5,969	337	6,617	6,167
Net movement in funds before other recognised gains/(losses)		15	(233)	(309)	(527)	(552)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(687)	-	(687)	(603)
Net movement in funds		15	(920)	(309)	(1,214)	(1,155)
Reconciliation of funds:						
Total funds brought forward		27	(2,549)	14,151	11,629	12,784
Net movement in funds		15	(920)	(309)	(1,214)	(1,155)
Total funds carried forward		42	(3,469)	13,842	10,415	11,629

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

The notes on pages 29 to 53 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 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	13	13,879	14,130
		<u>13,879</u>	<u>14,130</u>
Current assets			
Debtors	14	138	238
Cash at bank and in hand		173	62
		<u>311</u>	<u>300</u>
Creditors: amounts falling due within one year	15	(306)	(252)
Net current assets		<u>5</u>	<u>48</u>
Total assets less current liabilities		<u>13,884</u>	<u>14,178</u>
Net assets excluding pension liability		<u>13,884</u>	<u>14,178</u>
Defined benefit pension scheme liability	22	(3,469)	(2,549)
Total net assets		<u><u>10,415</u></u>	<u><u>11,629</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	16	13,842	14,151
Restricted funds excluding pension asset	16	<u>13,842</u>	<u>14,151</u>
Pension reserve	16	(3,469)	(2,549)
Total restricted funds	16	<u>10,373</u>	<u>11,602</u>
Unrestricted income funds	16	<u>42</u>	<u>27</u>
Total funds		<u><u>10,415</u></u>	<u><u>11,629</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 25 to 53 were approved by the Governors, and authorised for issue on 03 December 2020 and are signed on their behalf, by:



E Varley
Chair

The notes on pages 29 to 53 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	171	(37)
Cash flows from investing activities	19	(60)	43
Change in cash and cash equivalents in the year		111	6
Cash and cash equivalents at the beginning of the year		62	56
Cash and cash equivalents at the end of the year	20, 21	<u>173</u>	<u>62</u>

The notes on pages 29 to 53 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 2020

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 historic 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 2019 to 2020 issued by ESFA, the Charities Act 2011 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 trust 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 funders 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/donor and include grants from the Department for Education Group.

1.3 Income

All income is recognised once the academy trust 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**

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 in the year for which it is receivable and any abatement in respect of the year 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.

• **Other income**

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

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.

- **Charitable activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

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 trust 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 put sufficient measures in place and has adequate resources to continue in operational existence for the foreseeable future. The academy trust has limited reserves of £42,000 and is facing financial challenges over the next 12 months to manage its budget and cash flow in order to continue to provide an excellent education for all students, including the additional 59 students that joined the academy trust in September 2020. Governors have anticipated these challenges and deem them to be of a temporary nature and note that they will be alleviated once the funding for these students is provided. Should the trust incur unexpected expenditure, or not receive all monies due to them as they fall due there is a risk that the trust will not be able to meet its liabilities as they fall due and therefore not be a going concern.

1.6 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets 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 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. 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:

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NOTES TO THE FINANCIAL STATEMENTS
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1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Long term leasehold property	- straight line over the useful economic life
Long term leasehold land	- straight line over 125 years
Furniture and fixtures	- straight line over 5 years
Motor vehicles	- straight line over 5 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.

1.7 Taxation

The academy trust 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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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 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 trust 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.

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NOTES TO THE FINANCIAL STATEMENTS
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1. Accounting policies (continued)

1.11 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement bases 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 14. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. 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 cost as detailed in note 15. 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 instrument. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government 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 trust 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Critical accounting estimates and areas of judgment

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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. In the current year the actuary has made assumptions to estimate the liability associated with McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

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 £349,000.

Critical areas of judgment:

Land – Land is held under a 125 year lease from Durham County Council. These assets are included on the balance sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy trust, 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 trust could use them without major modification.

3. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to limits at 31 August 2020 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2020.

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**NOTES TO THE FINANCIAL STATEMENTS
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4. Income from donations and capital grants

	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Capital Grants	28	28	67
	<hr/>	<hr/>	<hr/>
Total 2019	67	67	
	<hr/>	<hr/>	

5. Income from other trading activities

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Non student catering income	13	-	13	23
Rental and lettings income	31	-	31	45
Other	176	-	176	271
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2020	220	-	220	339
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2019	298	41	339	
	<hr/>	<hr/>	<hr/>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. Funding for the academy's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,944	4,944	4,471
Pupil Premium	-	353	353	332
Rates	-	32	32	33
Year 7 Catch Up	-	16	16	16
Teachers' pay grant	-	61	61	37
Other DfE Group grants	-	200	200	12
	-	5,606	5,606	4,901
Other Government grants				
SEN	-	90	90	136
Local Authority grants	-	4	4	-
	-	-	94	136
Exceptional government funding				
Coronavirus exceptional support	-	19	-	-
	-	5,719	5,700	5,037
Other funding				
Non Government grants	-	17	17	-
Non Government non grant income	-	-	-	19
Student Catering	106	-	106	153
Total 2020	106	5,736	5,842	5,209
Total 2019	153	5,056	5,209	

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000	Total 2019 £000
Academy's educational operations:					
Direct costs	4,335	-	203	4,538	4,155
Allocated support costs	840	684	555	2,079	2,012
Total 2020	5,175	684	758	6,617	6,167
Total 2019	4,740	607	820	6,167	

In 2020, of the total expenditure, £311,000 (2019 - £446,000) was to unrestricted funds, £5,969,000 (2019 - £5,362,000) was to restricted funds and £337,000 (2019 - £359,000) was to restricted fixed asset funds.

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

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

There were transactions totalling £2,613 in regard to unrecoverable debts.

There were no ex-gratia payments in the year.

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Academy's educational operations	4,538	2,079	6,617	6,167
Total 2019	4,155	2,012	6,167	

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2020 £000	Total funds 2019 £000
Staff costs	4,335	3,900
Educational supplies	91	132
Examination fees	80	88
Staff development	11	12
Technology costs	4	7
Staff expenses	1	3
Other costs	16	13
	<u>4,538</u>	<u>4,155</u>

Analysis of support costs

	Total funds 2020 £000	Total funds 2019 £000
Net interest cost on pension scheme	46	45
Staff costs	840	840
Depreciation	349	345
Technology costs	14	23
Transport	102	97
Maintenance of premises	45	30
Cleaning	15	17
Other premises costs	32	28
Energy	85	90
Rent and rates	28	44
Insurance	25	29
Operating lease rentals	195	114
Catering	102	108
Legal costs - other	1	2
Security	5	5
Other costs	179	178
Governance costs	16	17
	<u>2,079</u>	<u>2,012</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Operating lease rentals	195	114
Depreciation of tangible fixed assets	349	345
Gain on disposal of fixed assets	(10)	-
Fees paid to auditors for:		
- audit	8	8
- other services	4	4
	<u> </u>	<u> </u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	3,808	3,576
Social security costs	361	340
Pension costs	989	746
	<u>5,158</u>	<u>4,662</u>
Agency staff costs	17	45
Staff restructuring costs	-	33
	<u>5,175</u>	<u>4,740</u>

Staff restructuring costs comprise:

	2020 £000	2019 £000
Redundancy payments	-	16
Severance payments	-	17
	<u>-</u>	<u>33</u>

Included in operating costs of defined benefit pension schemes is a debit of £187,000 (2019 : £195,000) relating to the pension deficit actuarial adjustment.

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff (continued)

b. Staff numbers

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

	2020 No.	2019 No.
Teaching staff	65	56
Admin staff	85	88
Other staff	6	7
	<u>156</u>	<u>151</u>

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	2	1
In the band £90,001 - £100,000	<u>1</u>	<u>1</u>

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

d. Key management personnel

The key management personnel of the academy trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £578,000 (2019: £702,000).

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11. 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 staff members under their contracts of employment. The value of Governors' remuneration and other benefits was as follows:

		2020 £000	2019 £000
N Grieveson	Remuneration	90 - 95	90 - 95
	Pension contributions paid	20 - 25	15 - 20
S J J Northgreaves (resigned 29 November 2018)	Remuneration		10 - 15
	Pension contributions paid		0 - 5
N S Read (resigned 31 October 2018)	Remuneration		15 - 20
	Pension contributions paid		0 - 5
D M Hall (resigned 31 August 2020)	Remuneration	10 - 15	10 - 15
	Pension contributions paid	0 - 5	0 - 5
D Martin	Remuneration	20 - 25	20 - 25
	Pension contributions paid	0 - 5	0 - 5

During the year ended 31 August 2020, no Governor expenses have been incurred (2019 - £NIL).

During the year ended 31 August 2020, no Governors received any reimbursement of expenses (2019-£Nil).

12. 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 Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust 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 membership.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

	Long-term leasehold property £000	Motor vehicles £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2019	15,698	36	113	106	15,953
Additions	89	-	6	3	98
Disposals	-	(36)	-	-	(36)
At 31 August 2020	15,787	-	119	109	16,015
Depreciation					
At 1 September 2019	1,605	36	80	102	1,823
Charge for the year	333	-	13	3	349
On disposals	-	(36)	-	-	(36)
At 31 August 2020	1,938	-	93	105	2,136
Net book value					
At 31 August 2020	13,849	-	26	4	13,879
At 31 August 2019	14,093	-	33	4	14,130

14. Debtors

	2020 £000	2019 £000
Trade debtors	4	8
VAT recoverable	14	19
Prepayments and accrued income	120	211
	138	238

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

15. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	5	42
Other taxation and social security	90	79
Other creditors	95	66
Accruals and deferred income	116	65
	<u>306</u>	<u>252</u>
	2020 £000	2019 £000
DEFERRED INCOME		
Deferred income at 1 September 2019	36	67
Resources deferred during the year	50	36
Amounts released from previous periods	(36)	(67)
Deferred income at 31 August 2020	<u>50</u>	<u>36</u>

At the balance sheet date the academy trust was holding funds received in advance relating to grant funding for rates relief which straddles the financial year end and monies collected in respect of post year end trips.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
Unrestricted general funds	27	326	(311)	-	-	42
Restricted general funds						
General Annual Grant (GAG)	-	4,944	(4,944)	-	-	-
Pupil Premium	-	353	(353)	-	-	-
Other DfE/ESFA Grants	-	309	(309)	-	-	-
SEN	-	90	(90)	-	-	-
Other government grants	-	23	(23)	-	-	-
Other	-	17	(17)	-	-	-
Pension reserve	(2,549)	-	(233)	-	(687)	(3,469)
	<u>(2,549)</u>	<u>5,736</u>	<u>(5,969)</u>	<u>-</u>	<u>(687)</u>	<u>(3,469)</u>
Restricted fixed asset funds						
Legacy assets - land and buildings	3,373	-	(45)	-	-	3,328
PSBP - New Building	10,502	-	(232)	-	-	10,270
Devolved Formula Capital	55	19	(17)	(2)	-	55
Capital expenditure from GAG	21	-	(5)	-	-	16
Capital expenditure from Unrestricted	75	-	(18)	-	-	57
Other capital grants	125	9	(20)	2	-	116
	<u>14,151</u>	<u>28</u>	<u>(337)</u>	<u>-</u>	<u>-</u>	<u>13,842</u>
Total Restricted funds	<u>11,602</u>	<u>5,764</u>	<u>(6,306)</u>	<u>-</u>	<u>(687)</u>	<u>10,373</u>
Total funds	<u>11,629</u>	<u>6,090</u>	<u>(6,617)</u>	<u>-</u>	<u>(687)</u>	<u>10,415</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds (continued)

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

The General Annual Grant (GAG) must be used for the normal running of the academy trust including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA grants relates to Year 7 catch up, Teachers Pay Grant, Teachers Pension Grant and FSM Supplementary Grant. The Year 7 catch up grant is used on costs relating to year 7 pupils. The Teachers Pay Grant and the Teachers Pension Grant is to cover the increase in Teacher Pension Scheme contributions. The FSM Supplementary grant is to be used for pupil free school meals.

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

Other grants includes the Youth Music Funding to run a two year music programme.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
Designated funds						
BALE reserve	17	-	(17)	-	-	-
General funds						
Unrestricted general funds	2	451	(426)	-	-	27
School Fund	3	-	(3)	-	-	-
	5	451	(429)	-	-	27
Total Unrestricted funds	22	451	(446)	-	-	27

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16. Statement of funds (continued)

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Restricted general funds						
General Annual Grant (GAG)	-	4,471	(4,471)	-	-	-
Pupil Premium	-	332	(332)	-	-	-
Other DfE/ESFA Grants	-	98	(98)	-	-	-
SEN	-	136	(136)	-	-	-
Other government grants	6	19	(25)	-	-	-
Other	2	41	(43)	-	-	-
Nurture Group Building	85	-	(17)	(68)	-	-
Pension reserve	(1,706)	-	(240)	-	(603)	(2,549)
	<u>(1,613)</u>	<u>5,097</u>	<u>(5,362)</u>	<u>(68)</u>	<u>(603)</u>	<u>(2,549)</u>
Restricted fixed asset funds						
Legacy assets - land and buildings	3,418	-	(45)	-	-	3,373
PSBP - New Building	10,734	-	(232)	-	-	10,502
Devolved Formula Capital	47	58	(50)	-	-	55
Capital expenditure from GAG	26	-	(5)	-	-	21
Capital expenditure from Unrestricted	93	-	(18)	-	-	75
Other capital grants	57	9	(9)	68	-	125
	<u>14,375</u>	<u>67</u>	<u>(359)</u>	<u>68</u>	<u>-</u>	<u>14,151</u>
Total Restricted funds	<u>12,762</u>	<u>5,164</u>	<u>(5,721)</u>	<u>-</u>	<u>(603)</u>	<u>11,602</u>
Total funds	<u>12,784</u>	<u>5,615</u>	<u>(6,167)</u>	<u>-</u>	<u>(603)</u>	<u>11,629</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	39	-	13,840	13,879
Current assets	202	107	2	311
Creditors due within one year	(199)	(107)	-	(306)
Provisions for liabilities and charges	-	(3,469)	-	(3,469)
Total	42	(3,469)	13,842	10,415

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	52	-	14,078	14,130
Current assets	106	121	73	300
Creditors due within one year	(131)	(121)	-	(252)
Provisions for liabilities and charges	-	(2,549)	-	(2,549)
Total	27	(2,549)	14,151	11,629

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £000	2019 £000
Net expenditure for the period (as per Statement of Financial Activities)	(527)	(552)
Adjustments for:		
Profit and loss on disposal of fixed assets	(10)	(12)
Depreciation	349	345
Capital grants from DfE and other capital income	(28)	(67)
Defined benefit pension scheme cost less contributions payable	187	195
Defined benefit pension scheme finance cost	46	45
Decrease in debtors	100	27
Increase/(decrease) in creditors	54	(18)
Net cash provided by/(used in) operating activities	171	(37)

19. Cash flows from investing activities

	2020 £000	2019 £000
Purchase of tangible fixed assets	(98)	(38)
Proceeds from the sale of tangible fixed assets	10	14
Capital grants from DfE Group	28	67
Net cash (used in)/provided by investing activities	(60)	43

20. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	173	62
Total cash and cash equivalents	173	62

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21. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	62	111	173
	<u>62</u>	<u>111</u>	<u>173</u>

22. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £95,000 were payable to the schemes at 31 August 2020 (2019 - £65,000) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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22. 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £614,000 (2019 - £375,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £245,000 (2019 - £230,000), of which employer's contributions totalled £188,000 (2019 - £176,000) and employees' contributions totalled £ 57,000 (2019 - £54,000). The agreed contribution rates for future years are 15.9% for employers and 5.5 - 12.5% for employees.

As described in note the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.30	3.50
Rate of increase for pensions in payment/inflation	2.30	2.00
Discount rate for scheme liabilities	1.70	1.90
Inflation assumption (CPI)	2.30	2.00
Commutation of pensions to lump sums	85.00	80.00

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

	2020 Years	2019 Years
Retiring today		
Males	22.2	22.3
Females	24.2	23.8
Retiring in 20 years		
Males	23.2	24.0
Females	25.7	25.7

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	6,656	5,622
Discount rate -0.1%	6,991	5,899
Mortality assumption - 1 year increase	6,574	5,567
Mortality assumption - 1 year decrease	7,072	5,954
CPI rate +0.1%	6,977	5,855
CPI rate -0.1%	6,670	5,665

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

Share of scheme assets

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

	2020 £000	2019 £000
Equities	1,655	1,618
Government bonds	801	825
Corporate bonds	493	376
Property	238	231
Cash and other liquid assets	164	160
Total market value of assets	<u>3,351</u>	<u>3,210</u>

The actual return on scheme assets was £26,000 loss (2019 - £302,000 gain).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £000	2019 £000
Current service cost	(375)	(241)
Past service cost	-	(130)
Interest income	63	79
Interest cost	(109)	(124)
	<u>(421)</u>	<u>(416)</u>

Changes in the present value of the defined benefit obligations were as follows:

	2020 £000	2019 £000
Opening defined benefit obligation	5,759	4,442
Current service cost	375	241
Interest cost	109	124
Employee contributions	57	54
Actuarial losses	598	826
Benefits paid	(78)	(58)
Past service costs	-	130
Closing defined benefit obligation	<u>6,820</u>	<u>5,759</u>

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22. Pension commitments (continued)

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2020 £000	2019 £000
Opening fair value of scheme assets	3,210	2,736
Interest income	63	79
Actuarial (losses)/gains	(89)	223
Employer contributions	188	176
Employee contributions	57	54
Benefits paid	(78)	(58)
Closing fair value of scheme assets	<u>3,351</u>	<u>3,210</u>

23. Operating lease commitments

At 31 August 2020 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
AMOUNTS PAYABLE:		
Within one year	190	142
Between one and five years	365	254
Total	<u>555</u>	<u>396</u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. Related party transactions

Owing to the nature of the academy trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transactions

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 academy trust purchased signwriting from Cre8tive Graphics Limited totalling £1,091 (2019: £1,658) during the period. There was £1,165 amounts outstanding at 31 August 2020 (2019: £nil).
- The academy 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 academy trust has complied with the requirements of the Academies Financial Handbook 2019.

J Short, daughter of G Short, a Governor (resigned 15 June 2020), is employed by the academy trust as a teacher. J Short's appointment was made in open competition and G Short was not involved in the decision making process regarding appointment. J Short is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Governor.

S Wilkinson, granddaughter of K A Wilkinson and neice of R A M Dobinson, both Governors, is employed by the academy trust as a teacher. S Wilkinson's appointment was made in open competition and neither K A Wilkinson or R A M Dobinson were involved in the decision making process regarding appointment. S Wilkinson is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Governor.