

NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



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**NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Trustees and members	P Cornish, Principal S Joint, Chair M North
Trustees	G Davies, Staff Trustee D Back J Dunn G Hobbs, Staff Trustee K Mackle C Robinson P Rudling D Tupman
Company registered number	07717015
Company name	Newton Abbot Academy Trust
Principal and Registered office	Old Exeter Road Newton Abbot Devon TQ12 2NF
Company secretary	R Bellas
Principal	P Cornish
Senior management team	P Cornish, Principal N Hill, Business Manager L Ring, Assistant Principal A McDermott, Assistant Principal D Evans, Assistant Principal S Kocur, Assistant Principal K West, Assistant Principal L Ransom, Assistant Principal R Greeves, Assistant Principal, appointed 1 September 2015
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 50 The Terrace Torquay Devon TQ1 1DD

**NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 19 in Teignbridge and had a roll of 1047 in the school census in October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy.

The Trustees of Newton Abbot Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Newton Abbot College.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the academy. The limit of this indemnity is £10,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1st August 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered reelection or replacement process.

The Academy's Governing Body comprises the Principal, a minimum of 2 Parent Trustees, 2 Staff Trustees (providing that the total number of Trustees, including the Principal, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and other Trustees. The number of Trustees shall not be less than three but is not subject to any maximum.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 7 Trustees who are appointed by members.
- up to 7 Parent Trustees who are elected by parents of registered students at the College.
- up to 2 staff Trustees appointed by the Governing Body.
- up to 3 Coopted Trustees who are appointed by the Governing Body.
- the Principal, who is treated for all purposes as being an ex officio Trustee.

Trustees are appointed for a four-year period, except that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be reappointed or reelected.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy operates a system of providing new Trustees with an Induction Pack and a set procedure is followed for their appointment. Recruitment is also often an agenda item on Full Governing Body meetings.

The training and induction provided for new Trustees will depend upon their existing experience and follows a tailored Trustee induction programme including a tour of the Academy. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. Further training is available to all Trustees including specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees meets 10 or 11 times a year. At its first meeting each year the Board establishes an overall framework for the governance of the Academy and determines its terms of reference. It monitors the activities of the Committees either through the minutes of their meetings or by a report fed back to the full Board. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are three committees as follows;

Finance, Risk and Audit Committee

Purpose – To meet with the Principal, as the Accounting Officer and Business Manager, as Chief Financial Officer, to review the financial position of the Trust, the risks associated with managing an Academy Trust and to review audits, including financial and health and safety audits.

Principal's Performance Review Committee

Purpose To meet with the Principal and the School Improvement Partner (or other such external body appointed by the Governing Body) in the Autumn Term, convening sufficient meetings to discharge their responsibilities of monitoring the Principal's performance.

Pay Committee

Purpose To meet in the Autumn term each year to review the salaries of the Leadership team.

The following committees meet, as required;

Discipline Committee

Meets - as required.

Purpose Where the Principal has decided to institute a permanent exclusion, to consider whether the student should be reinstated immediately, reinstated by a particular date, or not reinstated, irrespective of any representation from the parents and to work within any time scale laid down in DFE regulations. To hear any representations from parents about a fixed term exclusion under 5 college days.

First Committee

Meets as required.

Purpose To consider such staff disciplinary cases as may be referred to the committee by the Principal or as members of the committee may decide according to the College's Disciplinary and Capability Procedures.

Appeals Committees

The Governing Body is required to set up a number of Appeal Committees including admissions, permanent exclusions, first committee, Pay, Curriculum Complaints, Special Educational Needs provision and any other matters as required.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to the Trustees, to approve the Annual Improvement Plan and budget.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees are responsible for setting strategic policy, adopting an annual improvement plan and budget, approving the statutory accounts, monitoring the performance of the Academy and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Principal and College Leadership Team (CLT). The CLT comprises the Principal, Assistant Principals and the Business Manager. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

Connected Organisations, including Related Party Relationships

The Academy has preferential user rights of Newton Abbot Leisure Centre (owned by Teignbridge District Council) for the overwhelming majority of its indoor sporting activities. These rights, along with the related operating procedures and charging levels, are enshrined within a shared use agreement, reviewed and signed by both parties in June 2012.

The Academy with a Multi-Academy Trust, comprising two local secondary schools and 2 primary schools, jointly owns Teignbridge Skill Centre company, which runs a small vocational training centre (2 vocational areas) in Newton Abbot town centre: the Brunel Skills Centre. The Principals of the 3 secondary schools and Chairs of Trustees of the 2 Academies are directors of this company. The building and land are leased from Devon County Council.

The Academy has strong links with local feeder primary schools which it is maintaining despite the disbanding of the Learning Community.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum for students of all abilities and backgrounds.

The strategic intent of the Academy is to be outstanding in everything it does. The Academy aims to be an outcome focused, student centred learning organisation which enables students to attain high educational standards and to be fully engaged in all their learning. The development of outstanding teaching and outstanding leadership & management are central to the delivery these aims.

The Academy has a highly inclusive ethos, based upon the belief that all children are capable of achieving excellence, defined as continually striving to achieve one's personal best. It expects outstanding attendance and behaviour as these are fundamental to outstanding progress.

Objectives, Strategies and Activities

Annually, the Academy Improvement Plan is reviewed.

During the period ended August 31st 2016, the specific objectives delivering the Academy's aims were maintained as follows:

- To ensure Consistently Excellent Teaching across the whole College
- To plan great lessons, deliver great lessons and deliver high quality feedback

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

- To increase the proportion of A and A* grades
- To close the achievement gap for pupils
- To share excellent practice
- To improve the whole College reading, writing, communication and mathematics
- To raise the achievement in science
- To develop student leadership
- To develop collegiate middle leadership
- To broaden and improve the curriculum
- To improve parental communication and engagement
- To develop formal collaboration
- To improve Governance
- To improve the efficiency of the Support Services function through the development and ongoing management of a Support Services Business Improvement plan

The Academy learning outputs for the year ending 31st August 2016 were as follows:

- 71% of students achieved 5+ A*C grades (including English and Maths) at GCSE; 79.1% achieved 5 or more A*C grades
- 89.66% of students achieved expected progress in English and 73.56% achieved expected progress in Maths
- A Level pass rate was 97%, with 61% of all grades at A*B
- A level A*/A pass rate was 22%
- The total A level point score per student was 721.99
- The A2 pass rate was 97%.

Public Benefit

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

The Academy works collaboratively with the other two secondary Academies in the Greater Newton Abbot area to provide post16 education and training for all young people in this area, irrespective of their previous educational or other background.

The Academy works collaboratively with the other two secondary Academies in the Greater Newton Abbot area (and with a range of other schools locally) to provide "second chance" educational opportunities to children at risk of permanent exclusion or permanently excluded, through managed moves, "stepping stones" and other related programmes.

STRATEGIC REPORT

Key Performance Indicators

The key financial performance indicators are:

- Roll projections - The level of current and forecast admissions from Primary schools and into the sixth form.
- The level of actual income and expenditure against that planned.
- The forecast end of year surplus against that planned.

Our year 7 intake for September 2015 was 171. This year the College saw record numbers of students joining in Year 7 – 201 started in year in September 2016.

Sixth form roll for September 2015 was 236, an increase on the previous year. The outlook for Post 16 recruitment remains volatile with increasing competition locally and reduced numbers in the College Year 11 cohort.

NEWTON ABBOT ACADEMY TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

	2016	2015	2014
Pupil capacity	1,044	1,026	1,050
Pupil numbers (incl 6th form)	1,044	1,026	1,050
Total income per pupil	5,384	5,604	5,953
Total GAG income per pupil	4,923	4,811	5,420
GAG income ratio of total income	91.4%	85.9%	91.0%
Total expenditure per pupil	5,675	5,597	5,648
Staff costs per pupil	4,200	4,013	3,914
Staff costs as a % of GAG income	85.3%	83.4%	72.2%
Staff costs as a % of total costs	74.0%	71.7%	69.3%
Pupil teacher ratio (average head count)	19.7	20.9	22.8
Available reserves	875,684	1,090,396	978,819
Available reserves per pupil	839	1,063	932

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2016, total expenditure of £5,924,995 was offset by recurrent and capital grant funding from the DfE, together with other incoming resources of £5,621,189. The excess of income over expenditure for the period resulted in a deficit of £303,806 before the actuarial adjustments.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of Trustees, the Principal, Business Manager, budget holders and other staff, as well as delegated authority levels.

The Governing Body, have instructed the academy's external auditors to undertake an additional programme of checks on financial systems, records and management information. The Governing Body has received reports from the external auditors which contained no matters of significance.

Reserves Policy

The College plans to spend the majority of its revenue income each year on the students in its care, sums are set aside from this each year for planned replacement of capital items such as ICT and infrastructure. The amount that can be carried forward from the General Annual Grant is no longer subject to restriction in the College's funding agreement.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Available funds allow greater flexibility to meet the future needs of the College and these will be maximised within the agreed reserve levels. The level of available reserves at year end was £875,684. The level of reserves will be kept under review by the Finance committee and reflect the assessment of the predominant risks to the College.

The reserves policy is meant to ensure that the College's core activities can be maintained during a period of unforeseen difficulty. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. This applies particularly to funds earmarked for future capital projects. In year reserves are to cover costs and other commitments and to meet unexpected emergencies such as urgent maintenance. Reserves are also required to protect the ongoing operation of the College whilst the effect of funding changes and competitive increases in capacity locally are managed. Trustees deem it prudent to have a target level for available reserves of £500,000 included budgeted contingency funds; equating to less than 10% of annual expenditure. The level of available reserves at the year end was £875,684. The College is anticipating significant in year deficits for the forthcoming three years, which will utilise these funds.

Trustees review the level of reserves held annually and are mindful that the current turbulence in the educational marketplace means that a higher level of reserves may be required as protection against this volatility in the short to medium term.

Trustees recognise that there is a significant pension deficit for the Local Government Pension Scheme (LGPS) fund which is accounted for in the restricted fund, which at year end had a deficit of £3,380,000. However, there is no likelihood that an immediate liability for this amount will crystallise. The deficit position of the pension scheme would generally result in a cash flow effect in the form of an increase in employers' pension contributions over a period of years. The academy trust has revisited its current budget and ascertained how pension costs may affect budgets in the future. On the basis that increased pension contributions will be met from the academy trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust because of recognising the deficit.

Investment Policy

The College's strategy is to:

- Regularly monitor current balances to ensure the College has adequate balances to meet short term commitments.
- Identify funds surplus to short term funding requirements and transfer to a Deposit Account, if it bears a meaningfully higher interest rate.
- Periodically (at least annually) review interest rates and compare with other investment opportunities. In the case of earmarked reserves and medium term surplus funds ensure at least an average market return on deposited funds.
- All invested funds will be in no to low risks savings or investments.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy are as follows:

Financial the Academy has considerable reliance on continued Government funding through the EFA. In the last year 98% of the Academy's income was ultimately Government funded. There are known reductions in public expenditure planned by the current government although the impact upon schools for the public expenditure round after the election is as yet, obviously, unknown. The current government plans to introduce a national funding formula for schools could impact the income the Trust receives. It is unknown when the national funding formula will be introduced While its impact should be to reduce differences in funding levels which, in theory, should advantage schools in currently low funded areas, there is no certainty of this at this time.

There is therefore no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Failures in governance and/or management the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks. They scrutinise closely all such procedures and undertake regular benchmarking against local and national comparators.

Reputational the continuing success of the Academy is dependent on continuing to attract students in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure: careful selection procedures of highly qualified staff; appropriate staffing structures and accountability frameworks; continued professional development and training of staff; robust and supportive performance management systems; as well as ensuring there is clear talent spotting and succession planning.

Fraud and mismanagement of funds the Audit Committee have instructed the academy's external auditors to undertake an additional programme of checks on financial systems, records and management information to help manage the risk. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has reviewed its Risk Register as part of the risk management process. This has been discussed by Trustees and includes the financial risks to the Academy. The register is constantly reviewed in light of any new information and formally reviewed annually.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 27 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy has an improvement plan which sets a clear strategic direction within its vision and aims. It will continue to move towards its strategic intent of being outstanding in all it does.

The continual drive to recruit, develop and motivate high calibre staff is fundamental to the achievement of this strategic intent. This has been rewarded by the Academy receiving the Investors in People accreditation.

The Academy will seek out best practice locally and nationally, especially through a full and active participation in the Partners in Excellence network; the South West Teaching Schools Alliance network and the Devon Area Secondary Head Teachers (DASH) group. The Principal is also Chair of South DASH and represents DASH at Devon County Council's School Organisation, Capital and Admissions Group.

We maintain strong links with the Exeter University Partnership Office through the Initial Teacher Training and Teach First programmes.

Our championing of arts and culture has been rewarded through receipt of the Artsmark Gold Award, presented to schools who help unlock the potential of young people, develop character and talent, and increase their knowledge and understanding. Sport within the Academy has been awarded the Sainsbury's School Games Gold Award for encouraging young people to be more determined, resilient and aspiring and for teaching them how to set realistic goals and working towards achieving them. Primary Schools are also supported through the Dartmoor School Sport Partnership.

**NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

The Academy will provide significant support to its leaders and managers in the performance management systems designed to enable the delivery of its strategic intent and priorities.

The Academy will continue to develop its collaborative working as a means of enabling it to achieve its strategic intent and to ensure the Academy's long term strength.

Following the major improvements to its building stock and physical resources, the Academy will continue to bring all facilities up to the standard of the best, in order that students have access to a physical environment and level of resource appropriate to an outstanding learning community.

The Board of Trustees continue to remain open-minded to the possibility of a future collaboration and potential MAT formation.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees 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 auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 6 December 2016 and signed on the board's behalf by:



**S Joint
Chair of Trustees**

NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Principal, 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 Newton Abbot Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 10 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
P Cornish, Principal	10	10
S Joint, Chair	9	10
M North	8	10
G Davies, Staff Trustee	7	10
D Back	9	10
J Dunn	3	4
G Hobbs, Staff Trustee	10	10
K Mackle	6	10
C Robinson	9	10
P Rudling	4	4
D Tupman	3	4

Governance reviews

The Board of Trustees carried out a skills audit and training sessions in the previous year. There has been an awareness amongst the group that they needed to recruit greater financial expertise to the board. In October 2016 Tamara Harrison, who is employed by a financial institution, was interviewed and subsequently appointed to the board in this capacity.

The Finance, Risk and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to review the financial position of the Trust, the risks associated with managing an Academy Trust and to review audits, including financial and health and safety audits.

particular issues dealt with in the year include:

- being alerted to low student numbers in Year 9 and 10 and the impact that has on income
- the National Living Wage and accounting for additional staff expenditure
- the need to promote Sixth Form to both internal and external students
- the use of College reserves to provide enhanced facilities to support teaching and learning

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
P Cornish	3	3
S Joint	3	3
C Robinson	2	3
D Tupman	3	3

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Reviewing staffing structures and more cost efficient measures to provide absence cover
- Consolidating ordering of stationery
- Upgrading our IT Server Systems to more energy efficient equipment
- Reducing energy costs throughout the Academy Trust

Future plans to provide further value for money include a more efficient system for printing and photocopying, saving money on paper use, continuing to reduce energy costs, investigating installing energy efficient lighting.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newton Abbot Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the auditors report to the Board of Trustees on the operation

GOVERNANCE STATEMENT (continued)

of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Trustees on 6 December 2016 and signed on their behalf, by:



**S Joint
Chair of Trustees**



**P Cornish
Accounting Officer**

**NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Newton Abbot Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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.

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

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



**Paul Cornish
Accounting Officer**

Date: 6 December 2016

**NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**S Joint
Chair of Trustees**

Date: 6 December 2016

**NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NEWTON ABBOT ACADEMY TRUST**

We have audited the financial statements of Newton Abbot Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NEWTON ABBOT ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

William Hanbury FCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
50 The Terrace

Torquay
Devon

TQ1 1DD

Date: 15/12/16

Bishop Fleming LLP

**NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NEWTON
ABBOT ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 23 September 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Newton Abbot Academy Trust during the year 1 September 2015 to 31 August 2016 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 Newton Abbot Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Newton Abbot Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Newton Abbot Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF NEWTON ABBOT ACADEMY TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Newton Abbot Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NEWTON
ABBOT ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

William Hanbury FCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
50 The Terrace
Torquay
Devon
TQ1 1DD

Date: 15/12/16

A handwritten signature in black ink, appearing to read 'Bishop Fleming LLP', is written over the printed name of the reporting accountant.

NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	40,691	22,568	63,259	366,461
Charitable activities	5	24,129	5,420,035	-	5,444,164	5,216,860
Other trading activities	3	112,146	-	-	112,146	164,743
Investments	4	1,620	-	-	1,620	1,599
TOTAL INCOME		137,895	5,460,726	22,568	5,621,189	5,749,663
EXPENDITURE ON:						
Charitable activities		148,964	5,500,469	275,562	5,924,995	5,779,107
TOTAL EXPENDITURE	8	148,964	5,500,469	275,562	5,924,995	5,779,107
NET EXPENDITURE BEFORE TRANSFERS		(11,069)	(39,743)	(252,994)	(303,806)	(29,444)
Transfers between Funds	17	-	(387,480)	387,480	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(11,069)	(427,223)	134,486	(303,806)	(29,444)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(1,273,000)	-	(1,273,000)	11,000
NET MOVEMENT IN FUNDS		(11,069)	(1,700,223)	134,486	(1,576,806)	(18,444)
RECONCILIATION OF FUNDS:						
Total funds brought forward		631,358	(1,396,005)	9,558,019	8,793,372	8,811,816
TOTAL FUNDS CARRIED FORWARD		620,289	(3,096,228)	9,692,505	7,216,566	8,793,372

The notes on pages 22 to 40 form part of these financial statements.

NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07717015

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		9,720,881		9,452,802
CURRENT ASSETS					
Debtors	14	100,777		112,296	
Cash at bank and in hand		1,082,050		1,353,234	
		<u>1,182,827</u>		<u>1,465,530</u>	
CREDITORS: amounts falling due within one year	15	<u>(307,142)</u>		<u>(188,960)</u>	
NET CURRENT ASSETS			875,685		1,276,570
TOTAL ASSETS LESS CURRENT LIABILITIES			10,596,566		10,729,372
Defined benefit pension scheme liability	23		<u>(3,380,000)</u>		<u>(1,936,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>7,216,566</u>		<u>8,793,372</u>
FUNDS OF THE ACADEMY TRUST					
Restricted income funds:					
General funds	17	283,772		539,995	
Fixed asset funds	17	9,692,505		9,558,019	
		<u>9,976,277</u>		<u>10,098,014</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(3,380,000)</u>		<u>(1,936,000)</u>	
Total restricted income funds			6,596,277		8,162,014
Unrestricted income funds	17		<u>620,289</u>		<u>631,358</u>
TOTAL FUNDS			<u>7,216,566</u>		<u>8,793,372</u>

The financial statements were approved by the Trustees, and authorised for issue, on 6 December 2016 and are signed on their behalf, by:



S Joint
Chair of Trustees

The notes on pages 22 to 40 form part of these financial statements.

NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	266,745	171,548
Cash flows from investing activities:			
Interest receivable		1,620	1,599
Purchase of tangible fixed assets		(562,117)	(198,398)
Capital grants from DfE/EFA		22,568	306,781
Net cash (used in)/provided by investing activities		(537,929)	109,982
Change in cash and cash equivalents in the year		(271,184)	281,530
Cash and cash equivalents brought forward		1,353,234	1,071,704
Cash and cash equivalents carried forward	20	1,082,050	1,353,234

NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Newton Abbot Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Newton Abbot Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Newton Abbot Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

1.2 FUND ACCOUNTING

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

Grants are included in the Statement of financial activities 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 period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

1.4 EXPENDITURE

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

Expenditure on raising funds includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities and event and non-charitable trading.

Charitable Activities 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% Straight line
Motor vehicles	-	25% Reducing balance
Fixtures and fittings	-	25% Straight line
Computer equipment	-	33% Straight line

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

1.8 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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 and cash on deposit that has a notice period of less than 30 days.

1.10 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.12 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.13 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent distributions to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 26.

1.14 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance leases requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	40,691	-	40,691	59,680
Capital Grants	-	-	22,568	22,568	306,781
	<u>-</u>	<u>40,691</u>	<u>22,568</u>	<u>63,259</u>	<u>366,461</u>

In 2015, of the total income from donations and capital grants, £NIL was to unrestricted funds and £366,461 was to restricted funds

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	3,891	-	3,891	2,988
Fees received	108,255	-	108,255	161,755
	<u>112,146</u>	<u>-</u>	<u>112,146</u>	<u>164,743</u>

In 2015, of the total income from other trading activities, £164,743 was to unrestricted funds and £NIL was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	1,620	-	1,620	1,599

In 2015, of the total investment income, £1,599 was to unrestricted funds and £NIL was to restricted funds.

NEWTON ABBOT ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	5,139,958	5,139,958	4,936,164
Other government grants non capital	-	15,944	15,944	-
	-	5,155,902	5,155,902	4,936,164
Other government grants				
Other DfE/EFA grants	-	238,218	238,218	235,036
High Needs	-	25,915	25,915	32,581
	-	264,133	264,133	267,617
Other funding				
Sales to students	5,069	-	5,069	6,518
Other	19,060	-	19,060	6,561
	24,129	-	24,129	13,079
	24,129	5,420,035	5,444,164	5,216,860

In 2015, of the total income from charitable activities, £13,079 was to unrestricted funds and £5,203,781 was to restricted funds.

6. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	75,000	72,000
Educational supplies	91,125	111,764
Examination fees	260,643	249,277
Staff development	31,007	26,613
Other costs	18,180	44,940
Supply teachers	173,569	95,640
Wages and salaries	2,501,023	2,420,979
National insurance	214,034	185,210
Pension cost	443,650	365,991
Depreciation	195,158	206,182
	4,003,389	3,778,596

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7. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Other costs	54,625	65,927
Recruitment and support	15,005	19,228
Maintenance of premises and equipment	58,643	62,832
Cleaning	16,255	18,535
Rent and rates	76,706	64,787
Energy costs	80,252	71,927
Insurance	49,272	43,342
Security and transport	34,600	42,809
Catering	63,367	44,110
Technology costs	98,685	88,409
Office overheads	72,385	70,798
Legal and professional	135,482	179,114
Bank interest and charges	96	100
Governance	15,015	72,762
Wages and salaries	824,992	796,439
National insurance	48,345	45,498
Pension cost	179,001	207,678
Depreciation	98,880	106,216
	<u>1,921,606</u>	<u>2,000,511</u>

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Education:					
Direct costs	3,332,276	188,448	482,665	4,003,389	3,715,596
Support costs	1,052,338	154,124	715,144	1,921,606	2,026,511
	<u>4,384,614</u>	<u>342,572</u>	<u>1,197,809</u>	<u>5,924,995</u>	<u>5,742,107</u>

In 2016, of the total expenditure, £148,964 (2015: £93,981) was to unrestricted funds and £5,605,031 (2015: £5,648,126) was to restricted funds.

9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	294,038	312,398
Auditors' remuneration - audit	5,500	5,500
Auditors' remuneration - other services	5,315	4,518
Operating lease expenses	3,045	5,868

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10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,326,015	3,217,418
Social security costs	262,379	230,708
Operating costs of defined benefit pension schemes	622,651	573,669
	<u>4,211,045</u>	<u>4,021,795</u>
Supply teacher costs	173,569	95,640
	<u>4,384,614</u>	<u>4,117,435</u>

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

	2016 No.	2015 No.
Teachers	53	49
Educational support	48	52
Administration and clerical	31	34
Management	9	10
	<u>141</u>	<u>145</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	50	45
Educational support	40	42
Administration and clerical	23	23
Management	9	10
	<u>122</u>	<u>120</u>

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £583,215 (2015: £604,940).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

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11. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff under their contracts of employment, and not in respect of their services as trustees. Other trustees did not received any payments from the Academy Trust in respect of their role as trustees. The value of trustees' remuneration and employee's pension contributions for the year was as follows: P Cornish: Remuneration eighty to eighty five thousand pounds (2015: seventy five to eighty thousand), Employer's pension contributions ten to fifteen thousand pounds (2015: ten to fifteen thousand pounds); G Davies: Remuneration thirty five to forty thousand pounds (2015: forty to forty five thousand pounds), Employer's pension contributions five to ten thousand pounds (2015: five to ten thousand pounds); G Hobbs: Remuneration ten to fifteen thousand pounds (2015: ten to fifteen thousand pounds), Employer's pension contributions zero to five thousand pounds (2015: zero to five thousand pounds).

During the year retirement benefits were accruing to 3 Trustees (2015: 3) in respect of defined contribution pension schemes.

During the year ended 31 August 2016, expenses totalling £449 (2015: £NIL) were reimbursed to 2 Trustees (2015: None).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 September 2015	10,006,200	66,470	200,884	438,408	10,711,962
Additions	420,600	-	94,258	47,259	562,117
At 31 August 2016	10,426,800	66,470	295,142	485,667	11,274,079
DEPRECIATION					
At 1 September 2015	671,434	36,489	161,215	390,022	1,259,160
Charge for the year	189,235	7,495	49,519	47,789	294,038
At 31 August 2016	860,669	43,984	210,734	437,811	1,553,198
NET BOOK VALUE					
At 31 August 2016	9,566,131	22,486	84,408	47,856	9,720,881
At 31 August 2015	9,334,766	29,981	39,669	48,386	9,452,802

Included in land and buildings is freehold land at valuation of £969,750 (2015 - £969,750) which is not depreciated.

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14. DEBTORS

	2016 £	2015 £
Trade debtors	7,127	9,412
VAT repayable	28,095	38,122
Prepayments and accrued income	65,555	64,762
	<u>100,777</u>	<u>112,296</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	-	3,189
Other creditors	71,253	56,287
Accruals and deferred income	235,889	129,484
	<u>307,142</u>	<u>188,960</u>

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	27,437	55,710
Resources deferred during the year	-	27,437
Amounts released from previous years	(27,437)	(55,710)
Deferred income at 31 August 2016	<u>-</u>	<u>27,437</u>

Deferred income includes deferred trip income which relates to a future financial year.

16. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	1,082,050	1,353,234
Financial assets measured at amortised cost	35,875	48,164
	<u>1,117,925</u>	<u>1,401,398</u>
Financial liabilities measured at amortised cost	<u>3,687,794</u>	<u>2,025,590</u>

Financial assets measured at fair value through income and expenditure comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors and VAT recoverable.

Financial liabilities measured at amortised cost comprise trade and other creditors, and defined benefit pension liability.

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17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Curriculum Development	400,000	-	-	-	-	400,000
GENERAL FUNDS						
General funds	184,506	137,895	(130,489)	-	-	191,912
Fixed assets purchased from general funds	46,852	-	(18,475)	-	-	28,377
	231,358	137,895	(148,964)	-	-	220,289
Total Unrestricted funds	631,358	137,895	(148,964)	-	-	620,289
RESTRICTED FUNDS						
General Annual Grant (GAG)	505,890	5,139,958	(4,974,596)	(387,480)	-	283,772
High needs	-	54,449	(54,449)	-	-	-
Pupil premium	31,314	181,608	(212,922)	-	-	-
Other restricted	2,791	67,537	(70,328)	-	-	-
Rates grants	-	17,174	(17,174)	-	-	-
Pension reserve	(1,936,000)	-	(171,000)	-	(1,273,000)	(3,380,000)
	(1,396,005)	5,460,726	(5,500,469)	(387,480)	(1,273,000)	(3,096,228)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	7,150,220	-	(134,328)	-	-	7,015,892
Fixed assets purchased from GAG and other restricted funds	701,888	-	(87,192)	387,480	-	1,002,176
DfE/EFA Capital grants	1,705,911	22,568	(54,042)	-	-	1,674,437
	9,558,019	22,568	(275,562)	387,480	-	9,692,505
Total restricted funds	8,162,014	5,483,294	(5,776,031)	-	(1,273,000)	6,596,277
Total of funds	8,793,372	5,621,189	(5,924,995)	-	(1,273,000)	7,216,566

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS (continued)

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

UNRESTRICTED FUNDS

Designated funds for Curriculum Development - The College plans to spend the majority of its revenue income each year on the students in its care, sums are set aside from this each year for planned replacement of capital items such as ICT and infrastructure.

RESTRICTED FUNDS

General Annual Grant - Income from the EFA which is to be use for the normal running costs of the Academy, including education and support costs.

High needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil premium - Pupil premium represents funding received from the EFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Other restricted funds - other funds received for restricted purposes.

FIXED ASSET FUNDS

Fixed assets transferred on conversion - This represent the buildings and equipment donated to the School from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - These relate to fixed assets purchased using GAG funds. The balance at the year end represents the NBV of assets purchased.

DfE/EFA Capital grants - These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets purchased and any unspent grant amounts.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	28,376	-	9,692,505	9,720,881	9,452,802
Current assets	591,913	590,915	-	1,182,828	1,465,530
Creditors due within one year	-	(307,143)	-	(307,143)	(188,960)
Provisions for liabilities and charges	-	(3,380,000)	-	(3,380,000)	(1,936,000)
	<u>620,289</u>	<u>(3,096,228)</u>	<u>9,692,505</u>	<u>7,216,566</u>	<u>8,793,372</u>

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(303,806)	(29,444)
Adjustment for:		
Depreciation charges	294,038	312,398
Interest received	(1,620)	(1,599)
Decrease in stocks	-	3,451
Decrease/(increase) in debtors	11,519	(9,216)
Increase in creditors	118,182	21,739
Capital grants from DfE and other capital income	(22,568)	(306,781)
Defined benefit pension scheme cost less contributions payable	96,000	109,000
Defined benefit pension scheme finance cost	75,000	72,000
Net cash provided by operating activities	266,745	171,548

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	1,082,050	1,353,234
Total	1,082,050	1,353,234

21. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

22. GENERAL INFORMATION

Newton Abbot Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Old Exeter Road, Newton Abbot, TQ12 2NF.

23. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £352,558 (2015: £290,723).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £224,000 (2015: £227,000), of which employer's contributions totalled £171,000 (2015: £173,000) and employees' contributions totalled £53,000 (2015: £54,000). The agreed contribution rates for future years are 17.1% for employers and 5.5-7.5% for employees.

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23. PENSION COMMITMENTS (continued)

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Expected return on scheme assets at 31 August	3.20 %	6.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	1.80 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	26.2	26.1
Retiring in 20 years		
Males	25.2	25.1
Females	28.6	28.4

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equity	1,319,000	1,045,000
Property	222,000	196,000
Gilts	73,000	89,000
Other bonds	59,000	90,000
Cash	38,000	43,000
Other	538,000	362,000
Total market value of assets	<u>2,249,000</u>	<u>1,825,000</u>

The actual return on scheme assets was £263,000 (2015: £(1,000)).

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23. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(267,000)	(282,000)
Net interest cost	(75,000)	(72,000)
Total	<u>(342,000)</u>	<u>(354,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	3,761,000	3,388,000
Current service cost	267,000	282,000
Interest cost	150,000	138,000
Contributions by employees	53,000	54,000
Actuarial losses/(gains)	1,460,000	(82,000)
Exchange differences on foreign schemes	(62,000)	(19,000)
Closing defined benefit obligation	<u>5,629,000</u>	<u>3,761,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,825,000	1,622,000
Return on plan assets (excluding net interest on the net defined pension liability)	75,000	66,000
Actuarial gains and (losses)	187,000	(71,000)
Contributions by employer	171,000	173,000
Contributions by employees	53,000	54,000
Benefits paid	(62,000)	(19,000)
Closing fair value of scheme assets	<u>2,249,000</u>	<u>1,825,000</u>

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24. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	12,181	-
Between 1 and 5 years	48,725	-
Total	<u>60,906</u>	<u>-</u>

25. RELATED PARTY TRANSACTIONS

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

During the year £114,828 (2015: £89,133) was paid to The Skills Centre (NA) Limited, an entity jointly controlled by the Academy along with the Templer Academy Schools Trust (Teign School and Combeshead Academy), in respect of education services provided. No outstanding balance was due at the year end.

26. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £35,195 and distributed £23,742 from the fund. An amount of £67,740 is included in other creditors relating to undistributed funds that is repayable to EFA.

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27. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		8,811,816	8,793,272
Total funds reported under FRS 102		<u>8,811,816</u>	<u>8,793,272</u>

Reconciliation of net income/ (expenditure)	Notes	31 August 2015
		£
Net income previously reported under UK GAAP		7,556
Change in recognition of LGPS interest cost	A	(37,000)
Net movement in funds reported under FRS 102		<u>(29,444)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenses. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £37,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.
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