

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

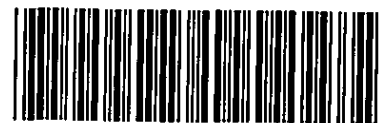
(A Company limited by Guarantee)

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2012

Registered Number 07708713 (England and Wales)

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THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

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REFERENCE AND ADMINISTRATIVE DETAILS

PERIOD ENDED 31 AUGUST 2012

Reference and Administrative Details

Governors (Trustees)

K A Mitford (Chair)	R M Hyde
H L Baker (Staff Governor)	A Johnson *
N J Bradbury	A W J Paulson*
W Pearson (Responsible Officer)	S M Robbins
A R Cable	N F South*
M J Cates (Staff Governor)	A Taylor
Reverend D S Ford	J K Tebbs*
Reverend Canon K Herrod	S A Tilford
B J Hibbard	N A Wood
M R Hosking	
C B Pickering (Executive Principal)	
Dr J V Edwards (Principal & Accounting Officer)*	

*Members of the Resources Committee

Company Secretary

A Elway

Senior Management Team:

▪ Deputy Principal	S Jones
▪ Deputy Principal	D Martin
▪ Deputy Principal	J Heath

Principal and Registered Office

The National C of E Academy
Annesley Road
Hucknall
Nottingham

Company Registration Number

07708713 (England and Wales)

Independent Auditor

RSM Tenon Audit Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

Bankers

Lloyds Bank
37 Castlegate
Newark
NG24 1BD

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

GOVERNORS' REPORT

PERIOD ENDED 31 AUGUST 2012

The governors present their annual report together with the financial statement and auditors' report of the charitable company for the period ended 31 August 2012

The charitable company was incorporated on 8 July 2011 and commenced trade as an Academy on 1 August 2011

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee (registration number 07708713) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The governors act as the trustees for the charitable activities of The National Church of England Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The charitable company is known as The National Church of England Academy Trust.

Details of the directors and trustees who served throughout the period are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions.

Principal Activities

The Academy's principal activity is education of children aged between 11 & 18.

Method of Recruitment and Appointment of Election of Trustees

The Academy seeks to recruit Governors across a broad spectrum so that it represents the community it resides in and as such has divided its membership accordingly so that there are representatives from the following areas:

Southwell Diocese – As a former Voluntary Aided school the diocese still has the right to nominate 2 Governors.

Staff Governors – The constitution of the Academy states that the Governing Body will have 4 members who will be elected by staff ballot to serve a term of 4 years.

Parent Governors – The constitution equally makes provision for 4 parental representatives, these are again elected by a ballot of parents.

Other Governors – The Governing Body recognises that it now requires a wider skills mix to ensure that it has the expertise to deal with the increased demands on it following Academy conversion and has therefore looked to recruit external Governors with differing skills. These Governors are appointed to serve for terms of 4 years.

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GOVERNORS' REPORT

PERIOD ENDED 31 AUGUST 2012

Increasingly the Governing Body will look to review the skills mix that it currently has and will therefore look to recruit external governors with specific skills where shortages are identified

Policies and Procedures Adopted for the Induction and Training of Governors

The Governing Body takes the training and development of its members very seriously this is demonstrated by the following

All new Governors are given a detailed induction which is carried out by Roger Hyde who is an experienced practitioner in Governor development, this is supplemented by access to the County Council's governance services for updates etc

Prior to each Academy Board meeting the Governors receive training and updating on a wide variety of topics which are related to Academies and their roles

The Academy also maintains a training and development budget which it uses to provide additional training and development for its Governors

Organisational Structure

The Academy has a well-defined organisational structure which it uses to ensure that decisions are made and approved at the appropriate level

Risk Management

The Governors are aware of the significant risks facing the Academy since it achieved Academy status, these surround in particular the finances of the Academy, the quality of its buildings and the need to enhance the facilities, as well as the need to continually increase the quality of the teaching and learning it provides for its students. Discussions surrounding these key risks are undertaken with a variety of forums including full Governing Body meetings, appropriate sub-committee meetings and management team meetings

The Academy has looked throughout this initial accounting period to make on-going improvements to its overall systems of internal control through regular reviews by the Academy's responsible officer and its auditors. The outcomes of these reviews have been addressed by the Academy to ensure that on-going improvements are achieved

Connected Organisations

Whilst the Academy is a stand-alone Academy responsible for its own affairs it has entered into a partnership arrangement with the Diverse Academies Trust (DAT) with whom it has had a long standing collaboration agreement since 2007. The Trust shares an Executive Principal, Academy Improvement Support Manager, Company Secretariat and Executive Business Manager with DAT as it seeks to make on-going improvements to the efficiencies of its operations across both Academic and Support functions

This partnership is formulated through the Diverse Academies Learning Partnership (DALP) whose activities are led by the Executive Principal and formally monitored by the DALP Board which is made up of representatives from both Trusts

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The partnership has had significant success in promoting closer working arrangements between staff of both Trusts, including significant collaboration across both Academic and Support areas in developing best practice. This has contributed significantly to school improvement and the raising of standards in academies across both trusts.

Objectives and Activities

Objects and Aims

The Trust's primary objective is the delivery of high quality teaching and learning to every child that attends the Academy within a Christian environment. This is articulated through the objective of the Academy being rated as "Good" or better by the inspection after next.

The Trust is committed to achieving this through the dissemination of best practice wherever that might be found within the Trust.

This key objective is supported by the undertaking that the Trust's Corporate Services will also seek to be rated as "Good" or better so that it can provide the support necessary to achieve the key objective.

Objectives, Strategies and Activities

As a member of the Diverse Academies Learning Partnership and in line with the academies within the Diverse Academies Trust, the academy works within the DALP strategic framework. This framework, provided by the executive principal, sets the key objectives for DALP for the forthcoming three years. This is revised annually and informs the annual operating plan to meet the milestones in the overall three year plan.

This overall strategy and annual operating plan are agreed by both the Trust and DALP boards. The two boards then monitor and evaluate progress against the plan as the year progresses.

The National Church of England Academy, in line with the other academies, sets its own individual priorities within this overall framework which is agreed and monitored by its board acting as the academy board of governors.

Public Benefit

In setting our objectives and planning our activities, the governors have given careful consideration to the Charity Commission's general guidance on public benefit.

Achievements and Performance

The National Church of England Academy Trust, as a single academy trust, is a full member of the Diverse Academies Learning Partnership, working closely with the Diverse Academies Trust. It is fully engaged in all aspects of DALP and benefits from the corporate function and corporate services provided to which it contributes financially. 2011/2012 was a very successful year for The National Church of England Academy as once again its exam result outcomes improved at both GCSE and Post 16 levels. The 2011/2012 results were the best in the history of the school.

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GOVERNORS' REPORT

PERIOD ENDED 31 AUGUST 2012

In addition the academy won a prestigious national Church schools award confirming the constant strengthening of its Christian ethos. The trust board/governors are very active and involved providing excellent governance.

Going Concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern can be found in the Statement of Accounting Policies.

Financial Review

The Academy has recorded a very strong financial performance in this its initial accounting period recording an overall operating surplus before the impacts of pension & capital charges of **£345,000**. This has been achieved through the strong control of expenditure, especially staff related expenditure and the inclusion of additional income from Academy conversion. These reserves are split as follows:

- **Unrestricted Reserves of £185,000** – The Academy can use these reserves for a variety of initiatives that it sees as appropriate to furthering its primary aims and objectives, namely to continue improving both the quality of its Teaching & Learning across the Trust and improving the quality and expertise of its support services. The surplus arises in the main from the inclusion of the monies received from the Local Authority on Conversion, income from lettings and the inclusion of School fund balances within the main Academy balances. This is in line with the requirements to the Charities Statement of Recommended Practices (SORP).
- **Restricted Reserves of £160,000** – The Academy must use these reserves for the purpose they are intended for. In the main these reserves are intended for the delivery of education.

The main source of the surplus arises from the inclusion within the Financial Statements of additional monies received from the following sources: i) conversion, ii) lettings in addition to strict budgetary controls over expenditure especially staffing.

The Academy sees this financial performance as being essential to build up levels of reserves that will allow the Academy to mitigate any potential adverse funding changes in the coming years as the impacts of changes to funding at both pre and post 16 come into effect. The Academy is currently evaluating the proposed changes and will look to model the impacts once more solid data is available from the Education Funding Agency (EFA).

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PERIOD ENDED 31 AUGUST 2012

The Academy is looking where possible to build upon these reserves in the coming year to further consolidate its strong financial position and has where possible set realistic budgets for future years

As regards the fixed asset fund, this is made up of the following

- Assets transferred on conversion

The Trust upon conversion was gifted the buildings it had operated in whilst a local authority maintained school on a long lease of 125 years and following an independent valuation has included these buildings at a valuation of £10,372,000. These buildings are being depreciated equally over 25 years in line with the Trust's financial policies and discussions with the Trust's financial advisers

- Assets added during the financial period under review

The major asset added during the period other than some furniture and ICT equipment was the development of the major capital project to redevelop the site

- Capital grant funding

The Trust received a formula derived allocation of funding to support the on-going development of its resource. These in the main were set against the purchase of ICT infrastructure items

- Depreciation

These are the charges in respect of the use of the assets of the Academy with the major charge being against the buildings and a small charge for equipment. The building is being depreciated over 25 years which is reflective of the age and condition of the building

FRS17 Pension Reserve

The Academy must now account for its share of the Pension Deficit which at the end of the financial year should be at £1 135 million an increase of £249,000 in the period since conversion

This deficit is measured in terms of the value of the Nottinghamshire Local Government Pension Scheme as at 31 August 2012 and is not a liability that the Academy anticipates settling in the near future. The Academy is currently addressing its share of the deficit through increased contributions which is expected to reduce the deficit over a 25 year period

The scheme is due for its next tri-annual revaluation in March 2014 at which the current rate of contributions may change

The Trust has at the same time looked to gain increasing value for money from its partnership with the Diverse Academies Trust in an attempt to increase the amount of resources being targeted at teaching & learning. This procurement activity along with a number of internal projects has allowed the Trust to further reduce costs

The Trust is very aware that its buildings are in need of constant attention as it has not benefitted like other Academies from the Building Schools for the Future (BSF) projects as such it has had to put considerable resources into maintaining and where possible enhancing the fabric of the buildings it occupies. It has done this through the following

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- On-going maintenance programmes designed to address key strategic issues such as boilers etc to ensure that the Trust can continue to function
- Active review of all available grants to Trusts to address other fundamental areas of concern such as windows, roofs and security The Trust was successful in securing over £500,000 in funding from the Academies Capital Maintenance Funds, which will be used to address these areas over the coming months

The Trust is now looking to set out its medium to long term financial strategy in line with the on-going changes arising from the on-going reforms of the funding system at both pre and post 16 age ranges

The Academy recognises that these changes may present it with a significant challenge over the coming years

Financial and Risk Management Objectives and Policies

The Trust has the following financial uncertainties facing it over the coming 12-24 months which are as follows

- Funding Reform Changes
- Availability of Capital funding
- Changes in Pension Funding Assumptions

Principal Risks and Uncertainties

The principal financial risk facing the Academy over the next 12-24 months is the proposed change to the funding formula at both pre and post 16 along with changes to the demographics with projected falling rolls in the Academies catchment area over the next few years The Trust is looking to develop its forecasting expertise to highlight the key financial issues It will then develop an approach to initially address any financial shortfall then implement strategies to deal with this including the formulation of targeted marketing aimed at increasing pupil numbers

The other significant risks facing the Academy over the next 12-24 months are as follows

- The need to continually improve on the excellent performance in the 2012 public examinations which saw 71% of National students at GCSE achieve 5 A*'s to C's The Academy faces a potential Ofsted inspection in the next 12-24 months and will be striving to improve on its current "Good" status The on-going increases in its academic status is seen as pivotal in helping to address its potential shortfall of students
- The need to improve the quality of the Building stock that the Academy operates from within, with a view to not only improving the Health and Safety of its surroundings but the overall quality of the buildings and the resources contained within them

Reserves Policy

The Trust is currently looking to increase the levels of reserves that it is proposing to hold for the following reasons

- Strategic Reserves – Funds held as a buffer to allow the Trust to meet year to year changes in pupil numbers without the need to make short term adjustments to staffing and also to meet the potential for on-going restructuring if reduced funding or student numbers dictate
- Capital Reserves – The Academy will look to increase the levels of its reserves over the strategic funding reserves in order to support the need to constantly invest in the infrastructure of the Trust to ensure that the quality of the environment is continually enhanced

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Investment Policy

The Academy will look to invest any surplus funds it has in short term deposits which whilst not generating substantial returns do ensure that the Trust can gain easy access to its funds and minimise its exposure to any losses

Plans for Future Periods

The Academy plans for the coming 12-24 months involves the following

- On-going emphasis on increasing standards of achievement throughout the Trust to support the journey to being recognised as an Outstanding Academy
- On-going determination to increase the financial viability of the Trust through the increase in reserves designed to support this and the need to invest in the infrastructure
- Continual review of all available grant funding available so that the Academy can continue its on-going development of its infrastructure to support on-going curriculum developments

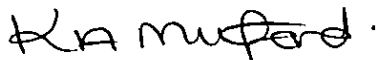
Auditor

Insofar as the trustees are aware

- There is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information

The auditors are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

Approved by order of the directors and trustees on 5 December 2012 and signed on their behalf by



K A Mitford
Chair

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

GOVERNORS' STATEMENT

PERIOD ENDED 31 AUGUST 2012

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that The National Church of England Academy 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 governing body 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 The National Church of England Academy and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' Report and in the Statement of Trustees' responsibilities. The governing body has formally met 6 times during the year. Attendance during the year at meetings of the governing body were as follows:

Governor	Meetings attended	Out of a possible
K Mitford (Chair)	6	6
A Paulson	6	6
S Tilford	6	6
W Pearson (Responsible Officer)	6	6
R Hyde	5	6
H Baker (Staff Governor)	4	4
M Cates (Staff Governor)	5	6
N Wood (Staff Governor)	5	6
N Bradbury	5	6
A Cable	6	6
Rev D Ford	3	6
Rev K Herrod	4	6
B Hibbard	3	6
M Hosking	5	6
A Johnson	5	6
S Robbins	6	6
J Tebbs	6	6
A Taylor	6	6
N South (resigned July 2012)	6	6
S Taylor (resigned November 2011)	1	2
C B Pickering	5	6
Dr J V Edwards (Principal and Accounting Officer)	6	6

The Resources Committee is a sub-committee of the main governing body. Its purpose is to scrutinise the use of resources within the Academy including Finance, Staffing, Premises & Health & Safety. Due to the successful application for grant funding from the Academies Capital Maintenance Grant Fund, the committee decided it needed a sub-committee specifically to monitor this project which has a value of over £500,000.

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

GOVERNORS' STATEMENT

PERIOD ENDED 31 AUGUST 2012

Attendance at meetings in the year were as follows

Governors	Meetings attended	Out of a possible
A Paulson	4	6
A Johnson (Chair)	5	6
J Tebbs	6	6
N South (resigned July 2012)	5	6
Dr J V Edwards (Principal and Accounting Officer)	6	6

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has updated and enhanced in The National Church of England Academy throughout the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has updated throughout the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is subject to regular review by the governing body.

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administration 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 governing body,
- regular reviews by the Finance and General purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks,

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor at this stage. However, the governors have appointed Wendy Pearson a Governors as Responsible Officer ('RO') to work in conjunction with RSM Tenon to discharge the RO function. The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

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GOVERNORS' STATEMENT

PERIOD ENDED 31 AUGUST 2012

This role has been supplemented by a detailed interim review of the Academy's financial control systems. The outcomes of this review and that of the Responsible Officer have highlighted no significant weaknesses in the Academy's internal control systems and have highlighted the on-going improvements required to ensure the Academy is meeting Academy best practice.

An action plan has been developed so that the Academy can monitor its progress against Academy best practice.

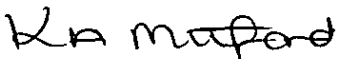
Review of Effectiveness

As accounting officers, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy trust 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 Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 5 December 2012 and signed on its behalf by



K A Mitford
Chair



Dr J V Edwards
Accounting Officer

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

PERIOD ENDED 31 AUGUST 2012

Statement on Regularity, Propriety and Compliance

As accounting officer of The National Church of England Academy, I have considered my responsibility to notify the academy trust governing body 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. 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 governing body 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.



Dr J V Edwards
Accounting Officer

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

PERIOD ENDED 31 AUGUST 2012

The governors (who act as trustees for charitable activities of The National Church of England Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

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

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

Approved by order of the members of the governing body on 5 December 2012 signed on its behalf by



K A Mitford
Chair

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT

FOR THE PERIOD ENDED 31 AUGUST 2012

Independent Auditor's Report on the Financial Statements to the Governing Body of The National Church of England Academy Trust.

We have audited the financial statements of The National Church of England Academy Trust for the period ended 31 August 2012 which comprises the Statement of Financial Activities (including income and expenditure account and statement of recognised gains and losses), balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the company'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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the governors (who are also the directors of the company 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 (APB'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 charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view, of the state of the charitable company's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT

FOR THE PERIOD ENDED 31 AUGUST 2012

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

David Hoose
Senior Statutory Auditor
for and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5 FW

21 December 2012

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT

FOR THE PERIOD ENDED 31 AUGUST 2012

Independent Auditor's Report on Regularity to the Governing Body of The National Church of England Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 July 2011 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1 October 2011 to 31 August 2012 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 the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 the governing body and the EFA for our review work for this report, or for the opinion we have formed

Respective responsibilities of the governing body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 October 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure

Opinion

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 period 1 October 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



David Hoose
Senior Statutory Auditor
for and on behalf of
RSM Tenon Audit Limited

21 December 2012

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account and Statement of Recognised gains and losses)

PERIOD ENDED 31 AUGUST 2012

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000
Incoming resources					
Income resources from generated funds					
- Voluntary income	3	26	12	-	38
- Transfer from Local Authority on conversion	28	113	(805)	10,372	9,680
- Activities for generating funds	4	88	140	-	228
- Investment income	5	1	-	-	1
Incoming resources from charitable activities					
- Funding for the Academy's educational operations	6	-	5,941	32	5,973
Total incoming resources		228	5,288	10,404	15,920
Resources expended					
Cost of generating funds					
- Cost of generating voluntary income	7	(2)	-	-	(2)
- Cost of generating Activities for generating funds	7	(6)	-	-	(6)
Charitable activities					
- Academy's educational operations	8	(7)	(5,955)	(461)	(6,423)
Governance costs	9	(28)	-	-	(28)
Total resources expended	7	(43)	(5,955)	(461)	(6,459)
Net incoming/(outgoing) resources before transfers		185	(667)	9,943	9,461
Gross transfer between funds	17	-	(59)	59	-
Net income/(expenditure) for the year		185	(726)	10,002	9,461
Other recognised gains and losses		-	(249)	-	(249)
Actuarial losses on defined benefit pension scheme		-	(249)	-	(249)
Net movement in funds		185	(975)	10,002	9,212

All of the academy's activities derive from acquisitions in the current financial period

A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

The notes on pages 20 to 34 form part of these financial statements

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

BALANCE SHEET AT 31 AUGUST 2012

COMPANY NUMBER: 07708713

	Notes	2012 £000	2012 £000
Fixed assets			
Tangible assets	13		10,002
Current assets			
Debtors	14	38	
Cash at bank and in hand		694	
		<u>732</u>	
Liabilities			
Creditors amounts falling due within one year	15	(368)	
Net current assets			<u>364</u>
Total assets less current liabilities			10,366
Creditors amounts falling due after more than one year	16		(19)
Net assets excluding pension liability			<u>10,347</u>
Pension liability			(1,135)
Net assets including pension liability			<u><u>9,212</u></u>
Funds of the academy			
Restricted funds			
Fixed asset fund	16	10,002	
General fund	16	160	
Pension reserve	16	(1 135)	
Total restricted funds			<u>9,027</u>
Unrestricted funds			
- General fund	17		185
Total funds			<u><u>9,212</u></u>

The financial statements on pages 18 to 34 were approved by the governors and authorised for issue on December 5 2012 and are signed on their behalf by



K A Mitford (Chair)

The notes on pages 20 to 34 form part of these financial statements

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

CASH FLOW STATEMENT AT 31 AUGUST 2012

	Notes	2012 £000
Net cash inflow from operating activities	21	639
Returns on investments and servicing of finance	22	1
Capital expenditure	23	(59)
(Decrease)/Increase in cash in the year		<u>581</u>
Reconciliation of net cash flow to movement in net funds		
Cash transferred on conversion to an academy trust	24	113
Increase in Cash in the Period		581
Net Funds at 31 August 2012	24	<u>694</u>

All of the cash flows are derived from acquisitions in the current financial period

The notes on page 20 to 34 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' (SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. The Statement of Financial Activities as set out on page 18 identifies the identical information as that of the Income and Expenditure Statement. As such, no separate Income and Expenditure Statement has been prepared.

A summary of the principal accounting policies, which have been applied consistently except where noted, is set out below.

Conversion to an Academy Trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from The National Church of England School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/(expenditure) in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 28.

Going concern

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

Incoming resources

All incoming resources are recognised when the trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

▪ **Grants receivable**

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.

▪ **Sponsorship income**

Sponsorship income provided to the academy trust 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.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

1. Statement of Accounting Policies (continued)

▪ **Donations**

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

▪ **Other income**

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

▪ **Donated services and gifts in kind**

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

Resources expended

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

▪ **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds

▪ **Charitable activities**

These are costs incurred on the trust's educational operations

▪ **Governance costs**

These include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management and governor's meetings and reimbursed expenses

All resources expended are inclusive of irrecoverable VAT

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

1. Statement of Accounting Policies (continued)

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows

Long leasehold buildings	25 Years
Fixtures and equipment	5 Years
Computer equipment and software	3 Years
Plant and machinery	5 Years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use

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

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the trust 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

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS'), the Local Government Pension Scheme ('LGPS') and a defined contribution pension scheme. These first two are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the trust

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

1. Statement of Accounting Policies (continued)

determined by the government actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

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

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

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENT

PERIOD ENDED 31 AUGUST 2012

2 General Annual Grant (GAG)

a) Results and carry forward for the period

	2012 £000
GAG brought forward from previous period	
GAG allocation for the current period	5 756
Total GAG available to spend	
Recurrent expenditure from GAG	(5,566)
Fixed assets purchased from GAG	(59)
GAG carried forward to next year	131
Maximum permitted GAG carry forward (12% of allocation for current year)	691
GAG to surrender to DfE	-
(12% rule breached if result is positive)	<u>No breach</u>

3. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Private sponsorship	-	12	12
Other Donations	26	-	26
	<u>26</u>	<u>12</u>	<u>38</u>

4. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Hire of facilities	49	-	49
Other income	39	140	179
	<u>88</u>	<u>140</u>	<u>228</u>

5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Short term deposits	1	-	1

6. Funding for academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
DfE/EFA Capital Grants			
Main Academy buildings	-	32	32
DfE/EFA revenue grants			
- General Annual Grant (GAG)	-	5,756	5,756
- Other DfE/EFA Grants	-	138	138
	-	<u>5,894</u>	<u>5,894</u>
Other Government grants			
- Local authority grants	-	47	47
- Special educational projects	-	47	47
Total	<u>-</u>	<u>5,973</u>	<u>5,973</u>

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

7. Resources expended

	Staff Costs £000	Non Pay Premises £000	Expenditure other costs £000	Total 2012
Cost of generating voluntary income	-	-	2	2
Costs of activities for generating funds	6	-	-	6
Academy's education operations				
- Direct costs	4,145	-	297	4,442
- Allocated support costs	617	982	382	1,981
	<u>4,762</u>	<u>982</u>	<u>679</u>	<u>6,423</u>
Governance costs including allocated support costs	-	-	28	28
	<u>4,768</u>	<u>982</u>	<u>739</u>	<u>6,459</u>

Incoming/outgoing resources for the year include

	2012 £000
Operating leases	
Fees payable to auditor – audit	9
- other services	6

8. Charitable Activities – Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Direct costs			
Teaching and educational support staff costs	-	4,145	4,145
Educational supplies	9	170	179
Examination fees	-	102	102
Staff development	-	16	16
	<u>9</u>	<u>4,433</u>	<u>4,442</u>
Allocated support costs			
Support staff costs	-	617	617
Depreciation	-	461	461
Maintenance of premises and equipment	-	268	268
Cleaning	-	107	107
Rent and rates	-	33	33
Insurance	-	113	113
Catering	-	36	36
FRS17 Pension interest and charges	-	39	39
Other professional fees	-	201	201
IT related costs	-	41	41
Stationery and reprographics	-	27	27
Furniture	-	10	10
Other support costs	-	28	28
		<u>1,981</u>	<u>1,981</u>
Total	<u>9</u>	<u>6,414</u>	<u>6,423</u>

9. Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Legal and professional fees	19	-	19
Auditor's remuneration	9	-	9
Audit of financial statements	<u>28</u>	<u>-</u>	<u>28</u>

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

10 Staff costs

	2012 £000
Staff costs during the period were	
Wages and salaries	3,774
Social security costs	291
Pension costs	602
	<u>4,667</u>
Supply teacher costs	101
	<u>4,768</u>

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

	2012 No
Charitable activities	
Teachers	62
Administration and support	41
Management	4
	<u>107</u>

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

	2012 No
£60,001-£70,000	3
£70,001-£80,000	1
	<u>4</u>

Three of the above employees participated in the Teachers' pension Scheme During the period ended 31 August 2012, pension contributions for these staff amounted to £40,000

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

11 Governors' remuneration and expenses

Principal and staff governor only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration was as follows

Principal	£75,001-£80,000
Other staff Governor 1	£45,001-£50,000
Other staff Governor 2	£25,001-£30,000
Other staff Governor 3	£10,001-£15,000

During the year ended 31 August 2012, no travel and subsistence expenses were reimbursed to governors

Other related party transaction involving the trustees are set out in note 27

12. Governors' and Officers' Insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2012 was £6,000

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

13. Tangible Fixed Assets

	Long Leasehold Buildings £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost				
Transfer on conversion	10,372			10,372
Additions	43	1	47	91
At 31 August 2012	10,415	1	47	10,463
Depreciation				
Charges in year	(450)		(11)	(461)
At 31 August 2012	(450)		(11)	(461)
Net book values				
At 31 August 2012	9,965	1	36	10,002

14. Debtors

	2011 £000
Trade debtors	7
Other debtors	31
	<u>38</u>

All amounts shown within debtors fall due for repayment within one year

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

15. Creditors: amounts falling due within one year

	2011 £000
Trade creditors	62
Other taxation and social security	85
Other creditors	68
Accruals and deferred income	153
	<u>368</u>

16. Creditors: amounts falling due after more than one year

	2012 £000
Other loan from Local Authority	19
	<u>19</u>

17. Funds

	Transfer on Conversion £000	Income Resources £000	Resources Expended £000	Gains, losses and transfers £000	Balance at 31 August 2012 £000
Restricted general funds					
General Annual Grant (GAG)	-	5,756	(5,537)	(59)	160
Other DfE/EFA grants	-	138	(138)	-	-
Other Government Grants	-	47	(47)	-	-
Other Restricted Income	-	152	(152)	-	-
Pension reserve	(805)	-	(81)	(249)	(1,135)
	<u>(805)</u>	<u>6,093</u>	<u>(5,955)</u>	<u>(308)</u>	<u>(975)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	-	32	(11)	-	21
Capital expenditure from GAG	-	-	-	16	16
Main academy building	10,372	-	(450)	43	9,965
	<u>10,372</u>	<u>32</u>	<u>(461)</u>	<u>59</u>	<u>10,002</u>
Total restricted funds	<u>9,567</u>	<u>6,125</u>	<u>(6,416)</u>	<u>(249)</u>	<u>9,027</u>
Unrestricted funds					
General funds	113	115	(43)	-	185
Total funds	<u>9,680</u>	<u>6,240</u>	<u>(6,459)</u>	<u>(249)</u>	<u>9,212</u>

18. Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets	-	-	10,002	10,002
Current assets	185	547	-	732
Current liabilities Format Issue	-	(368)	-	(368)
Long term liabilities	-	(19)	-	(19)
Pension scheme liability	-	(1,135)	-	(1,135)
Total net assets	<u>213</u>	<u>(975)</u>	<u>10,002</u>	<u>9,212</u>

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

19. Capital commitments

	2012
	£000
Contracted for, but not provided in the financial statements	<u>489</u>

20. Financial commitments

At 31 August 2012, the academy had annual commitments under non-cancellable operating leases as follows

	2012
	£000
Other	
Expiring within two and five years inclusive	23
Expiring in over 5 years	<u>7</u>
	<u>30</u>

21. Reconciliation of net income to net cash inflow from operating activities

	2012
	£000
Net income	9,461
Depreciation (note 13)	461
Capital grants from DfE and other capital income	(32)
Interest receivable (note 5)	(1)
Transfer from Local Authority on Conversion	(9,680)
FRS 17 pension cost less contributions payable (note 26)	42
FRS pension finance income (note 26)	39
(Increase) in debtors	(38)
Increase in creditors	<u>387</u>
Net cash inflow from operating activities	<u>639</u>

22. Returns on investments and servicing of finance

Interest received	<u>1</u>
Net cash inflow from returns on investment and servicing of finance	<u>1</u>

23. Capital expenditure and financial investment

Purchase of tangible fixed assets	(91)
Capital grants from DfE/EFA	<u>32</u>
Net cash outflow from capital expenditure and financial investment	<u>(59)</u>

24. Analysis of changes in net funds

	Transfer on Conversion £000	Cash flows £000	At 31 August 2012 £000
Cash in hand and at bank	<u>113</u>	<u>581</u>	<u><u>694</u></u>

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

25. Members' Liabilities

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

26. Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries (The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31st March 2010)

Contributions amounting to £87,000 were payable to the schemes at 31 August and are included within creditors

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pension (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases) From 1 April 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%) which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA") using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the review is to specify the level of future contributions

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

26. Pension and similar obligations (continued)

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75% and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5% which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement also introduced (effective for the first time for the 2008 valuation) a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8% depending on a member's Full Time Equivalent salary. Further changes to the employee contribute rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are therefore currently suspended. The Government however has set out a future process for determining the employer contribution rate under the new scheme and this process will involve a full actuarial valuation.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £201,000 of which employer's contributions totalled £151,000 and employees' contributions totalled £50,000. The agreed contribution rates for future years are 18.3% for employers and up to 7.5% for employees.

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

1. Pension and similar obligations (continued)

Principal Actuarial Assumptions	At 31 August 2012
Rate of increase in salaries	4.1%
Rate of increase for pensions in payment/inflation	1.9%
Discount rate for scheme liabilities	3.9%
Inflation assumption (CPI)	1.9%

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

	At 31 August 2012
Retiring today	
Males	18.6
Females	22.7
Retiring in 20 years	
Males	20.6
Females	24.5

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

	Expected return at 31 August 2012	Fair value at 31 August 2012
Equities	5.5%	665
Bonds	3.4%	139
Property	4.5%	129
Cash	0.5%	40
Other	5.5%	20
Total market value of assets		993
Present value of scheme liabilities		(2,128)
Funded		(1,135)
Deficit in the scheme		(1,135)

A narrative description is required on the basis used to determine the overall expected rate of return on the major categories of scheme assets

The actual return on scheme assets was £69,000

	2012 £000
Amounts recognised in the statement of financial activities	
Current service cost (net of employee contributions)	193
Total operating charge	193
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	55
Interest on pension liabilities	(94)
Pension finance income/(costs)	(39)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £249,000 loss

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NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

26. Pension and similar obligations (continued)

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

	2012 £000
At 1 August	1,569
Interest cost	94
Employee contributions	193
Actuarial loss	263
Benefits paid	(41)
Contributions by Scheme Participants	50
At 31 August	<u>2,128</u>

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

	2012 £000
At 1 August	764
Expected return on assets	55
Actuarial gain	14
Employer contributions	151
Employee contributions	50
Benefits paid	(41)
At 31 August	<u>993</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £151,000

The two year history of experience adjustments is as follows:

	2012 £000	2011 £000
Present value of defined benefit obligations	(2,128)	(1,569)
Fair value share of scheme assets	993	764
Deficit in the scheme	<u>(1,135)</u>	<u>(805)</u>

27 Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisation in which a member of the board of governors may have an interest. All transactions involving such organisation are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the period the Academy received services from Diverse Academies Trust totalling £92,000 and in return provided services of £14,000. At 31 August 2012 a balance of £2,000 was due to Diverse Academies Trust.

The parties are related by virtue of a common executive directorship.

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

28. Conversion to an academy trust

On 1 August 2011 The National Church of England School, Hucknall, converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The National Church of England Academy Trust from the Nottinghamshire County Council Local Authority for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net income/resources expended in the Statement of Financial Activities as voluntary income/other resources expended

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Long leasehold buildings	-	-	10,372	10,372
Budget surplus on LA funds	146	-	-	146
LGPS pension deficit	-	(805)	-	(805)
Borrowing obligations	(33)	-	-	(33)
Net assets/(liabilities)	113	(805)	10,372	9,680