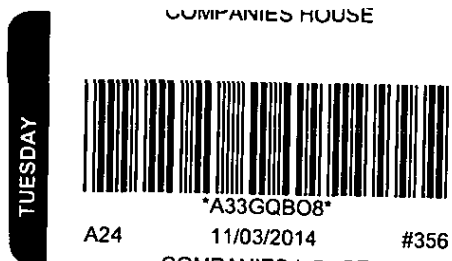


**THE NATIONAL CHURCH OF ENGLAND ACADEMY  
TRUST  
(A Company Limited by Guarantee)  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**Registered Number 07708713 (England and Wales)**



**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2013**

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# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## REFERENCE & ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2013

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**Trustees**

KA Mitford (Chair)	RM Hyde
HL Baker (Staff Trustee)	A Johnson **
NJ Bradbury	AW J Paulson*
W Pearson (Responsible Officer)	SM Robbins
AR Cable	NF South*
M Hall (Staff Trustee)	A Taylor
Rev DS Ford	JK Tebbs*
Rev Canon K Herrod	SA Tilford
BJ Hibbard	D Newton
MR Hosking	
N Husbands (Staff Trustee)	
CB Pickering (Executive Principal & Accounting Officer)	
Dr JV Edwards (Principal)*	

\*Members of the Resources Committee

\*\* Member of the Audit Committee

**Company Secretary**

A Elway

**Director of Finance and Corporate Services**

J Fearon

**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**

Baker Tilly 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

## TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2013

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The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2013

### 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 Trustees of The National Church of England Academy Trust 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 Trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one 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.

#### Trustees' Indemnities

The Trustees of The National Church of England Academy Trust have indemnity insurance cover to the value of £2,000,000. This is purchased by the school at an annual cost of £700 for a twelve month period of cover. This cover applies to all governors of the school acting in accordance with the role and professional responsibilities of the school.

#### Principal Activities

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

#### Method of Recruitment and Appointment or Election of Trustees

The Academy seeks to recruit Trustees / 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 (The Trustees) 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.

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



# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2013

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### **Structure, Governance and Management (*continued*)**

#### Policies and Procedures Adopted for the Induction and Training of Trustees/Governors

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

All new Trustees are given a detailed induction, this is supplemented by access to the County Council's governance services for updates etc

Prior to each Academy Board meeting the Trustees 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 Trustees

#### 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 Trustees 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 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 including related party relationships

Whilst the National Church of England 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 and Accounting Officer, Academy Improvement Support Manager, Company Secretariat and Director of Finance and Corporate Services 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

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



# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2013

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### 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 settling 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.

2012/2013 was a successful year for many at The National Church of England Academy, as once again its exam result outcomes improved at Post 16 levels. At GCSE, there were particular successes in Science, PE, ICT, History, Engineering and Construction. The Academy's 5A\*-C pass rate was 93% and over 61% achieved 5A\*-C, including English and maths. The Academy CVA reached 1000 at KS4.

In addition, the Academy was recently awarded the prestigious National Church Schools Award, confirming the constant strengthening of its Christian ethos. The Governors (Trustees) 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.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2013

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### Financial Review

The Academy has recorded a healthy financial performance in this second year of operation, recording an overall operating surplus before the impacts of pension & capital charges of £106,000. This has been achieved through the strong control of expenditure, with the aim of building up reserves for strategic investments in the schools facilities

Unrestricted reserves of £246,000 – 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 fund 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 £313,000 – 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 Trustees have built up the level of reserves that will allow the Academy to mitigate any potential adverse funding changes in the coming years as well as enabling investment in an ageing school site. 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 – On conversion the Trust was gifted the buildings it had operated in whilst a local authority maintained school on a 125 year lease. Following independent valuation these buildings were included at a valuation of £10,372,000. These buildings are being depreciated equally over 25 years
- Assets added during the financial year under review - The major asset added during the year 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 accounts for its share of the LGPS deficit which at the end of the financial year is at £1,288,000, an increase of £150,000 in the year

This deficit is measured in terms of the value of the Nottinghamshire Local Government Pension Scheme as at 31 August 2013 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 NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2013

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### **Financial Review (*continued*)**

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:

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.

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 pre 16 along with changes to the demographics with projected falling rolls in the Academies catchment area over the next few years, followed by significant growth. 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 maintain the excellent performance in public examinations. 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 academic success is seen as pivotal in student recruitment.

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.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2013

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### Financial Review (*continued*)

#### Reserves Policy

The Trust is currently looking to maintain 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 –to support the need to constantly invest in the infrastructure of the Trust to ensure that the quality of the environment is continually enhanced

#### 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 Years

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

On-going emphasis on increasing standards of achievement to support the journey to being recognised as an Outstanding Academy

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

In so far 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 Board of Trustees on their behalf by

KA Mitford  
Chair



Date [     ] 17.12.13

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2013

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### Scope of Responsibility

Trustees acknowledge the overall responsibility for ensuring that The National Church of England 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 governing body has delegated the day-to-day responsibility to the Executive 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 three 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)	3	3
A Paulson	1	3
S Tilford	1	3
W Pearson (Responsible Officer)	3	3
R Hyde	2	3
H Baker (Staff Governor)	3	3
D Newton	2	2
M Hall (Staff Governor)	2	3
N Husbands (Staff Governor)	-	3
N Bradbury	1	3
A Cable	1	3
Rev D Ford	-	3
Rev K Herrod	1	3
B Hibbard	1	3
M Hosking	3	3
A Johnson	1	3
S Robbins	2	3
J Tebbs	3	3
A Taylor	1	1
C B Pickering Ex Principal and Accounting Officer)	3	3
Dr J V Edwards (Principal)	2	3

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

## GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2013

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### **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 year ended 31 August 2013 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 year ending 31 August 2013 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 Baker Tilly 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.

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.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2013

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### Review of Effectiveness

As accounting officers, 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 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 Board of Trustees on 17/12/13 and signed on its behalf by



KA Mitford  
Chair



C Pickering  
Accounting Officer



**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**  
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**YEAR ENDED 31 AUGUST 2013**

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**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 Board of Trustees (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 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.



**C Pickering**  
**Accounting Officer**

17/12/13

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

YEAR ENDED 31 AUGUST 2013

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The Trustees (who act as governors for charitable activities of The National Church of England Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing 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 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 Trustees' 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 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 of both propriety and of good financial management. They are also responsible for ensuring grants received from the EFADfE 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 on 17/12/13 signed on its behalf by



KA Mitford  
Chair



# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT

### FOR THE YEAR ENDED 31 AUGUST 2013

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#### **Independent Auditor's Report on the Financial Statements to the board of Trustees of The National Church of England Academy Trust**

We have audited the financial statements of The National Church of England Academy Trust for the year ended 31 August 2013 on pages 15 to 33. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable 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 auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the Trustees (who are also the directors of the charitable 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at

[http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

#### **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 2013 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,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

#### **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year 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 YEAR ENDED 31 AUGUST 2013**

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**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

- the charity has not kept adequate accounting records, 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



Richard Eccles  
Senior Statutory Auditor  
for and on behalf of

Baker Tilly Audit Limited  
The Poynt  
45 Wollaton Street  
Nottingham  
NG1 5 FW

19 December 2013

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES

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

FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2013 £'000	Total 2012 £'000
<b>Incoming resources</b>						
<i>Income resources from generated funds</i>						
Voluntary income	2	169	-	-	169	38
Transfer from Local Authority on conversion		-	-	-	-	9,680
Activities for generating funds	3	137	12	-	149	228
Investment income	4	4	-	-	4	1
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	5	6	5,894	651	6,551	5,973
<b>Total incoming resources</b>		<u>316</u>	<u>5,906</u>	<u>651</u>	<u>6,873</u>	<u>15,920</u>
<b>Resources expended</b>						
<i>Cost of generating funds</i>						
Cost of generating voluntary income	6	158	-	-	158	2
Fundraising trading	6	91	-	-	91	6
<i>Charitable activities</i>						
Academy's educational operations	7	6	5,823	828	6,657	6,423
Governance costs	8	-	7	-	7	28
<b>Total resources expended</b>		<u>255</u>	<u>5,830</u>	<u>828</u>	<u>6,913</u>	<u>6,459</u>
<b>Net incoming resources before transfers</b>		61	76	(177)	(40)	9,461
Gross transfer between funds	16	-	(34)	34	-	-
<b>Net income for the year</b>		61	42	(143)	(40)	9,461
<i>Other recognised gains and losses</i>						
Actuarial losses on defined benefit pension scheme	25	-	(42)	-	(42)	(249)
<b>Net movement in funds</b>		<u>61</u>	<u>-</u>	<u>(143)</u>	<u>(82)</u>	<u>9,212</u>
Total funds brought forward at 1 September 2012		<u>185</u>	<u>(975)</u>	<u>10,002</u>	<u>9,212</u>	<u>-</u>
<b>Total funds carried forward at 31 August 2013</b>		<u>246</u>	<u>(975)</u>	<u>9,859</u>	<u>9,130</u>	<u>9,212</u>

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

All of the Academy's activities derive from continuing operations during the financial year

The notes on pages 18 to 33 form part of these financial statements

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## BALANCE SHEET AS AT 31 AUGUST 2013

COMPANY NUMBER: 07657605

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
<b>Fixed assets</b>					
Tangible assets	12		9,859		10,002
<b>Current assets</b>					
Debtors	13	144		38	
Cash at bank and in hand		<u>939</u>		<u>694</u>	
<b>Liabilities</b>		<u>1,083</u>		<u>732</u>	
Creditors amounts falling due within one year	14	(516)		(368)	
<b>Net current assets</b>			<u>567</u>		<u>364</u>
<b>Total assets less current liabilities</b>			10,426		10,366
Creditors amounts falling due within more than a year	15		(8)		(19)
			<u>10,418</u>		<u>10,347</u>
Pension scheme liability	25		(1,288)		(1,135)
<b>Net assets including pension liability</b>			<u>9,130</u>		<u>9,212</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted income funds</b>					
Fixed asset fund	16	9,859		10,002	
General fund	16	313		160	
Pension reserve	25	<u>(1,288)</u>		<u>(1,135)</u>	
<b>Total restricted funds</b>			8,884		9,027
<b>Unrestricted income funds</b>					
General fund	16		246		185
<b>Total unrestricted funds</b>					
<b>Total funds</b>			<u>9,130</u>		<u>9,212</u>

The financial statements on pages 15 to 33 were approved by the Trustees and authorised for issue on 17 Dec 2013 and are signed on their behalf by

*KA Mitford*

KA Mitford  
Chair

The notes on pages 18 to 33 form part of these financial statements

**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2013**

	<b>Notes</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Net cash inflow from operating activities</b>	20	275	639
Returns on investments and servicing of finance	21	4	1
Capital expenditure	22	(34)	(59)
		<hr/>	<hr/>
<b>Increase in cash in the year</b>		<b>245</b>	<b>581</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2012		694	-
Transfer from Local Authority on conversion		-	113
Increase in cash in the year		245	581
		<hr/>	<hr/>
<b>Net funds at 31 August 2013</b>		<b>939</b>	<b>694</b>

The notes on pages 18 to 33 form part of these financial statements



# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

YEAR ENDED 31 AUGUST 2013

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### 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.

#### **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 Trust to continue as a going concern. The Trustees 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 Academy 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 year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

#### *Sponsorship income*

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable where there is certainty of receipt.

#### *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 year 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 year 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 the Academy Trust's policies.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

YEAR ENDED 31 AUGUST 2013

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### 1. Statement of Accounting Policies (*continued*)

#### **Resources expended**

All expenditure is recognised in the year 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 Academy 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.

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
Improvements to infrastructure	10 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.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2013

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### 1. Statement of Accounting Policies (continued)

#### 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 Academy 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 Academy 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 determined by the government actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, 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 year 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 STATEMENTS (CONTINUED)**

**YEAR ENDED 31 AUGUST 2013**

**2. Voluntary Income**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2013 £'000</b>	<b>Total 2012 £'000</b>
Private Sponsorship	-	-	-	12
Other donations	169	-	169	26
	<u>169</u>	<u>-</u>	<u>169</u>	<u>38</u>

**3. Activities for Generating Funds**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2013 £'000</b>	<b>Total 2012 £'000</b>
Hire of facilities	41	-	41	49
Other income	96	12	108	179
	<u>137</u>	<u>12</u>	<u>149</u>	<u>228</u>

**4. Investment Income**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2013 £'000</b>	<b>Total 2012 £'000</b>
Short term deposits	<u>4</u>	<u>-</u>	<u>4</u>	<u>1</u>

**5. Funding for Academy's educational operations**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2013 £'000</b>	<b>Total 2012 £'000</b>
<b>DFE/EFA grants</b>				
General Annual Grant (GAG)	-	5,665	5,665	5,756
Other DFE/EFA grants	6	149	155	138
Capital grants	-	651	651	32
	<u>6</u>	<u>6,465</u>	<u>6,471</u>	<u>5,926</u>
<b>Other Government grants</b>				
Special education projects	-	80	80	47
<b>Total</b>	<u>6</u>	<u>6,545</u>	<u>6,551</u>	<u>5,973</u>

**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED 31 AUGUST 2013**

**6. Resources expended**

	<b>Staff Costs £'000</b>	<b>Non Pay Expenditure Premises £'000</b>	<b>Other costs £'000</b>	<b>Total 2013 £'000</b>	<b>Total 2012 £'000</b>
Costs of activities for generating voluntary income	-	-	158	158	2
Cost of activities generating funds	77	10	4	91	6
<i>Academy's education operations</i>					
Direct costs	3,907	-	440	4,347	4,442
Allocated support costs	516	1,300	494	2,310	1,981
	<u>4,500</u>	<u>1,310</u>	<u>1,096</u>	<u>6,906</u>	<u>6,431</u>
Governance costs	-	-	7	7	28
	<u>4,500</u>	<u>1,310</u>	<u>1,103</u>	<u>6,913</u>	<u>6,459</u>

**Incoming/outgoing resources for the year include.**

	<b>2013 £'000</b>	<b>2012 £'000</b>
Fees payable to auditor		
- audit	6	9
- other services	<u>4</u>	<u>6</u>

**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED 31 AUGUST 2013**

**7 Charitable Activities – Academy’s educational operations**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2013 £'000</b>	<b>Total 2012 £'000</b>
<b>Direct costs</b>				
Teaching and educational support staff costs	-	3,907	3,907	4,145
Educational supplies	-	280	280	179
Examination fees	6	123	129	102
Staff development	-	31	31	16
	<u>6</u>	<u>4,341</u>	<u>4,347</u>	<u>4,442</u>
<b>Allocated support costs</b>				
Support staff costs	-	516	516	617
Depreciation	-	449	449	461
Costs recharged from Diverse Academies Trust	-	211	211	201
Maintenance of premises and equipment	-	494	494	268
Heat, light and water	-	117	117	-
Cleaning	-	112	112	107
Rent and rates	-	27	27	33
Insurance	-	112	112	113
Catering	-	6	6	36
FRS17 pension interest and charges	-	36	36	39
IT related costs	-	26	26	41
Stationery and reprographics	-	18	18	27
Furniture	-	29	29	10
Other support costs	-	157	157	28
	<u>6</u>	<u>2,310</u>	<u>2,310</u>	<u>1,981</u>
<b>Total</b>	<u>6</u>	<u>6,651</u>	<u>6,657</u>	<u>6,423</u>

**8. Governance Costs**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2013 £'000</b>	<b>Total 2012 £'000</b>
Legal and professional fees	-	1	1	19
Auditor's remuneration	-	6	6	9
- Audit of financial statements	<u>-</u>	<u>7</u>	<u>7</u>	<u>28</u>

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2013

### 9. Staff costs

Staff costs during the year were

	2013 £'000	2012 £'000
Wages and salaries	3,582	3,774
Social security costs	271	291
Pension costs	571	602
	<u>4,424</u>	<u>4,667</u>
Supply teacher costs	76	101
	<u>4,500</u>	<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

	2013 No.	2012 No.
<b>Charitable activities</b>		
Teachers	62	62
Administration and support	42	41
Management	7	4
	<u>111</u>	<u>107</u>

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

	2013 No.	2012 No.
£60,001 - £70,000	1	3
£70,001 - £80,000	2	1
£80,001 - £90,000	<u>1</u>	<u>-</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £38,000 (2012 £40,000)

### 10. Trustees' remuneration and expenses

The Principal and Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustee's remuneration (including pension contributions) was as follows

Dr JV Edwards (Principal)	£85,001 - £90,000	(2012 £75,001 - £80,000)
M Hall (Staff Trustee)	£45,001 - £50,000	(2012 £45,001 - £50,000)
N Husbands (Staff Trustee)	£35,001 - £40,000	(2012 £25,001 - £30,000)
HL Baker (Staff Trustee)	£10,001 - £15,000	(2012 £10,001 - £15,000)

During the year to 31 August 2013, no travel and subsistence were reimbursed to governors

Other related party transactions involving the Trustees are set out in note 25

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2013

### 11. Trustees' and Officers' Insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees 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 2013 was £6,000.

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

### 12. Tangible Fixed Assets

	Freehold land & buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total 2013 £'000
<b>Cost</b>				
At 1 September 2012	10,415	1	47	10,463
Additions	287	4	15	306
At 31 August 2013	10,702	5	62	10,769
<b>Depreciation</b>				
At 1 September 2012	450		11	461
Charged in year	429	1	19	449
At 31 August 2013	879	1	30	910
<b>Net book values</b>				
At 31 August 2013	9,823	4	32	9,859
At 31 August 2012	9,965	1	36	10,002

### 13. Debtors

	2013 £'000	2012 £'000
Trade debtors	11	7
Other debtors	133	31
	<u>144</u>	<u>38</u>

All amounts shown within debtors fall due for payment within one year.

### 14. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	302	62
Other tax and social security	79	85
Other creditors	73	68
Accruals and deferred income	62	153
	<u>516</u>	<u>368</u>



**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED 31 AUGUST 2013**

**15. Creditors amounts falling due after more than one year**

	<b>2013 £'000</b>	<b>2012 £'000</b>
Other loan from Local Authority	<u>8</u>	<u>19</u>

**16 Funds**

	<b>Balance at 1 September 2012 £'000</b>	<b>Income resources £'000</b>	<b>Resources expended £'000</b>	<b>Gains, losses and transfers £'000</b>	<b>Balance at 31 August 2013 £'000</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	160	5,665	(5,478)	(34)	313
Other government grants	-	80	(80)	-	-
Other DfE/EFA grants	-	149	(149)	-	-
Other restricted funds	-	12	(12)	-	-
Pension reserve	(1,135)	-	(111)	(42)	(1,288)
	<u>(975)</u>	<u>5,906</u>	<u>(5,830)</u>	<u>(76)</u>	<u>(975)</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	21	651	(399)	34	307
Capital expenditure from GAG	16	-	-	-	16
Assets transferred on conversion	9,965	-	(429)	-	9,536
	<u>10,002</u>	<u>651</u>	<u>(828)</u>	<u>34</u>	<u>9,859</u>
<b>Total restricted funds</b>	<u>9,027</u>	<u>6,557</u>	<u>(6,658)</u>	<u>(42)</u>	<u>8,884</u>
<b>Unrestricted funds</b>					
General funds	185	316	(255)	-	246
<b>Total funds</b>	<u>9,212</u>	<u>6,873</u>	<u>(6,913)</u>	<u>(42)</u>	<u>9,130</u>

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

The Academy is carrying a net surplus of £313,000 on restricted general funds (excluding pension reserve) plus unrestricted funds of £246,000

**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED 31 AUGUST 2013**

**17 Analysis of net assets between funds**

Fund balances at 31 August 2013 are represented by

	<b>Unrestricted funds £'000</b>	<b>Restricted general funds £'000</b>	<b>Restricted fixed asset funds £'000</b>	<b>Total funds £'000</b>
Tangible fixed assets	-	-	9,859	9,859
Current assets	246	837	-	1,083
Current liabilities	-	(516)	-	(516)
Long term liabilities	-	(8)	-	(8)
Pension scheme liability	-	(1,288)	-	(1,288)
<b>Total net assets</b>	<b>246</b>	<b>(975)</b>	<b>9,859</b>	<b>9,130</b>

**18. Capital commitments**

	<b>2013 £'000</b>	<b>2012 £'000</b>
Contracted for, but not provided in the financial statements	-	489

**19. Financial commitments**

At 31 August 2013, the Academy had annual commitments under non-cancellable operating leases as follows

	<b>2013 £'000</b>	<b>2012 £'000</b>
<u>Other</u>		
Expiring within one year	-	23
Expiring within two and five years	10	7
Expiring over five years	17	-
	<b>27</b>	<b>30</b>

**20. Reconciliation of net (expenditure)/income to net cash inflow from operating activities**

	<b>2013 £'000</b>	<b>2012 £'000</b>
Net (expenditure)/income for the year	(40)	9,461
Depreciation (note 13)	449	461
Capital grants from DfE and other capital income	(272)	(32)
Interest receivable (note 5)	(4)	(1)
FRS 17 pension cost less contributions payable (note 24)	64	42
FRS pension finance income (note 24)	36	39
Decrease/(increase) in debtors	(106)	(38)
(Decrease)/increase in creditors	148	388
Transfer from Local Authority on conversion	-	(9,680)
<b>Net cash inflow from operating activities</b>	<b>275</b>	<b>639</b>

**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 AUGUST 2013**

**21. Returns on investments and servicing of finance**

	2013 £'000	2012 £'000
Interest received	4	1
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>4</u>	<u>1</u>

**22. Capital expenditure and financial investment**

	2013 £'000	2012 £'000
Purchase of tangible fixed assets	306	91
Capital grants from DfE/EFA	(272)	(32)
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>34</u>	<u>59</u>

**23. Analysis of changes in net funds**

	At 1 September 2012 £'000	Cash flows £'000	At 31 August 2013 £'000
Cash in hand and at bank	<u>694</u>	<u>245</u>	<u>939</u>

**24 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

**25. 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 support 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 31 March 2010

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

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2013

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### 25. Pension and similar obligations (*continued*)

#### Teachers' Pension Scheme

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership.

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pension Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

##### **Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was 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 active 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 review, 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 built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions 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 that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%.

From 1 January 2007, 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 NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

YEAR ENDED 31 AUGUST 2013

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### 25. Pension and similar obligations (*continued*)

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

#### **Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, and accrual rate of 1/57<sup>th</sup>, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement 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 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.

#### **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 2013 was £87,000 (2012 £201,000) of which employer's contributions totalled £140,000 (2012 £151,000) and employees' contributions totalled £47,000 (2012 £50,000). The agreed contribution rates for future years are, on average 18.3% for employers and 7.2% for employees.

**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED 31 AUGUST 2013**

**25. Pension and similar obligations (continued)**

**Principal Actuarial Assumptions**

	<b>At 31 August 2013</b>	<b>At 31 August 2012</b>
Rate of increase in salaries	5.1%	4.1%
Rate of increase for pensions in payment / inflation	2.9%	1.9%
Discount rate for scheme liabilities	4.7%	3.9%
Inflation assumption (CPI)	2.9%	1.9%

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

	<b>At 31 August 2013</b>	<b>At 31 August 2012</b>
<i>Retiring today</i>		
Males	18.6	18.6
Females	22.8	22.7
<i>Retiring in 20 years</i>		
Males	20.7	20.6
Females	24.6	24.5

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

	<b>Expected return at 31 August 2013</b>	<b>Fair value at 31 August 2013 £'000</b>	<b>Expected return at 31 August 2013</b>	<b>Fair value at 31 August 2013 £'000</b>
Equities	6.2%	928	5.5%	665
Bonds	4.4%	170	3.4%	139
Property	5.2%	157	4.5%	129
Cash	0.5%	26	0.5%	40
Other	0.5%	26	0.5%	20
		<u>1,307</u>		<u>993</u>
<b>Total market value of assets</b>				
Present value of scheme liabilities				
Funded		<u>(2,595)</u>		<u>(2,128)</u>
<b>Deficit in the scheme</b>		<u>(1,288)</u>		<u>(1,135)</u>

**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 AUGUST 2013**

**25. Pension and similar obligations (continued)**

**Amounts recognised in the statement of financial activities**

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Current service cost	214	193
<b>Total operating charge</b>	<u>214</u>	<u>193</u>
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pension scheme assets	52	55
Interest on pension liabilities	(88)	(94)
<b>Pension finance costs</b>	<u>(36)</u>	<u>(39)</u>

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 £291,000 loss (2012 £249,000 loss)

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

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
At 1 September 2012	2,128	1,569
Current service cost	214	193
Employee contributions	47	50
Actuarial loss	139	263
Benefits paid	(21)	(41)
Interest cost	88	94
<b>At 31 August 2013</b>	<u>2,595</u>	<u>2,128</u>

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

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
At 1 September 2012	993	764
Expected return on assets	52	55
Actuarial gain	96	14
Employer contributions	140	151
Employee contributions	47	50
Benefits paid	(21)	(41)
<b>At 31 August 2013</b>	<u>1,307</u>	<u>993</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £140,000

THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2013

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25. Pension and similar obligations (continued)

The two year history of experience adjustments is as follows:

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(2,595)	(2,128)
Fair value share of scheme assets	1,307	993
Deficit in the scheme	<u>(1,288)</u>	<u>(1,135)</u>

26. 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 organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the year the Academy received services from Diverse Academies Trust totalling £253,705 (2012 £92,000) and in return provided the services of £57,680 (2012 £14,000). At 31 August 2013 a balance of £7,889 (2012 £nil) was due from Diverse Academies Trust and £148,105 (2012 £2,000) was owed to Diverse Academies Trust.

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