

**Company Registration No. 07708713 (England and Wales)**

**THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

J Rolph  
MR Hosking  
Rev Canon K Herrod  
K A Mitford  
Rt Rev A Porter Bishop of Sherwood  
N Spraggins

### Trustees

K A Mitford (Chair)  
C B Pickering (Executive Principal & Accounting Officer)  
S W Jones (Principal)  
H L Baker (Staff Trustee) (Resigned 17 March 2016)  
C M Ball  
N J Bradbury (Resigned 17 March 2016)  
K E T Cowley  
J K Eastwood  
Dr L V Gordon (Resigned 17 March 2016)  
M J Hall (Staff Trustee) (Resigned 20 November 2015)  
Rev Canon K Herrod  
M R Hosking (Resigned 18 September 2015)  
A Johnson  
A D Newton  
C A Parker  
W Pearson (Responsible Officer)  
S M Robbins (Resigned 22 July 2016)  
S A Tilford  
C Dean  
Dr L Nicolls  
J Oldfield  
A Thornton (Staff Trustee)  
E Greaves (Staff Trustee) (Appointed 17 November 2015)  
B Marshall (Appointed 16 March 2016)

### Senior management team

- Principal	S W Jones
- Director of Academy	M Jobling
- Deputy Principal	J Heath
- Chief Finance Officer	L Mosley (appointed 1 November 2016)

### Company secretary

A Elway

### Company registration number

07708713 (England and Wales)

### Registered office

Annesley Road  
Hucknall  
Nottingham  
NG15 7DB

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Independent auditor** RSM UK Audit LLP  
7th Floor  
City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

**Bankers** Lloyds Bank  
37 Castlegate  
Newark  
NG24 1BD

**Solicitors** Flint Bishops  
St Michaels Court  
St Michaels Lane  
Derby  
DE1 3HQ

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT

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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 2016.

The Trust operates an academy for pupils aged 11 to 18 serving a catchment area in Hucknall and surrounding areas in Nottinghamshire. It has a pupil capacity of 1,166 and had a roll of 1,170 in the school census in October 2015.

### 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 ("NCEAT").

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 year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### Trustees' indemnities

Members and governors liability is covered by a policy provided by Hiscox Insurance Company with an indemnity limit of £1,000,000, as disclosed in note 12.

#### 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:

The Principal (Executive Principal) will be appointed in an ex-officio role

The Diocese of Nottingham & Southwell - The diocese has the right to nominate 12 Governors (one incumbent, six Diocesan Board of Finance, 5 Parochial Church Council)

Staff Governors – The constitution of the Academy states that the Governing Body will have 3 staff governors who will be elected by staff ballot to serve a term of 4 years.

Parent Governors – The constitution equally makes provision for 3 parental representatives; these are again elected by a ballot of parents.

Diverse Academies Trust may appoint 2 representatives

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 (CONTINUED)

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### **Policies and procedures adopted for the induction and training of Trustees**

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

All new Governors are given a detailed induction, this is supplemented by additional training from DALP (see below) and the Trust's solicitors.

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 trust has pooled a number of key education and business support functions with Diverse Academies Trust (DAT) through the Diverse Academies Learning Partnership (DALP). This has a joint board of DAT and NCEAT trustees. This manages shared staffing and services which is part of the 3.9% management charge. Additionally, it manages a number of shared support services in Marketing, Property, IT, MIS, Finance and HR. These costs are around a further 5% of spend and are recharged directly to academies.

The NCEAT board operates within the scheme of delegation agreed by the DALP Board. The underlying principle of which is the Academy must operate with a surplus. Within this the NCEAT Board has wide ranging freedoms.

NCEAT has an Executive Principal and an Academy Director.

### **Arrangements for setting pay and remuneration of key management personnel**

The DALP Board operate a senior staff pay committee to review executive principles and corporate staff salaries. Academic staff salaries are reviewed by comparing to norms within the teaching sector and through the teaching pay and condition which exemplify ranges for heads. Support staff salaries are reviewed in the context of national expectations and can be accessed through numerous recruitment websites and salary surveys.

### **Related parties and co-operation with other 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 a Chief Executive Officer, Deputy Chief Executive, Chief Operating Officer, Chief Financial Officer and Company Secretariat 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 Chief Executive Officer 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.

## **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. The 2014 OFSTED grade was 'Good', additionally the Academy was graded outstanding in the 2016 Seating 156 inspection. The Trust is committed to achieving this through the dissemination of best practice wherever that might be found within the Trust and wider DALP partnership.

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.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### 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.

The 2015/16 objectives were:

- Provide an outstanding post 16 experience
- Maximise Academic progress
- Achieve individualised CPD for staff.

Success criteria were set for each of these key objectives and then measures through the DALP CSI (Challenge, Support Intervene) methodology. All objectives were achieved.

### **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. In line with the Trust's charitable objectives there is a wide use of the schools facilities by the local community.

## **STRATEGIC REPORT**

### **Achievements and performance**

During the year 2014 -15 the Academy was re inspected by OFSTED, the October 2014 report graded the Academy as Good with Outstanding Leadership and Management. The report recognised the progress which the Academy has made and continues to make. This has been further supported by a Section 156 inspection which graded the Academy Outstanding. The Governors and Leaders of the academy are pleased that the work of its staff and pupil has been recognised.

NCEAT continues to see strong demands for places at the Academy, being oversubscribed for admissions into year 7. The sixth form also continues to show increased recruitment and a strong retention from year 11 to 12.

### **Financial review**

The Academy generated a modest amount of cash from operations of £126K in the year.

The Trust has a strong net asset base of £6.2m, and the reserves are as follows:

Unrestricted reserves of £434,000 – 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 of the Charities Statement of Recommended Practices (SORP).

Restricted general reserves of £201,000 – 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 NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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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 Trust also hold a number of unexpendable reserves, which make up the balance of the total funds of £6,282,000. These other funds are :

Fixed asset fund of £8,910,000 - The fixed asset fund is reduced annually by the value of depreciation on assets supported by the fund. This fund is made up of the following:

- Assets transferred on conversion – upon conversion to Academy status the Trust 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 Trusts' financial advisors.
- Assets funded by grants or transfer of funds from the Academy's revenue funds.
- Grants for projects where the grant has been received ahead of expenditure, the fund will be used to finance the future capital spend.

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.

These are 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.

Pension reserve of £3,263,000 deficit – This reserve represents the pension liability identified through the actuaries calculation of FRS17 liability. The liability increased during the year by £1,531,000.

This deficit is measured in terms of the value of the Nottinghamshire Local Government Pension Scheme as at 31 August 2016 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 are expected to reduce the deficit over a 25 year period.

The scheme is due for its next tri-annual revaluation in March 2016 at which the current rate of contributions may change.

Buildings - The Trust is very aware that its buildings are in need of constant attention requiring considerable resources into maintenance and where possible enhancing the fabric of the buildings. The lack of facilities for Post 16 students is a concern for the Academy and one it wishes to address as a priority. The academy has now addressed all critical maintenance items. It has done this through the following:

- On-going maintenance programmes designed to address key strategic issues such as boilers, windows and roofs;
- Active review of all available grants.
  - The Trust was successful in securing over £900,000 in funding from the Academies Capital Maintenance Funds. This project was substantially completed in 2014/15.
  - The Trust has also secured a grant which meets part of the cost of a new boiler, the balance has been funded via a loan from the EFA. The loan will be repaid from the savings made from lower gas charges due to the increased efficiency of the new boiler.

From 1/4/2016 NCEAT has agreed to join with Diverse Academies Trust in claiming a Multi Academy Trust School Condition Fund Grant funding . This will give greater local control over the priorities to be addressed.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Financial and risk management objectives and policies

The Trust has the following financial uncertainties facing it over the coming 12-24 months:

- Real term cuts in education funding
- Availability of capital funding;
- Changes in pension funding assumptions;
- Changes to National Insurance.

The Trust considers any risk as an intrinsic part of any decisions it makes. The Trust operates a risk register that reviews both strategic and operational risks, this plan looks at the key ways of mitigating these risks. This process will be refined in 2016/17 using appropriate software to ensure all key risks are both identified and managed.

### Reserves policy

The Trust seeks to maintain approximately a minimum of the equivalent of 30 days turnover in usable reserves. Currently the Trust's useable reserves constitute £635K which is in excess of this minimum. The Trust holds reserves for the following reasons;

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. It also holds the cash for unforeseen circumstances.

To support the need to constantly invest in the infrastructure of the Trust to ensure that the quality of the environment is continually enhanced.

### Pension Deficit

The Trustees recognise that there is a significant pension deficit which can vary time to time depending on economic circumstances. The Trustees concern themselves with the overall level of contribution necessary to meet its cash payments to the schemes.

### 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.

### Key performance indicators

NCEAT most recent OFSTED inspection judged the school to be good with outstanding leadership in October 2014. This trend continues with progress 8 at + 0.8 and attainment 8 was 49.32 for 2015/16.

KS4 – All key GCSE measures are significantly above the averages for schools in England, 67% of Year 11's gained 5 or more GCSE passes at A\* to C. Although slightly down on the prior year this was ahead of target reflecting the profile of children on entry into the Academy.

KS5 – 100% of Year 12 pupils achieved passes, with 73.5% of passes at A\* to C.

### 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.

### **Plans for future periods**

The Academy's plans for the coming 12-24 months involve 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.
- Making efficiency savings to offset additional pension, national insurance and inflationary cost rises.



# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Principal risks and uncertainties

The charity trustees have assessed the major risks to which the Academy Trust is exposed, and are satisfied that systems and procedures are in place to mitigate the exposure to major risks. The Governors/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.

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 Academy 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.

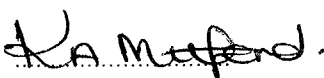
The other significant risks facing the Academy over the next 12-24 months are as follows:

- The need to 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.
- Provision for post 16 Students is not satisfactory given growth in the last two years. Facilities, in areas such as performing arts also need investment.

### Statement as to disclosure of information to auditor

The trustees have confirmed that as far as they are aware there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' report is approved by order of the Board of Trustees and the strategic report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 14/12/16 and signed on its behalf by:



K A Mitford  
Chair

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## GOVERNANCE STATEMENT

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### Scope of responsibility

The Trustees acknowledge their 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 Chief Executive Officer/ 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 3 times during the year. Attendance during the year at meetings of the board of trustees were as follows:

Trustees	Meetings attended	Out of possible
K A Mitford (Chair)	3	3
C B Pickering (Executive Principal & Accounting Officer)	3	3
S W Jones (Principal)	3	3
H L Baker (Staff Trustee) (Resigned 17 March 2016)	0	1
C M Ball	3	3
N J Bradbury (Resigned 17 March 2016)	1	1
K E T Cowley	3	3
J K Eastwood	1	3
Dr L V Gordon (Resigned 17 March 2016)	0	1
M J Hall (Staff Trustee) (Resigned 20 November 2015)	0	0
Rev Canon K Herrod	3	3
M R Hosking (Resigned 18 September 2015)	0	0
A Johnson	1	3
A D Newton	2	3
C A Parker	3	3
W Pearson (Responsible Officer)	2	3
S M Robbins (Resigned 22 July 2016)	3	3
S A Tilford	3	3
C Dean	3	3
Dr L Nicolls	3	3
J Oldfield	1	3
A Thornton (Staff Trustee)	2	3
E Greaves (Staff Trustee) (Appointed 17 November 2015)	1	2
B Marshall (Appointed 16 March 2016)	1	1

The Trust carries out an annual review of its Governance, The Governing body was awarded the Governor Mark in June 2016. The assessors acknowledged the many areas of strength and suggested areas for improvement were the independent scrutiny and assessment of data, a review of the format of KPIs and ensuring the boundaries between strategic and operational support are clearly defined and maintained. All these issues are being addressed.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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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.

Attendance at meetings in the year was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
K A Mitford (Chair)	2	3
K E T Cowley	3	3
J K Eastwood	1	3
A Johnson	3	3

The Trust has an Audit Committee made up of representatives from Academies within the Diverse Academies Learning Partnership; this committee monitors internal control recommendations and the work of the responsible officer (W Pearson).

Attendance at meetings in the year was as follows:

	<b>Meetings attended</b>	<b>Out of possible</b>
J K Eastwood	3	4
M Quigley (Chair) (Retford Oaks Academy)	4	4
T Hill (Tuxford Primary Academy)	4	4
S Tongue (The Holgate Academy)	1	4
M Mays (Easte Leake Academy)	2	4
S Odabashy (Tuxford Academy)	3	4

### **Review of value for money**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Working with the leadership team to review the deployment of educational staff, the academy uses modelling tools which allow it's allocations by year group to be compared to best practice across the 11 to 19 sector.
  - The Academy has been able to prioritise resources to priorities and has seen good outcomes in both exam results and more importantly in the levels of progress made by pupils.
  - The Academy Improvement Plan has identified key of development and budgetary provision has been made to enable the Senior Leadership Team to carry out these actions.
  - Through the Diverse Academies Learning Partnership (DALP) the trust has taken part in collaborative work in the development of curriculum, CPD and leadership. The trust has made significant contributions to collaborative work and received support from the other partners in delivering its provision to achieve enhanced pupil outcomes. The Trust believes this collaborative working is an important aspect of the journey to achieve an " Outstanding " OFSTED rating and best practice within education.
  - The DALP partnership has also provided specialist input in Maths and English.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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- Sharing the Chief Executive / Accounting Officer and Chief Financial Officer roles across the across the DALP partnership which lowers the cost for the Trust.
- The Trust has undertaken a review of its support services during the year and put in place revised terms and conditions for teaching support staff and reduced the number of other support staff employed.
- Undertaking joint procurement with DALP to lower the cost of cleaning and catering.
- Sharing HR, Careers and Educational Welfare posts with DALP lowers the cost for the Trust

In the context of Educational funding reducing in real terms over the next 3 years the Trust is actively looking for further efficiencies.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been updated and enhanced in The National Church of England Academy throughout the year ended 31 August 2016 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 been updated throughout the year ending 31 August 2016 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 Trustees considered the need for a specific internal audit function and decided not to appoint an internal auditor during the 15/16 financial year. However, from September 2016 the DALP Board have appointed internal auditors to review key financial controls. The Trust is now reviewing providing wider internal audit services using the same external organisation. Trustees have appointed Wendy Pearson (a Trustee) as Responsible Officer ('RO') 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.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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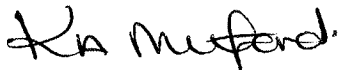
### Review of effectiveness

As Accounting Officers, the Chief Executive Officer 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 Board of Trustees on 14/12/16 and signed on its behalf by:



K A Mitford  
Chair



C B Pickering  
Executive Principal & Accounting Officer

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

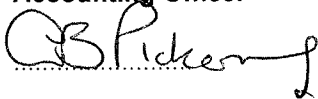
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As accounting officer of The National Church of England Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust's 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 2015.

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

C B Pickering  
Accounting Officer



14/12/16

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees (who are also the directors of The National Church of England Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of The National Church of England Academy Trust 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 2015 and the Academies Accounts Direction 2015 to 2016;
- 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 both of propriety and of good financial management. They are also responsible for ensuring that grants received from the DfE/EFA 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 14/12/16 and signed on its behalf by:



K A Mitford  
Chair

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST**

## **YEAR ENDED 31 AUGUST 2016**

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We have audited the financial statements of The National Church of England Academy Trust for the year ended 31 August 2016 set out on pages 17 to 39. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015/6 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 14, the Trustees (who act as trustees for the charitable activities of the charitable company, and 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/auditscopeukprivate>

### **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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 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 and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NATIONAL CHURCH  
OF ENGLAND ACADEMY TRUST (CONTINUED)**

**YEAR ENDED 31 AUGUST 2016**

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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.

*RSM UK Audit LLP*

Philip Coleman FCA (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
7th Floor  
City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

Dated: *20 December 2016*

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

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

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Total 2016 £'000	Total 2015 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	4	3	-	205	208	674
Charitable activities:						
- Funding for educational operations	5	-	6,034	-	6,034	6,203
Other trading activities	6	112	20	-	132	203
Investments	7	8	-	-	8	1
<b>Total income and endowments</b>		<u>123</u>	<u>6,054</u>	<u>205</u>	<u>6,382</u>	<u>7,081</u>
<b>Expenditure on:</b>						
Raising funds	8	62	-	-	62	90
Charitable activities:						
- Educational operations	9	-	6,450	483	6,933	7,651
<b>Total expenditure</b>	8	<u>62</u>	<u>6,450</u>	<u>483</u>	<u>6,995</u>	<u>7,741</u>
<b>Net income/(expenditure)</b>		61	(396)	(278)	(613)	(660)
Transfers between funds	19	(177)	(13)	190	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	25	-	(1,397)	-	(1,397)	(36)
<b>Net movement in funds</b>		<u>(116)</u>	<u>(1,806)</u>	<u>(88)</u>	<u>(2,010)</u>	<u>(696)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		550	(1,256)	8,998	8,292	8,988
Total funds carried forward		<u>434</u>	<u>(3,062)</u>	<u>8,910</u>	<u>6,282</u>	<u>8,292</u>

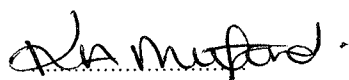
# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £'000	2015 £'000	2015 £'000
<b>Fixed assets</b>				
Tangible assets	13		9,082	9,098
<b>Current assets</b>				
Debtors	14	207		82
Cash at bank and in hand		1,304		1,250
		<u>1,511</u>		<u>1,332</u>
<b>Current liabilities</b>				
Creditors: amounts falling due within one year	15	(885)		(292)
<b>Net current assets</b>			<u>626</u>	<u>1,040</u>
<b>Total assets less current liabilities</b>			<u>9,708</u>	<u>10,138</u>
Creditors: amounts falling due after more than one year	16		(163)	(114)
<b>Net assets excluding pension liability</b>			<u>9,545</u>	<u>10,024</u>
Defined benefit pension liability	25		(3,263)	(1,732)
<b>Net assets</b>			<u>6,282</u>	<u>8,292</u>
<b>Funds of the Academy Trust:</b>				
<b>Restricted funds</b>	19			
- Restricted fixed asset funds			8,910	8,998
- Restricted general funds			201	476
- Pension reserve			(3,263)	(1,732)
<b>Total restricted funds</b>			<u>5,848</u>	<u>7,742</u>
<b>Unrestricted income funds</b>	19		<u>434</u>	<u>550</u>
<b>Total funds</b>			<u>6,282</u>	<u>8,292</u>

The financial statements set out on pages 17 to 39 were approved by the Board of Trustees and authorised for issue on 14/12/16 and are signed on its behalf by:



K A Mitford  
Chair

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

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	Notes	2016 £'000	£'000	2015 £'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	23		126		(680)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		8		1	
Capital grants from DfE and EFA		205		668	
Payments to acquire tangible fixed assets		(336)		(33)	
			(123)		636
<b>Cash flows from financing activities</b>					
New other loan		75		-	
Repayment of other loan		(24)		(16)	
			51		(16)
<b>Change in cash and cash equivalents in the reporting period</b>					
			54		(60)
Cash and cash equivalents at beginning of the year			1,250		1,310
<b>Cash and cash equivalents at end of the year</b>			<u>1,304</u>		<u>1,250</u>

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# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

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

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### 1 Accounting policies

The National Church of England Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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

#### **Basis of preparation**

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

The National Church of England Academy Trust meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

These financial statements are the first financial statements of The National Church of England Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of The National Church of England Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 28.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### **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 charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Income**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

#### Grants

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

General Annual Grant is recognised in full in the Statement of Financial Activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

#### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

#### Other income

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

#### Donated goods, facilities and services

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

#### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### **Tangible fixed assets and depreciation**

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. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long leasehold buildings	10 - 25 years
Computer equipment	3 years
Furniture and equipment	5 - 10 years

Assets in the course of construction are included at cost less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. 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.

##### **Liabilities**

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

##### **Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### **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.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### **Pensions benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

##### **Fund accounting**

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

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

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

##### **Agency arrangements**

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA. The funds received and paid and any balances held are declared in note 27.



# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies (Continued)

#### **Financial instruments**

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

#### *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Academy Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Short-term employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render services to the Academy Trust. The cost of any unused holiday entitlement the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### **2 Critical accounting estimates and areas of judgement**

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical accounting estimates and assumptions

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Pension scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### *Depreciation*

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement. Depreciation is charged to profit or loss based on the useful economic life selected, which requires an estimation of the period and profile over which the Academy Trust expects to consume the future economic benefits embodied in the assets.

##### Critical areas of judgement

The judgements (apart from those involving estimation) that have the most significant effect on the amounts recognised in the financial statements are disclosed below:

##### *Leasing*

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Academy Trust as lessee.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 3 Comparative year information

Year ended 31 August 2015	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2015 £'000
<b>Income and endowments from:</b>				
Donations and capital grants	6	-	668	674
Charitable activities:				
- Funding for educational operations	-	6,203	-	6,203
Other trading activities	183	20	-	203
Investments	1	-	-	1
<b>Total income and endowments</b>	<u>190</u>	<u>6,223</u>	<u>668</u>	<u>7,081</u>
<b>Expenditure on:</b>				
Raising funds	90	-	-	90
Charitable activities:				
- Educational operations	-	6,374	1,277	7,651
<b>Total expenditure</b>	<u>90</u>	<u>6,374</u>	<u>1,277</u>	<u>7,741</u>
<b>Net income/(expenditure)</b>	100	(151)	(609)	(660)
Transfers between funds	124	(33)	(91)	-
<b>Other recognised gains and losses</b>				
Actuarial gains/(losses) on defined benefit pension schemes	-	(36)	-	(36)
<b>Net movement in funds</b>	<u>224</u>	<u>(220)</u>	<u>(700)</u>	<u>(696)</u>

### 4 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	205	205	668
Other donations	3	-	3	6
	<u>3</u>	<u>205</u>	<u>208</u>	<u>674</u>

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 5 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	5,627	5,627	5,572
Other DfE / EFA grants	-	248	248	266
	-	5,875	5,875	5,838
<b>Other government grants</b>				
Local authority grants	-	159	159	365
<b>Total funding</b>	-	6,034	6,034	6,203

### 6 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	29	-	29	39
Trip income	63	-	63	92
Other income	20	20	40	72
	112	20	132	203

### 7 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	8	-	8	1

### 8 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
Expenditure on raising funds	-	-	62	62	90
Academy's educational operations					
- Direct costs	4,069	-	362	4,431	4,256
- Allocated support costs	897	1,026	579	2,502	3,395
<b>Total expenditure</b>	4,966	1,026	1,003	6,995	7,741

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 8 Expenditure (Continued)

<b>Net income/(expenditure) for the year includes:</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to auditor		
- Audit	12	13
- Other services	4	2
Operating lease rentals	20	28
Net interest on defined benefit pension liability	67	64
Depreciation of tangible fixed assets	483	481
	<u>          </u>	<u>          </u>

#### 9 Charitable activities

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>All from restricted funds:</b>		
Direct costs - educational operations	4,431	4,256
Support costs - educational operations	2,502	3,395
	<u>          </u>	<u>          </u>
	6,933	7,651
	<u>          </u>	<u>          </u>

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of support costs</b>		
Support staff costs	897	920
Depreciation and amortisation	483	481
Technology costs	27	98
Premises costs	543	1,368
Other support costs	481	461
Governance costs	71	67
	<u>          </u>	<u>          </u>
	2,502	3,395
	<u>          </u>	<u>          </u>

#### 10 Staff costs

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	3,838	3,634
Social security costs	317	270
Other pension costs	663	585
	<u>          </u>	<u>          </u>
Total staff costs	4,818	4,489
Supply staff costs	119	184
Staff development and other staff costs	29	26
	<u>          </u>	<u>          </u>
	4,966	4,699
	<u>          </u>	<u>          </u>

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 10 Staff costs (Continued)

##### Staff numbers

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

	2016 Number	2015 Number
Teachers	74	67
Administration and support	91	88
Management	3	8
	<hr/>	<hr/>
	168	163
	<hr/> <hr/>	<hr/> <hr/>

##### Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	2	1
£70,001 - £80,000	-	1
£90,001 - £100,000	1	-
	<hr/>	<hr/>

The average number of persons employed by the Academy Trust during the year expressed as full time equivalents was 110 (2015: 113).

##### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer's national insurance) received by key management personnel for their services to the Academy Trust was £277,913 (2015: £245,737).

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 11 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as Trustees. Other trustees were not paid any remuneration nor received any other benefits from employment with the Academy Trust.

The value of Trustees' remuneration and other benefits was as follows:

S W Jones, the Principal, received remuneration of £97,452 (2015: £77,946) and is accruing retirement benefits under the Teachers Pension Scheme. The contributions paid in the year amounted to £14,420 (2015: £10,990).

M J Hall, a staff trustee, received remuneration of £10,118 (2015: £49,328) until she resigned on 20 November 2015 and is accruing retirement benefits under the Teachers Pension Scheme. The contributions paid in the year amounted to £1,667 (2015: £6,864).

H L Baker, a staff trustee, received remuneration of £5,615 until she resigned on 17 March 2016 (2015: £11,475) and is accruing retirement benefits under the Local Government Pension Scheme. The contributions paid in the year amounted to £1,028 (2015: £2,100).

A Thornton, a staff trustee, received remuneration of £42,304 (2015: £25,136) and is accruing retirement benefits under the Teachers Pension Scheme. The contributions paid in the year amounted to £6,957 (2015: £3,496).

N A Husbunds a staff trustee, received remuneration of £nil (2015: £2,841) until she resigned as a trustee on 6 October 2014 and was accruing benefits under the Teachers Pension Scheme. The contributions paid in the year amounted to £nil (2015: £401).

E Greaves, a staff trustee, received remuneration of £27,197 (2015: £nil) from when she was appointed as a trustee on 17 November 2015 and was accruing benefits under the Teachers Pension Scheme. The contributions paid amounted to £4,482 (2015: £nil).

During the year to 31 August 2016, no travel and subsistence costs were reimbursed to Trustees (2015: £nil). During the year to 31 August 2016, 1 trustee claimed £103 for appeals training (2015: £nil - 0 trustees).

C B Pickering, Executive Principal and Accounting Officer and L Mosley, Chief Finance Officer are employed by Diverse Academy Trust. Their remuneration, which forms part of the management recharge to the Academy Trust, is disclosed in the financial statements of Diverse Academy Trust. Other related party transactions involving the Trustees are set out in note 26.

#### 12 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,330 (2015: £1,440).

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 13 Tangible fixed assets

	Long leasehold buildings £'000	Assets under construction £'000	Computer equipment £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>					
At 1 September 2015	10,732	-	75	149	10,956
Additions	177	247	34	9	467
At 31 August 2016	10,909	247	109	158	11,423
<b>Depreciation</b>					
At 1 September 2015	1,777	-	61	20	1,858
Charge for the year	456	-	8	19	483
At 31 August 2016	2,233	-	69	39	2,341
<b>Net book value</b>					
At 31 August 2016	8,676	247	40	119	9,082
At 31 August 2015	8,955	-	14	129	9,098

### 14 Debtors

	2016 £'000	2015 £'000
Trade debtors	4	7
Other debtors	62	57
Prepayments and accrued income	141	18
	207	82

### 15 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Other loans	26	24
Trade creditors	361	84
Other taxation and social security	96	82
Other creditors	22	2
Accruals and deferred income	380	100
	885	292

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

	2016 £'000	2015 £'000
Other loans	163	114



# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

16 Creditors: amounts falling due after more than one year	2016	2015 (Continued)
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments	44	31
Wholly repayable within five years	145	107
	<u>189</u>	<u>138</u>
Less: included in current liabilities	(26)	(24)
Amounts included above	<u>163</u>	<u>114</u>
<b>Loan maturity</b>		
Debt due in one year or less	26	24
Due in more than one year but not more than two years	30	21
Due in more than two years but not more than five years	89	62
Due in more than five years	44	31
	<u>189</u>	<u>138</u>

The other loans of £189,000 (2015: £138,000) are loans from Salix Finance Limited to fund capital expenditure and the terms of repayment as stated above. The loan is interest free.

17 Deferred income	2016 £'000	2015 £'000
Deferred income is included within:		
Creditors due within one year	85	69
	<u>85</u>	<u>69</u>
Deferred income at 1 September 2015	69	73
Released from previous years	(69)	(73)
Amounts deferred in the year	85	69
<b>Deferred income at 31 August 2016</b>	<u>85</u>	<u>69</u>

At the balance sheet date the Academy Trust was holding funds received in advance relating to future school trips and other specific grant funding.

18 Financial instruments	2016 £'000	2015 £'000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	44	47
	<u>44</u>	<u>47</u>
<b>Carrying amount of financial liabilities</b>		
Financial liabilities measured at amortised cost	(867)	(255)
	<u>(867)</u>	<u>(255)</u>

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Funds	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant	476	5,627	(5,889)	(13)	201
Other DfE / EFA grants	-	248	(248)	-	-
Other government grants	-	159	(159)	-	-
Other restricted funds	-	20	(20)	-	-
	-----	-----	-----	-----	-----
Funds excluding pensions	476	6,054	(6,316)	(13)	201
Pension reserve	(1,732)	-	(134)	(1,397)	(3,263)
	-----	-----	-----	-----	-----
	(1,256)	6,054	(6,450)	(1,410)	(3,062)
	=====	=====	=====	=====	=====
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	243	205	(59)	-	389
Inherited funds	8,691	-	(415)	-	8,276
Capital expenditure from GAG	64	-	(9)	190	245
	-----	-----	-----	-----	-----
	8,998	205	(483)	190	8,910
	=====	=====	=====	=====	=====
<b>Total restricted funds</b>	7,742	6,259	(6,933)	(1,220)	5,848
	=====	=====	=====	=====	=====
<b>Unrestricted funds</b>					
General funds	550	123	(62)	(177)	434
	-----	-----	-----	-----	-----
<b>Total funds</b>	8,292	6,382	(6,995)	(1,397)	6,282
	=====	=====	=====	=====	=====

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 2016.

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

### Restricted general funds

General Annual Grant (GAG), other DfE/EFA grants and local authority grants are to be applied for the primary purpose of the Academy Trust in line with the master funding agreement and other specific funding letters. Also includes the pension reserve which represents the potential liability due by the Academy at the year end.

### Restricted fixed asset funds

The restricted fixed asset funds relate predominantly to the assets acquired on conversion to an Academy Trust, being the property together with any fixed asset additions made since conversion.

### Unrestricted funds

Unrestricted funds represent other incoming resources to the Trust applied for the general purposes of the Trust at the discretion of the Trustees.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 20 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	9,082	9,082
Current assets	434	929	148	1,511
Creditors falling due within one year	-	(728)	(157)	(885)
Creditors falling due after one year	-	-	(163)	(163)
Defined benefit pension liability	-	(3,263)	-	(3,263)
	<u>434</u>	<u>(3,062)</u>	<u>8,910</u>	<u>6,282</u>

#### 21 Capital commitments

	2016 £'000	2015 £'000
Expenditure contracted for but not provided in the financial statements	10	-
	<u>10</u>	<u>-</u>

#### 22 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	14	18
Amounts due between one and five years	7	22
	<u>21</u>	<u>40</u>

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 23 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £'000	2015 £'000
Net expenditure for the reporting period	(613)	(660)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(205)	(668)
Interest receivable	(8)	(1)
Defined benefit pension scheme cost less contributions payable	67	69
Defined benefit pension scheme finance cost/(income)	67	64
Depreciation of tangible fixed assets	483	481
(Increase)/decrease in debtors	(125)	141
Increase/(decrease) in creditors	460	(106)
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	<b>126</b>	<b>(680)</b>
	<hr/> <hr/>	<hr/> <hr/>

#### 24 Members' liability

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

#### 25 Pensions and similar obligations

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

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

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

##### Teachers' Pension Scheme

###### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

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.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 25 Pensions and similar obligations (Continued)

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

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

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £447,000 (2015: £354,000).

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18% for employers and 5.5 to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £148,000.

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

<b>Total contributions made</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Employer's contributions	150	162
Employees' contributions	49	54
	<hr/>	<hr/>
Total contributions	199	216
	<hr/>	<hr/>

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 25 Pensions and similar obligations (Continued)

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

<b>Principal actuarial assumptions</b>	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Rate of increases in salaries	4.1	4.5
Rate of increase for pensions in payment	2.3	2.7
Discount rate	2.2	4.0

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

	<b>2016</b>	<b>2015</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.1	22.1
- Females	25.3	25.2
Retiring in 20 years		
- Males	24.4	24.2
- Females	27.7	27.6

<b>The Academy Trust's share of the assets in the scheme</b>	<b>2016</b>	<b>2015</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>
Equities	1,534	1,298
Bonds	235	176
Cash	95	63
Property	269	229
Other assets	96	59
Total fair value of assets	2,229	1,825
Actual return on scheme assets - gain/(loss)	274	(31)
<b>Amounts recognised in the statement of financial activities</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	217	231
Net interest cost	67	64

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 25 Pensions and similar obligations (Continued)

<b>Changes in the present value of defined benefit obligations</b>	<b>2016 £'000</b>
Obligations at 1 September 2015	3,557
Current service cost	217
Interest cost	142
Employee contributions	49
Actuarial loss	1,596
Benefits paid	(69)
	<hr/>
At 31 August 2016	5,492
	<hr/> <hr/>
<b>Changes in the fair value of the Academy Trust's share of scheme assets</b>	<b>2016 £'000</b>
Assets at 1 September 2015	1,825
Interest income	75
Return on plan assets (excluding net interest on the net defined pension liability)	199
Employer contributions	150
Employee contributions	49
Benefits paid	(69)
	<hr/>
At 31 August 2016	2,229
	<hr/> <hr/>

#### 26 Related party transactions

The following related party transactions took place in the period of account. All transactions involving such organisations are conducted at arms length and in accordance with the trust's financial regulations and normal procurement procedures.

During the year the Academy Trust received managements charges in respect of administrative and teaching assistance from Diverse Academies Trust totalling £201,440 (2015: £218,155) and in return provided similar assistance with a management charge totalling £5,239 (2015: £32,677). At 31 August 2016 a balance of £2,109 (2015: £2,400) was due from Diverse Academies Trust and £8,859 (2015: £nil) was owed to Diverse Academies Trust.

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

Also during the year the Academy Trust received services from the Southwell and Nottingham Diocese Board of Finance amounting to £9,031 (2015: £7,000), a charity in which Rev Canon K Herrod is a trustee. No balance was outstanding at either year end.

No other related party transactions took place in the year, other than certain trustees' remuneration and expenses already disclosed in note 11. Key management personnel disclosures are included in note 10.

# THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 27 Agency arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners 16-19 Bursary Funds, on behalf of the EFA. In the year it received £11,719 (2015: £14,005) and disbursed £10,670 (2015: £13,569). The Academy Trust retained a beneficial interest in individual transactions such that £1,049 (2015: £436) has been recognised in income and expenditure in the statement of financial activities.

#### 28 Reconciliations on adoption of FRS 102

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

##### Reconciliation of funds for the previous financial period

	1 September 2014 £'000	31 August 2015 £'000
Funds as reported under previous UK GAAP and under FRS 102	8,988	8,292

##### Reconciliation of net loss for the previous financial period

	Notes	2015 £'000
Net expenditure as reported under previous UK GAAP		(630)
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	a	(30)
Net expenditure reported under FRS 102		(660)

##### Notes to reconciliations on adoption of FRS 102

###### a) Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £30,000 and reduce the debit in other recognised gains and losses in the SOFA by an equivalent amount.



# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 30 August 2016 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The National Church of England Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The National Church of England Academy Trust and the EFA in accordance with the terms of our engagement letter dated 30 August 2016. Our work has been undertaken so that we might state to the The National Church of England Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the The National Church of England Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of The National Church of England Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The National Church of England Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015/6. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015/6 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO THE NATIONAL CHURCH OF ENGLAND ACADEMY TRUST AND  
THE EDUCATION FUNDING AGENCY (CONTINUED)**

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**Conclusion**

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

RSM UK Audit LLP

**RSM UK Audit LLP**

Chartered Accountants

7th Floor

City Gate East

Tollhouse Hill

Nottingham

NG1 5FS

Dated: 20 December 2016