Registered Number: 07195175 (England & Wales)

NEW COLLEGE DURHAM ACADEMIES TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

Report and Financial Statements
For the year ended 31st August 2019

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Members

A Broadbent
K D Fairley
I Walton (Resigned 4th April 2019)
A Stephenson (Appointed 4th April 2019)
J.F.Widdowson, CBE Chair

Trustee
J F Widdowson, CBE Chair
A Broadbent[1]
J P Duggan
K D Fairley[1]
I Walton[1] (Resigned 4th April 2019)
A Shields
C Warren
I Jewell
H Owen (Appointed 1st May 2019)
H Sinden (Appointed 27th June 2019)
A Stephenson (Appointed 4th April 2019) [1]

[1] Member of Audit Committee

Company Secretary:	S M Dring (Resigned 4th April 2019) K Mould (Appointed 4th April 2019)
Senior Management Team:	
Executive Principal	K Reynolds – Accounting Officer
Principal	A Sweeten (Appointed 1st May 2019)
Director of School	R Sommerville
Director of School	G Ankers (Resigned 31st December 2018)
Director of Student Progress	J Anderson
Director of Student Progress	K Jackson
Corporate Director - HR & Estates	I Herdman
Corporate Director - ICT & Data	K Broadfoot
Corporate Director – Finance & Payroll	A Collishaw
Company Name:	New College Durham Academies Trust
Company Registration Number:	07195175 (England & Wales)
Principal and Registered Office:	New College Durham Academies Trust Framwellgate Moor Campus Durham DH1 5ES
Independent Auditors: **Internal Auditors:**	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Bankers:	Lloyds Bank Plc Market Place Durham DH1 3NL
Solicitors:	Ward Hadaway Sandgate House 102 Quayside Newcastle Upon Tyne NE1 3DX

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates two secondary academies for pupils aged 11-19 serving a catchment area in Stanley and Consett areas of County Durham. Its academies have a combined pupil capacity of 3,400 and had a combined roll of 2,280 in the school census on October 2018.

Structure, Governance and Management

Constitution
The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of New College Durham Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as New College Durham Academies Trust.

Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability
Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one 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.

Directors' Indemnities
The academy has purchased insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 10.

Method of Recruitment and Appointment or Election of Directors
Directors are appointed for a term of four years and are not subject to retirement by rotation. Sponsor and Co-Sponsor Directors are appointed and removed by the Sponsor and Co-Sponsor respectively. Trust Directors, Parent Directors and other Directors are appointed in accordance with the articles of association.

Policies and Procedures Adopted for the Induction and Training of Trustees
The training and induction provided for new Directors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors.

Organisational Structure
The Directors are responsible for setting general policy, adopting a strategic medium term plan (3-5 years) annual development plan and medium term financial plans, monitoring the Academies Trust by the use of budgets and making major decisions about the direction of the Academies Trust, capital expenditure and senior staff appointments.

During the period the Trust Board operated a number of committees, including an Audit Committee, a Remuneration Committee, a Trust Corporate Services Committee, a Quality Assurance and Improvement Progression Board and the Local Governing Bodies of North Durham Academy and Consett Academy, all with agreed terms of reference. Terms of reference has been established for all committees within the Academy Trust, which acts as a Scheme of Delegation. They set out the matters reserved for the Trust Board, those delegated to the committees, the Local Governing Bodies and the Executive Principal.

An Executive Leadership Team has been established to oversee the leadership of the Trust. Management teams have been established at both Academies to undertake the day to day management of each Academy and are accountable to the Local Governing Bodies and the Trust Board.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel
The pay and remuneration of the academy's key management personnel are determined by the Academies Trust Board (ATB) with reference to both national and regional benchmarks, and any salary scales are underpinned by an analytical job evaluation scheme and are considered to be reasonable and defensible reflection of the individual's role and responsibilities and considers both educational and financial performance. Progression up these salary scales is based on performance, and is evaluated annually by a sub-committee of the ATB (Remuneration Committee).

The posts are considered for cost of living awards by the ATB, alongside all other staff, and the key measure for awards is one of affordability.

Related Parties and other Connected Charities and Organisations

New College Durham
New College Durham is the lead sponsor of the Academies Trust.

Durham County Council
Durham County Council is the co-sponsor of the Academies Trust. The Council provides numerous paid-for services to the Academies under Service Level Agreements.

Further details are stated in note 22 to the Financial Statements.

Objectives and Activities

Objects and Aims
The principal object and activity of the Charitable Company is the operation of North Durham Academy and Consett Academy to provide education for students of different abilities between the ages of 11 and 19.

The main objectives of the Academies Trust during the period ended 31 August 2019 were to ensure the successful on-going operations of both North Durham and Consett Academies. To achieve this, the Academies Trust has entered into relevant funding agreements with the Secretary of State for Education.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 19.

Academy Trust

The Academy Trust's main objective is the successful performance of both Academies. There is an expectation that all schools within the Trust exceed national performance measures across all key measures and secure as a minimum a "Good" Ofsted rating. Where neither of these benchmarks occur action will be taken to ensure strategies are in place to allow sustainable improvements.

North Durham Academy – Background Information

North Durham Academy continues to draw its pupils from Stanley and surrounding areas. The number of students joining the Academy with Special Educational Needs and Disability (SEND) is increasing, particularly those with Social, Emotional and Mental Health needs (SEMH). The proportion of students whom have special educational needs or disability is 14.1% (National Average 8.1%). North Durham Academy has a predominately white British student population, with very few students from ethnic groups and very few students whom speak English as an additional language (0.7%). The Academy currently has 51.62% of students who are supported through the pupil premium fund which is above the national average (28.6%). North Durham Academy continues to re-establishing strong links with a range of local employers.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

During 2018/19 a section 5 Ofsted inspection was undertaken on the 3rd & 4th October 2018 which formally re-designated the Academy to "Requires Improvement". Although the Trust's overall objectives for the Academy is a good Ofsted rating, this is a significant step on the journey as the school was previously assessed as Inadequate with Serious Weaknesses. The report identified the following strengths:-

- Decisive action from the executive principal, director of school and other senior leaders has brought about urgent and necessary improvements in the quality of teaching.
- The trust, governors and senior leaders have quickly changed the culture of the school and identified those areas that need the most attention.
- The vast majority of staff are proud to work at North Durham Academy. They believe that they are supported well and staff morale is high.
- Pupil's aspirations are steadily improving because of some well-thought-out spiritual, moral, social and cultural developments.
- Pupil's safety and safeguarding practices are given a high priority and managed well.

Consett Academy – Background Information

Consett Academy continues to draws its students from Consett and the surrounding area. It successfully works with 11 partner primary schools, but often takes students from another 6 faith/non-faith primary schools in the area. In the last three years it has seen its Year 7 intake dramatically increase and the intake since September 2018 has been over-subscribed.

Consett Academy has a predominately white British student population, with very few students from ethnic groups and very few students whom speak English as an additional language (3.2%). The proportion of students whom have special educational needs or disability is 12.0% (National Average 8.1%), with increasing numbers within Years 7 and 8. The Academy currently has 39.1% of students who are supported through the pupil premium fund (National Average 28.6%). Consett Academy continues to embed strong links with a range of local employers.

The Academy has a "Good" Ofsted judgement based on the inspection which took place between 16th March 2016 and 17th March 2016. During 2018/19 a senior staff restructure took place, with the Executive Principal now placed solely at Consett Academy whilst retaining the Accounting Officer role. In addition to the Executive Principal the leadership team consists of two Academic Directors and three Assistant Directors. The Assistant Director roles which previously worked across both Academies were disestablished during 2018/19.

Public Benefit

The Academies Trust's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Academies Trust's charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission and the Directors have paid due regard to this guidance in deciding what activities the charity should undertake.

NEW COLLEGE DURHAM ACADEMIES TRUST - FUTURE PLANS

During 2019/20 New College Durham Academy Trust strategic objectives are:-

- Rapidly improve attainment and progress
- Reduce in-house variation and match rhetoric with reality
- Close the disadvantage gap
- Improve students' mental health and resilience
- Develop the staff retention and recruitment strategy
- Ensure sound financial management, HR and data business efficiencies and effectiveness

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Achievements and Performance – North Durham Academy

School Characteristics

	2016	2017	2018	2019
School Characteristics				
Numbers on roll	1029	971	869	924
% pupils known to be eligible for Pupil Premium	52%	49%	51%	52%
% pupils speaking English as an additional language	1%	1%	2%	1%
% pupils with Special Needs Education (SEN) (including statements)	11%	12%	12%	14%
% pupils with statements of SEN	0%	0%	2%	1%

Student Outcomes Key Stage 4

	2016	2017	2018	2019
Progress 8	-0.40	-0.21	-0.45	-0.36
English Progress	-0.30	-0.18	-0.28	-0.24
Maths Progress	-0.48	-0.47	-0.60	-0.74
English Baccalaureate (Ebacc) Progress	-0.95	-0.78	-0.90	-0.82
Open Progress	+0.20	+0.51	+0.03	+0.20
Basics (EM) 4+	47%	45%	47%	50%
Basics (EM) 5+	0%	25%	32%	27%
Attainment 8	44	41	39	41
Ebacc Attainment	15	13	16	10

Student Outcomes Key Stage 5

Progress

Academic			
	2017	2018	2019
No of Students	33	25	4
No of Entries	88	80	5
Overall Value Added (VA)	-0.40	0.13	0.18

Applied General			
	2017	2018	2019
No of Students	37	41	17
No of Entries	67	82	41
Overall VA	0.86	-0.11	-0.10

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Attainment

	Academic								
	2017			2018			2019		
	Acad	Nat	Gap	Acad	Nat	Gap	Acad	Nat	Gap
Overall Average Points Score (APS)	25	32	-7	32	32	0	38	32	+6
Overall Grade	C-	C+		C+	C+		B-	C+	

NORTH DURHAM ACADEMY - FUTURE PLANS

North Durham Academies 2019/20 targets are stated in the table below.

North Durham Academy 2019/20 targets			
	2018/19 Target	2018/19 Actual	2019/20 Target
Progress 8	-0.18	-0.36	0.00
Basics % 5+	54%	27%	62%
Basics % 4+	33%	50%	86%
English Progress	0.00	-0.24	0.00
Maths Progress	-0.27	-0.74	0.00
Ebacc Progress	-0.50	-0.82	0.00
Open Progress	+0.10	+0.20	+0.25

A new principal (Mrs A Sweeten) was appointed to North Durham Academy from 1st May 2019 and a new Academy Improvement Plan has been produced following the disappointing results. This plan has four headline areas for improvement as detailed below:-

- Ensure consistent and rigorous teaching in every lesson every day.
- Rapidly improve outcomes for all students.
- Improve the academic, social and cultural outcomes for disadvantaged and SEND students.
- Remove barriers that inhibit student progress

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Achievements and Performance

Consett Academy

School Characteristics

	2016	2017	2018	2019
Numbers on roll	1232	1281	1408	1437
% pupils known to be eligible for Pupil Premium	36%	3%	37%	39%
% pupils speaking English as an additional language	2%	3%	3%	3%
% pupils with SEN (including statements)	8%	7%	9%	12%
% pupils with statements of SEN	1%	1%	1%	1%

Student Outcomes Key Stage 4

	2016	2017	2018	2019
Progress 8	-0.10	-0.12	-0.42	-0.18
English Progress	+0.12	+0.24	-0.44	-0.12
Maths Progress	-0.60	-0.96	-0.80	-0.54
English Baccalaureate (Ebacc) Progress	-0.10	-0.48	-0.76	-0.46
Open Progress	0.00	+0.59	+0.18	+0.28
Basics (EM) 4+	57%	48%	48%	49%
Basics (EM) 5+	0	24%	26%	29%
Attainment 8	49	46	42	43
Ebacc Attainment	14	11	18	20

Student Outcomes Key Stage 5

Progress Measures

Academic				
	2016	2017	2018	2019
No of Students	26	45	53	82
No of Entries	101	125	149	218
Overall VA	0.38	0.09	-0.14	-0.22

Attainment

	Academic								
	2017			2018			2019		
	Acad	Nat	Gap	Acad	Nat	Gap	Acad	Nat	Gap
Overall APS	33	31	2	35	29	+6	32	32	0
Overall Grade	C+	C+		C+	M+		C+	C+	

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

CONSETT ACADEMY - FUTURE PLANS

The Academy is relatively pleased of the progress made with improvements made across all key areas. However further rapid improvements are required and as a result an Academy Transformation Plan has been produced resulting in targets set for 2019/20. The agreed targets for 2019/20 are stated in the table below.

Consett Academy 2019/20 targets			
	2018/19 Target	2018/19 Actual	2019/20 Target
Progress 8	-0.10	-0.18	0.10
Basics % 5+	38%	29%	55%
Basics % 4+	56%	49%	65%
English Progress	-0.25	-0.12	0.00
Maths Progress	-0.25	-0.54	-0.20
Ebacc Progress	-0.25	-0.46	0.00
Open Progress	+0.23	+0.28	+0.40

The new Academy Transformation Plan established for 2019/20 will embed the improvements made in 2018/19 but has identified three key areas for transformation as detailed below:

- Teaching should inspire a passion for learning and a curriculum that nurtures confidence and self-worth
- Good vocabulary and oracy is at the heart of every lesson and is the key to lifelong success
- All our staff should feel fulfilled and be empowered to innovate and take risks

CORPORATE SERVICES – FUTURE PLANS

New College Durham Academies Trust Corporate Services team support and underpin the academic teams within the individual Academies. The Corporate Services team have established a four year strategic plan. The Corporate Services strategic aims for the next five years are:

- Ensure sound financial management, risk management, payroll, HR, ICT, Data and promises business effectiveness.
- Develop the staff retention and recruitment strategy and develop a well-being strategy for all staff.
- Ensure the Trust remains compliant with statutory and regulatory requirement.
- To strategically develop the Corporate Services functions to future proof the service which will underpin the next stage of development of the Trust.

Going Concern

After making appropriate enquiries, the board of Directors 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 basis can be found in the Statement of Accounting Policies.

Financial Review

Most of the Trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

During the year ended 31 August 2019, total expenditure of £15,012,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources.

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

At 31 August 2019 the net book value of fixed assets was £43,173,000 and movements in tangible fixed assets are shown in note 11 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in an actuarial loss of £1,312,000 recognised in the Statement of Financial Activities.

The Trust held fund balances at 31 August 2019 of £40,676,000 comprising £39,545,000 of restricted funds and £1,131,000 of unrestricted funds.

Reserves Policy

The Trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Restricted and unrestricted funds are held:

- To provide funds which can be designated to specific areas such as investment in fixed assets over and above capital grants from the ESFA
- To meet future lifecycle costs associated with maintaining and replacing plant and equipment and infrastructure in the academies' new buildings
- To provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies

The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the Academies Trust is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors expect that sustainable long term ICT and Premises ring-fenced refresh reserve is in place. In addition they also consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds, excluding General Annual Grant) of £1,000,000.

This is considered sufficient to cover
a) 4 weeks routine expenditure
b) Unexpected emergency costs

Utilisation of free reserves over and above the agreed minimum will be authorised by the Accounting Officer, in line with Academy/Trust Improvement priorities. Academy/Trust Improvement priorities includes:

- An Academy within the Trust receives an unsatisfactory Ofsted judgement
- Management capacity for large-scale procurement exercises and to implement efficiency programmes
- Funding restructuring programmes
- Business Continuity Planning
- Information Governance/Information security
- Leadership and management capacity for potential trust expansion

The Trust's current level of free reserves are £1,854,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the Trust.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Investment Policy

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only in the following:

- Interest bearing deposit accounts
- Fixed term deposits
- UK registered Banks
- Banks registered with the Financial Services Compensation Scheme

The Trust invests surplus funds, interest rates are reviewed prior to each investment. This policy maximises investment return however the over-riding factor is minimising risks to the principal sum. At the Balance Sheet date, the Trust had £3,224,421, invested in deposit accounts with Lloyds Bank.

Principal Risks and Uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA. In addition, the Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Trust balance sheet.

The Directors have assessed the major risks, to which the academy is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the Trust, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. During 2018/19 work has commenced on implementing a Board Assurance Framework to provide Trustees with further assurance of the Trust's risks.

The Trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The Trust is subject to a number of risks and uncertainties in common with other academies. The Trust has in place procedures to identify and mitigate financial risk.

Disabled Persons

New College Durham Academies Trust is committed under legal duties (Equality Act 2010 which replaces all existing equality legislation), to eliminating all forms of discrimination and encouraging good relations and diversity amongst our workforce and student population, through the management and implementation of the Public Sector Equality Duty (PSED) and policy for the Trust.

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the academy. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment by making support resources available and through training and career development.

Auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, 10th December 2019 and signed on the board's behalf by:

Signed

J F Widdowson, CBE Chair
Trustee

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Executive Principal, Mr K Reynolds 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 New College Durham Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Trustees' Responsibilities. The board of Directors has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Director	Meetings attended	Out of a possible
J F Widdowson (Chairman)	2	4
A Broadbent	2	4
J P Duggan	4	4
K D Fairley	3	4
Cllr I Jewell	4	4
A Shields	4	4
I Walton	2	3
C Warren	3	4
H Owen	0	1
A Stephenson	0	1
H Sinden	1	1

Governance Review

A review of the Trust's Governance arrangements was carried out by the internal audit service provider Wylie Bisset in March 2015. A further internal audit review of governance is planned for 2019/20. The conclusion reached was that the Trust's governance arrangements provided Substantial Assurance in the controls in place.

In terms of effective operation and good practice the review identified:

- The governance structure is sufficient and fit for purpose
- The skill mix on the Trust Board and Committees is appropriate
- The Trust Board Members have sufficient insurance cover in place
- There is an induction process for Trust Board members

Recommendations for improvement were made in a number of areas to ensure that policies and procedures were up to date and reflected best practice. All recommendations have now been implemented by the Trust Board.

During 2018/19 the Academy Trust Board has reviewed the terms of reference for the Local Governing Bodies, and other committees. In addition succession planning and membership of all the Trust's committees has been reviewed and a skills audit undertaken of the Local Governing Bodies.

The Audit Committee is a Committee of the main board of Directors and is authorised to investigate any activity within its terms of reference or specifically delegated to it by the board. The role of the Audit Committee is to maintain an oversight of the academies trust's governance, risk management, internal control and value for money framework. It reports its findings annually to the board of Directors and the Accounting Officer as a critical element of the board's annual reporting requirements.

Governance Statement (continued)

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
I Walton (Chair – Resigned 4th April 2019)	2	3
A Broadbent (Chair from 4th April 2019)	3	4
K D Fairley	4	4
A Stephenson (Appointed 4th April 2019)	1	1

During 2018/19 the Quality Assurance Improvement and Progression Board continued to meet which is a further sub-committee of the Academy Trust Board. The remit of this Board is

- To consider and approve targets for student progress, attainment and attendance.
- To receive reports, provide challenge and robustly debate on the progress towards targets, notably student progression and achievement by Year Groups and sub groups including SEND and Gifted and Talented.
- To monitor and evaluate the development and application of the quality strategy and the policies and procedures for quality assurance, self-assessment, improvement plans and curriculum and timetable provisions.
- To monitor and evaluate the application of equality and diversity policy, safeguarding, student exclusion and attendance.
- To monitor and review any other matters referred to it by ATB and advise and make recommendations to the ATB on the above as appropriate.

Attendance at the meetings in the year was as follows

Director	Meetings attended	Out of a possible
J F Widdowson	4	6
C Warren	5	6
K D Fairley	5	6
A Shields	4	6

A further sub-committee of the Academy Trust Board is the Corporate Services Group, whom review the Corporate functions of the trust. Attendance at the meetings in the year was as follows:

Director	Meetings attended	Out of a possible
K Fairley	3	3
A Shields	3	3
A Broadbent	1	3

Review of Value for Money

As accounting officer, the chair has responsibility for ensuring that the 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 Directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Trust has delivered significant savings and improved value for money. The Trust has secured the following savings secured by the Corporate Services Team:-

- Following the internalisation of the ICT service a saving of £170,407 in 2018/19 has been achieved. This saving is the cost incurred during 2018/19 compared to the cost of the ICT service when it was undertaken via Carillion.
- Following the retendering of the catering contract additional income has been securing totalling £60,858.
- Following the retendering of the print solution service an annual on-going saving of £14,103 has been secured. This revised contract only commenced in July 2019 therefore the full year savings will not come to fruition until 2019/20.
- A review of recruitment costs has produced a saving of £4,060 due to more efficient recruiting.

Governance Statement (continued)

- A review of the grounds maintenance service has produced a saving of £13,472. This service has been brought in-house and although initially there will be limited savings, due to the purchasing of equipment, in future years increased savings should occur.
- Additional interest of £21,160 due to pro-active cash flow management.
- An improvement of profitability of £26,071 relating to External Lettings at North Durham Academy. This relates to a reduction in operating costs together with an increase in income.
- Corporate Services trading income totalling £13,070 due to timetabling contracts, and the provision of HR advice to local Multi Academy Trusts.

Further efficiencies planned for 2019/20 relate to increased income generation opportunities, premises savings at Consett Academy, utility savings at North Durham Academy and further increase in profitability of external lettings at North Durham Academy. During 2019/20 the existing cleaning contract will be reviewed with the aim of securing further savings.

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 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 effectively, efficiently and economically. The system of internal control has been in place in New College Durham Academies Trust for the year ending 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Directors have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the year ending 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Directors.

The Risk and Control Framework

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

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

The board of Directors considered the need for a specific internal audit function and decided to appoint Wylie & Bisset LLP as internal auditor with effect from 1 September 2014. Following a tender process Wylie & Bisset LLP were re-appointed from 1 September 2019.

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

- HR & Payroll systems following internalisation of payroll
- Statutory Compliance
- Business & Income generation
- Follow up review of outstanding actions

Governance Statement (continued)

The auditor reported to the board of Directors, through the audit committee on a termly basis on the operation of the systems of control and on the discharge of the board of Directors' financial responsibilities.

All work set out in the audit plan was completed as scheduled. The outstanding recommendations from previous year's audits have been implemented with the exception of the User Access Policy which was outstanding as 31st August 2019, however this has also now been completed. Outstanding audit recommendations continue to be worked on, with termly updates of progress presented to the Audit Committee.

Review of Effectiveness

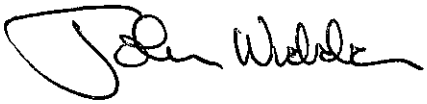
As accounting officer the Executive Principal K Reynolds, has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the internal auditor
- The work of the executive managers within the 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system in place.

Approved by order of the members of the board of Directors on 10th December 2019 and signed on its behalf by:

Signed



K Reynolds
Accounting Officer

J F Widdowson, CBE Chair

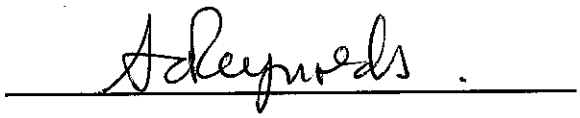
NEW COLLEGE DURHAM ACADEMIES TRUST

Statement of Regularity, Propriety and Compliance

As Accounting Officer of New College Durham Academies Trust I have considered my responsibility to notify the Trust Board and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the 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 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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 Directors and ESFA.



K Reynolds, Accounting Officer
10th December 2019

Statement of Trustees' Responsibilities

The trustees (who act as governors of New College Durham Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

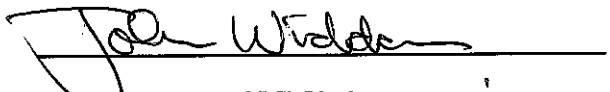
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The 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 10 December 2019 and signed on its behalf by:



J F Widdowson, CBE Chair
Trustee

Independent Auditor's Report on the Financial Statements to the Members of New College Durham Academies Trust

We have audited the financial statements of New College Durham Academies Trust (the 'charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities Statement of Recommended Practice (SORP 2015) and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

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 2019, and of its incoming resources and application of resources 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 requirements of the Companies Act 2006; and
- have been prepared in accordance with Charities Statement of Recommended Practice (SORP 2015) and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the charitable company's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the charitable company has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitably company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report & Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report & Strategic Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report on the Financial Statements to the Members of New College Durham Academies Trust

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report & Strategic Report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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.

Responsibilities of the Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees, who are also the directors of New College Durham Academies Trust for the purposes of company law, are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency on terms that have been agreed.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

10/12/19

Scott Gillon BA (Hons) FCCA, CA (Senior Statutory Auditor)
Wylie & Bisset LLP
Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Date 10 December 2019

Independent Reporting Accountant's Assurance Report on Regularity to New College Durham Acadmies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 11 May 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by New College Durham Academies Trust during the period 1 September 2018 to 31 August 2019 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 New College Durham Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to New College Durham Academies Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than New College Durham Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of New College Durham Academies Trust accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of New College Durham Academies Trust funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Direct consideration and corroboration of evidence used to inform the accounting officer's statements;
- Procedures to assess compliance with the funding agreement and Academies Financial Handbook from those already performed as part of the audit;
- Consideration of whether expenditure outside of the academies delegated authorities has received departmental approval;
- Evaluation and assessment of the operating effectiveness of the general control environment and operational level which are intended to reduce the risk of irregularity;
- Assessment of adequacy of policies and procedures to ensure compliance with the framework of authorities;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirement of the Academies Accounts Direction 2018 to 2019;

Independent Reporting Accountant's Assurance Report on Regularity to New College Durham Acadmies Trust and the Education Funding Agency

- Consideration of whether the absence of a control represents a breach of authorities;
- Review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts.

This list is not exhaustive and we performed additional procedures designed to provide us with additional appropriate evidence to express a conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2018 to 2019.

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Scott Gillon BA (Hons) FCCA, CA
Reporting Accountant
Wylie & Bisset LLP
Chartered Accountants
Statutory Auditor

Date 10 December 2019

NEW COLLEGE DURHAM ACADEMIES TRUST

Statement of Financial Activities
For the year ended 31st August 2019
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	**Total 2019 £000**	Total 2018 £000
Income and endowments from:						
Donations and capital grants	2	-	5	129	**134**	**391**
Charitable activities	3	-	13,152	-	**13,152**	**12,993**
Other trading activities	4	359	-	-	**359**	**266**
Investments	5	26	-	-	**26**	**5**
Total Income		385	13,157	129	**13,671**	**13,655**
Expenditure on:						
Charitable activities:	6,7	381	13,203	1,428	**15,012**	**16,182**
Total Expenditure		381	13,203	1,428	**15,012**	**16,182**
Net income/(expenditure) before transfers		4	(46)	(1,299)	**(1,341)**	**(2,527)**
Transfers between funds	15	-	(314)	314	**-**	**-**
Net expenditure before other gains and losses		4	(360)	(985)	**(1,341)**	**(2,527)**
Other recognised gains / (losses):						
Actuarial (losses) /gains on defined benefit pension schemes	19	-	(1,312)	-	**(1,312)**	**721**
Net movement in funds		4	(1,672)	(985)	**(2,653)**	**(1,806)**
Reconciliation of funds						
Total funds brought forward		1,127	(2,945)	45,147	**43,329**	**45,135**
Total funds carried forward		1,131	(4,617)	44,162	**40,676**	**43,329**

All of the trust's activities derive from continuing operations during the above two financial years.

Balance Sheet
As at 31st August 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	11		**43,173**		44,155
Current assets					
Stock	12	**3**		5	
Debtors	13	**477**		454	
Cash at bank and in hand		**3,663**		3,090	
		4,143		3,549	
Liabilities					
Creditors: Amounts falling due within one year	14	**(1,300)**		(801)	
Net current assets			**2,843**		2,748
Total assets less current liabilities			**46,016**		46,903
Creditors: Amounts falling due after more than one year			**-**		-
Net assets excluding pension liability			**46,016**		46,903
Defined benefit pension scheme liability	19		**(5,340)**		(3,574)
Total net assets			**40,676**		43,329
Funds of the academy trust:					
Restricted funds:					
. Restricted funds	15	**723**		629	
. Restricted fixed asset funds	15	**44,162**		45,147	
. Restricted funds excluding pension liability	15	**44,885**		45,776	
. Pension Reserve		**(5,340)**		(3,574)	
Total restricted funds			**39,545**		42,202
Unrestricted funds	15		**1,131**		1,127
Total funds			**40,676**		43,329

The financial statements on pages 21 to 40 were approved by the Board of Trustees, and authorised for issue on 10 December 2019 and are signed on their behalf by:

K Reynolds
Accounting Officer

J F Widdowson, CBE Chair
Trustee

Company Number: 07195175

Cash Flow Statement
For the year ended 31st August 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	17	**864**	381
Cash flows from investing activities:			
Dividends, interest and income from investments		**26**	5
Purchase of tangible fixed assets		**(446)**	(158)
Capital grants/ Contributions		**129**	391
Net cash used in investing activities		**(291)**	238
Change in cash and cash equivalents in the year		**573**	619
Cash and cash equivalents at 1 September 2018		3,090	2,471
Cash and cash equivalents at 31 August 2019		**3,663**	3,090

Notes to the Financial Statements for the Year Ended 31st August 2019

1. Statement of Accounting Policies

1.1. Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard.
Applicable in the UK and Republic of Ireland (FRS 102), the Accounting the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

New College Durham Academies Trust meets the definition of a public benefit entity under FRS 102.

1.2. Fund Accounting

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

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

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

1.3. Going Concern

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

1.4. Income

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

Statement of Accounting Policies (continued)

1.5. Expenditure

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

Charitable activities are costs incurred on the Academies Trust's educational operations. Including support cots and costs relating to the governance of the Academies Trust apportioned to the charitable activities.

All resources expended are stated inclusive of any irrecoverable VAT.

1.6. Tangible Fixed Assets

All assets costing more than £1,000 are capitalised

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or the private sector, they are included in the Balance Sheet at cost and are depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	over 50 years
Long term leasehold land	-	over 125 years
Fixtures and fittings	-	over 2 to 5 years
Computer equipment	-	over 3 years

1.7. Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academies Trust; this is normally upon notification of the interest paid or payable by the Bank.

1.8. Stock

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9. Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10. Cash at Bank and Hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Statement of Accounting Policies (continued)

1.11. 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.

1.12. Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13. Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

1.14. Leased Assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

1.15. Taxation

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

1.16. Pension Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

Statement of Accounting Policies (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.17. Agency Arrangements

The Academy Trust acts as an agent distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received are paid and any balances held are disclosed in note 23.

1.18. Critical accounting estimates and areas of judgement

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.

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 19, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Capital Grants	-	129	129	391
Donations	-	5	5	-
	-	134	134	391

3. Funding for the Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE / EFA grants				
. General Annual Grant (GAG)	-	11,941	11,941	12,091
. Start Up Grants	-	29	29	20
. Pupil Premium	-	842	842	835
. Other DfE/EFA grants	-	120	120	123
. Other Government Grants	-	89	89	(132)
. Other Grants	-	131	131	56
	-	13,152	13,152	12,993

4. Other Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Sundry Income	164	-	164	63
Catering Income	61	-	61	51
Lettings	75	-	75	65
Uniform	4	-	4	4
School Trips	55	-	55	83
	359	-	359	266

5. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Investment Income	26	-	26	5
	26	-	26	5

6. Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Non Pay Expenditure Other £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
. Direct costs	8,908	-	1,293	**10,201**	**10,087**
. Allocated support costs	1,465	2,655	691	**4,811**	**6,095**
	10,373	2,655	1,984	**15,012**	**16,182**

Net Income/(expenditure) for the period includes:

	2019 £000	2018 £000
Operating lease rentals	**32**	32
Depreciation	**1,428**	2,792
Fees payable to auditor for:		
- audit	**10**	11
- other services	**5**	15

7. Charitable Activities

	Total 2019 £000	Total 2018 £000
Direct costs – educational operations	**10,201**	10,087
Support costs – educational operations	**4,811**	6,095
	15,012	16,182

Analysis of direct costs	Total 2019 £000	Total 2018 £000
Wages and salaries	**6,924**	6,956
National insurance	**657**	658
Pension cost	**1,327**	1,164
Educational supplies	**582**	483
Examination fees	**265**	211
Staff development	**36**	34
Technology costs	**122**	400
Educational consultancy	**69**	1
Travel and subsistence	**6**	3
Other direct costs	**213**	177
	10,201	10,087

7. Charitable activities (continued)

Analysis of support costs	Educational operations £000	Total 2019 £000	Total 2018 £000
Support staff costs	1,465	**1,465**	1,276
Depreciation	1,428	**1,428**	2,792
Net interest cost on pension scheme	95	**95**	97
Technology costs	13	**13**	8
Recruitment and support	40	**40**	37
Maintenance of premises and equipment	290	**290**	335
Cleaning	401	**401**	371
Rates	189	**189**	161
Energy	226	**226**	262
Insurance	68	**68**	69
Pupil Premium	27	**27**	35
LAC/SEND	25	**25**	12
Transferred to Capital	-	**-**	128
Transport	100	**100**	91
Catering	172	**172**	159
Occupancy costs	69	**69**	61
Bank interest and charges	-	**-**	1
Other support costs	172	**172**	156
Governance costs	31	**31**	44
Total support costs	4,811	**4,811**	6,095

8. Staff Costs

a. Staff costs during the period were:

	Total 2019 £000	Total 2018 £000
Wages and salaries	**7,619**	7,403
Social security costs	**765**	752
Operating costs of defined benefit pension schemes	**1,545**	1,346
	9,929	9,501
Supply staff costs	**444**	471
Staff restructuring costs	**86**	81
	10,459	10,053

b. Staff severance payments

	2019 £000	2018 £000
Redundancy payments	-	28
Severance payments	86	53
Other restructuring costs	-	-
	86	81

8. Staff Costs (continued)

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	141	146
Teaching Support	37	39
Corporate Support	33	34
Management	8	8
	219	227

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2019 No.	2018 No.
£60,001 - £70,000	5	5
£70,001 - £80,000	1	1
£90,001 - £100,000	1	0
£110,001 - £120,000	0	0
£120,001 - £130,000	1	1

The key management personnel of the academy trust comprise the directors, principals and the senior management team as listed on pages 1 and 2. The total amount of employee benefits (including employer contributions) received by the key management personnel for their services to the academy trust was £743,559 (2018: £746,273).

9. Related Party Transactions - Trustees' and Directors' Remuneration and Expenses

During the year, no Directors received any remuneration as none of the Directors, including the Accounting Officer, are employees of the trust (2018 - £NIL).

During the year, four Directors had expenses paid worth £540 (2018 – £644 for four Directors).

During the year, no Directors received any benefits in kind as none of the Directors, including the Accounting Officer, are employees of the trust (2018 - £NIL).

10. Trustees', Directors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was included within the insurance premium and is not separately identified.

11. Tangible Fixed Assets

	Long term leasehold land and property £000	Fixtures and Fittings £000	Computer Equipment £000	Total £000
Cost				
At 1 September 2018	47,074	4,503	4,721	**56,298**
Additions	67	107	272	**446**
Disposals	-	-	-	-
At 31 August 2019	47,141	4,610	4,993	**56,744**
Depreciation				
At 1 September 2018	3,843	3,780	4,520	**12,143**
Charged in year	938	380	110	**1,428**
Disposals				
At 31 August 2019	4,781	4,160	4,630	**13,571**
Net book values				
At 31 August 2019	**42,360**	**450**	**363**	**43,173**
At 31 August 2018	43,231	723	201	44,155

12. Stock

	2019 £000	2018 £000
Finished goods and goods for resale	**3**	5
	3	5

13. Debtors

	2019 £000	2018 £000
Trade debtors	**65**	3
VAT recoverable	**128**	137
Other debtors	**5**	23
Prepayments and accrued income	**279**	291
	477	454

14. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	**356**	351
Other creditors	**354**	-
Accruals and deferred income	**590**	450
	1,300	801

14. Creditors: amounts falling due within one year (continued)

Deferred income	2019 £000	2018 £000
Deferred income at 1 September 2018	**213**	170
Released from previous years	**(213)**	(170)
Resources deferred in the year	**373**	213
Deferred Income at 31 August 2019	**373**	213

At the balance sheet date the academy trust was holding funds received in advance for lettings booked for the autumn term 2019.

15. Statement of Funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	629	11,941	(11,533)	(314)	**723**
Start Up Grant	-	29	(29)	-	**-**
Pupil Premium	-	842	(842)	-	**-**
Other DfE/EFA grants	-	120	(120)	-	**-**
Other Government grants	-	89	(89)	-	**-**
Other grants	-	131	(131)	-	**-**
Donations	-	5	(5)	-	**-**
Pension reserve	(3,574)	-	(454)	(1,312)	**(5,340)**
	(2,945)	13,157	(13,203)	(1,626)	**(4,617)**
Restricted fixed asset funds					
Legacy assets	43,873	-	(1,266)	-	**42,607**
Devolved Formula Capital	60	114	(42)		**132**
Capital expenditure from GAG	62	-	(19)	44	**87**
ICT Funding	1,027	-	-	(122)	**905**
Capital expenditure funded from ICT reserve	99	-	(101)	272	**270**
Other capital	-	15	-	-	**15**
Premises Funding	26	-	-	120	**146**
	45,147	129	(1,428)	314	**44,162**
Total restricted funds	42,202	**13,286**	**(14,631)**	**(1,312)**	**39,545**
Total unrestricted funds	1,127	385	(381)	-	**1,131**
Total funds	43,329	**13,671**	**(15,012)**	**(1,312)**	**40,676**

15. Statement of Funds (continued) – prior year

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	553	12,091	(12,015)	-	**629**
Start Up Grant	-	20	(20)	-	**-**
Pupil Premium	-	835	(835)	-	**-**
Other DfE/EFA grants	-	123	(123)	-	**-**
SEN	-	(132)	132	-	**-**
Other Government grants	-	56	(56)	-	**-**
Pension reserve	(4,029)	-	(266)	721	**(3,574)**
	(3,476)	12,993	(13,183)	721	**(2,945)**
Restricted fixed asset funds					
Legacy assets	46,537	-	(1,272)	-	**43,873**
Devolved Formula Capital	95	12	(47)	-	**60**
Capital expenditure from GAG	118	-	(56)	-	**62**
ICT Funding	798	229	-	-	**1,027**
Capital expenditure funded from ICT reserve	-	124	(25)	-	**99**
Premises Funding	-	26	-	-	**26**
	47,548	391	(2,792)	-	**45,147**
Total restricted funds	44,072	**13,384**	**(15,975)**	**721**	**42,202**
Total unrestricted funds	1,063	271	(207)	-	**1,127**
Total funds	45,135	**13,655**	**(16,182)**	**721**	**43,329**

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

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

Start-up grant is used to cover the set-up costs since conversion

Pupil Premium is to be used as the school sees fit to support disadvantaged children. Included within Pupil Premium is Summer School and Year 7 catch up grants. The Summer School grants are to be used on salaries. The Year 7 catch up grants are to cover costs of educating year 7 pupils.

SEN is income received from Durham County Council to be used for special educational needs costs.

Other government grants relate to monies received from and due back to DCC due to pupil transfers, and other government grants.

Unrestricted funds are to be used as the trustees deem necessary.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2019.

15. Statement of Funds (continued)

Analysis of fund balance by Academies

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
North Durham Academy	**844**	749
Consett Academy	**995**	982
Trust	**15**	25
Total before fixed asset fund and pension reserve	**1,854**	1,756
Restricted fixed asset fund	**44,162**	45,147
Pension reserve	**(5,340)**	(3,574)
Total	**40,676**	43,329

Analysis of spend by Academies

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational Supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
North Durham Academy	3,885	766	348	1,317	6,316	6,582
Consett	5,023	699	234	1,312	7,268	6,808
	8,908	1,465	582	2,629	13,584	13,390

16. Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2019 £000	Total Funds 2018 £000
Tangible fixed assets	-	-	43,173	**43,173**	44,155
Current assets	2,431	723	989	**4,143**	3,549
Current liabilities	(1,300)	-	-	**(1,300)**	(801)
Provisions for liabilities and charges	-	(5,340)	-	**(5,340)**	(3,574)
Total net assets	1,131	(4,617)	44,162	**40,676**	43,329

16. Analysis of Net Assets between Funds (continued) – prior year

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2018 £000	Total Funds 2017 £000
Tangible fixed assets	-	-	44,155	**44,155**	46,789
Current assets	1,928	629	992	**3,549**	2,965
Current liabilities	(801)	-	-	**(801)**	(590)
Provisions for liabilities and charges	-	(3,574)	-	**(3,574)**	(4,029)
Total net assets	1,127	(2,945)	45,147	**43,329**	45,135

17. Reconciliation of Net Income/(expenditure) to net cash flow from Operating Activities

	2019 £000	2018 £000
Net (expenditure) for the reporting period (as per the statement of financial activities)	**(1,341)**	(2,527)
Adjusted for:		
Depreciation	**1,428**	2,792
Dividends, interest and rents from investment	**(26)**	(5)
(Increase) / Decrease in stocks	**2**	(2)
(Increase)/Decrease in debtors	**(23)**	37
Increase in creditors	**499**	211
Capital grants from DfE and other capital income	**(129)**	(391)
Pension adjustment	**454**	266
Net cash provided by operating activities	**864**	381

18. Analysis of cash and cash equivalents

	At 31 August 2019 £000	At 31 August 2018 £000
Cash in hand and at bank	**3,663**	3,090
Total cash and cash equivalents	**3,663**	3,090

19. Pension Commitments

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

The latest actuarial valuation of the TPS related to the year ended 31 March 2016 and of the LGPS 31 March 2018.

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

19. Pension Commitments (Continued)

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. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Government Actuary's Department (the Department) on 5 March 2019. The key results of the valuation are:

- New employer contribution rates were set at 23.68% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The new employer contribution rate for the TPS was implemented in September 2019. Dfe has agreed to pay a teacher pension employer grant to cover the additional costs during the 2019-20 academic year. The next valuation of the TPS is currently underway based on April 2019 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £788,000 (2018: £747,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

19. Pension Commitments (Continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £451,000 (2018: £387,000), of which employer's contributions totalled £352,000 (2018: £292,000) and employees' contributions totalled £99,000 (2018: £95,000). The agreed contribution rates for future years are 13.4 per cent for employers and 5.5 - 12.5 per cent for employees.

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.

In 2015 the government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to members in these schemes amounted to unlawful discrimination. This case is known as the 'McCloud/Sargeant' judgement and a charge of £219k is included in the statement of financial activities as past service costs. The Supreme Court decision in June 2019 not to allow the Government leave to appeal, means the difference in treatment has been remedied across all relevant schemes, including the Local Government Pension Scheme (LGPS).

Principal actuarial assumptions	**At 31 August 2019**	**At 31 August 2018**
Rate of increase in salaries	**3.50%**	3.50%
Rate of increase for pensions in payment/inflation	**2.00%**	2.00%
Discount rate for scheme liabilities	**1.90%**	2.80%
Inflation assumption (CPI)	**2.00%**	2.00%
Commutation of pensions to lump sums	**80.00%**	80.00%
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:	**At 31 August 2019**	**At 31 August 2018**
Retiring today		
Males	**22.30**	23.30
Females	**23.80**	25.00
Retiring in 20 years		
Males	**24.00**	25.50
Females	**25.70**	27.30

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

	Fair value at 31 August 2019 £000	**Fair value at 31 August 2018 £000**
Equity instruments	**3,354**	2,834
Debt instruments	**2,489**	2,226
Property	**479**	397
Cash	**333**	386
Total market value of assets	**6,655**	5,843

The actual return on scheme assets was £631,000 (2018: £219,000).

19. Pension Commitments (Continued)

Amount recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost (net of employer contributions)	(84)	(163)
Net interest cost	(95)	(97)
Past service cost	(275)	(6)
Total operating charge	(454)	(266)

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

	2019 £000	2018 £000
At 1 September	9,417	9,245
Current service cost	436	455
Interest cost	261	233
Employee contributions	99	95
Actuarial (gain)/loss	1,777	(638)
Past service costs	275	6
Benefits paid	(270)	21
At 31 August	11,995	9,417

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

	2019 £000	2018 £000
At 1 September	5,843	5,216
Interest income	166	136
Actuarial gain/(loss)	465	83
Employer contributions	352	292
Employee contributions	99	95
Benefits paid	(270)	21
At 31 August	6,655	5,843

20. Operating Lease Commitments

At 31 August 2019 the total of the Academy trust's minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts Payable:		
Within 1 year	33	42
Between 1 and 5 years	66	12
Total	99	54

21. Members Liability

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

22. Related Party Transactions

The lead sponsor of the Academies Trust is New College Durham. During the year the college provided education and training services for both academies. The total amount paid for these services in the year was £58,076 (2018: £234).

The co-sponsor, Durham County Council provides numerous services to both academies under Service Level Agreements. These include ICT support services, buildings maintenance, crisis response service and off-site education provision. The total amount paid for these services during the year, excluding National Non-Domestic Rates, was £396,316 (2018: £443,601).

In entering into transactions, the trust has complied with the requirements of the ESFA's Academies Financial Handbook 2018.

23. Agency Arrangements

The Academies Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the year ending 31 August 2019 the trust had a balance brought forward of £7,153 received £23,172 and distributed £14,128. No income or expenditure is recognised in the financial statements. The £16,197 of undistributed funds is included in creditors at the year end.

24. Financial instruments

	2019 £'000	2018 £'000
Financial assets measured at amortised cost		
Current assets	65	3
Financial liabilities measured at amortised cost		
Current Liabilities	571	586