

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

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 AUGUST 2016**

NEWTON ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

- Representative of the Roman Catholic Archdiocese of Liverpool	Mr T Warren
- Representative of the Roman Catholic Archdiocese of Liverpool Chair	Fr Michael O'Dowd
- Representative of Liverpool Hope University	Mr Kenneth Newport
- Representative of the Church of England Diocese of Liverpool	Dr J K Richardson

Trustees

Mr Martin Francis Cogley (Roman Catholic Archdiocese of Liverpool)

Mr Patrick Ferguson (Principal)

Mr John McMahon (Archdiocese of Liverpool Governors (Responsible Officer))

Dr Jane Moore (Liverpool Hope University) (resigned 22/11/16)

Ms Vicky Roberts (CofE Diocese of Liverpool Governors)

Rev Chris Stafford (CofE Diocese of Liverpool Governors)

Mr Michael Boland (Archdiocese of Liverpool Governors)

Rev Fr John Schofield (Archdiocese of Liverpool Governors) (Resigned 6 November 2015)

Mr Jeff Baddley (Parent Governor) (resigned 31/08/16)

Mrs Fran McCaul (Parent Governor)

Mrs Marie Adams (Staff Governor)

Ms Jane Griffiths (Liverpool Hope University)

Ms Jo Davies (LA Governor)

Mr Bernard Stuart (Archdiocese of Liverpool) (appointed 08/12/15)

Ms Laura Gittins (Liverpool Hope University) (appointed 11/01/16)

Mrs Lesley White (Staff Governor) (appointed 01/10/15)

Dr Sarah Askey (Liverpool Hope University) (Resigned 31 December 2015)

Mrs Alex Summers (CofE Diocese of Liverpool)

Senior management team

- Principal	Mr Patrick Ferguson
- Vice Principal	Mr Kevin Maddocks
- Vice Principal	Mrs Jeniffer Sing
- Vice Principal	Mrs Marie Adams
- Assistant Principal (Left 31.5.16)	Mrs Sally Jones

Company secretary

Mrs Julie Hobson

Company registration number

06477646 (England and Wales)

Principal address

Hope Academy
Ashton Road
Newton Le Willows
St Helens, Merseyside
WA12 0AQ

NEWTON ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Registered office

Hope Academy
Ashton Road
Newton Le Willows
St Helens, Merseyside
WA12 0AQ

Independent auditor

RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

Bankers

Lloyds Bank
13/15 Hardshaw Street
St Helens
WA10 1QZ

Solicitors

Eversheds
M1 5ES
Eversheds House
70 Great Bridgewater Street
Manchester

NEWTON ACADEMY TRUST

TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an Academy for pupils aged 11 to 18 serving a catchment area in St. Helens. It has a pupil capacity of 1600 and had a roll of 1060 in the school census on 6th October 2016.

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 Newton Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Hope Academy. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

Qualifying third party indemnity provision has been obtained by the Academy for the benefit of governors.

Method of recruitment and appointment or election of trustees

The Articles of Association stipulate that the Academy shall have up to ten sponsor governors, two staff governors, two parent governors and one local authority governor. The principal shall be a member of the governing body who shall be treated for all purposes as being ex officio governor. The charity may also have a governor appointed by the Secretary of State and two co-opted governors.

The Academy currently has 18 trustees including the Principal Parent trustees are elected by ballot of parents and candidates must be parents at the time of their election. Staff governors are appointed by staff at the Academy.

Policies and procedures adopted for the induction and training of trustees

On appointment all governors have undertaken induction and training which was initially provided by Mouchel consultants and were provided with a comprehensive trustee's pack. Trustees have also been provided with copies of policies, procedures, minutes, accounts, budgets and other documents required to fulfill their roles.

NEWTON ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Organisational structure

The management structure is tiered at three levels to ensure that responsibilities are devolved to those best able to make appropriate decisions; these being the Board of the Company (Members), the Trustees (meeting as the Governing Body), and the Senior Managers of the Academy.

The role undertaken by the Trustees is to support the senior management at a strategic level in achieving its stated objectives.

The Trustees are responsible for agreeing the Strategic Plan and relevant policies and procedures. It also has responsibility for adopting the Annual Budget and Medium Term Financial Plan and Annual Financial Statements. In addition the Governing Body authorises major decisions concerning use of resources including any capital expenditure and decisions relating to staffing.

There are three committees in addition to the Full Governing Body:

- Finance and Staffing Committee
- Community and Ethos
- Monitoring and Strategic Improvement

The Senior Management Team are comprised of the Principal, three Vice Principals, and five Assistant Principals. The team leads the Academy at a strategic level, implementing the policies agreed by the Governors and reporting back to them on a regular basis. The Principal is the Accounting Officer. Other senior management positions during the period reported include the Business Manager and Premises Manager who were responsible for support functions on a day to day basis.

Arrangements for setting pay and remuneration of key management personnel

The Chair of the Governing Body and an independent person will review the performance and remuneration of the Principal on an annual basis. The Chair and the Principal will review the performance and remuneration of other key management personnel on an annual basis.

Related parties and co-operation with other organisations

The Academy is sponsored by the Roman Catholic Archdiocese of Liverpool, the Church of England Diocese of Liverpool and the Liverpool Hope University. St. Helens MBC is also a partner.

All three sponsors are organisations with a major role in the provision of education in the region and St Helens MBC also has input via the Local Education Authority.

OBJECTIVES AND ACTIVITIES

In setting our objectives and planning our activities the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust's Objects are:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a joint Church of England and Catholic secondary school to be conducted in accordance with the Tenets of the Church of England and Roman Catholic Church offering a broad curriculum with a strong emphasis on, but in no way limited to the environment.
- To provide facilities for recreational and other leisure time occupation for the community at large in the interest of social welfare and with the object of improving the conditions of life of the said community.

NEWTON ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Aims of the academy

Core Values

Respect

- We play by the rules
- We are respectful and polite at all times
- We don't take advantage of others and helping a member of our team is helping ourselves

Courage

- We do what we say we'll do and do not make excuses
- We have the strength to do the right thing – even if its difficult

Ambition

- We remain positive so that we have the drive to tackle even the hardest work
- We do what it takes, for as long as it takes
- We ask; 'Have I been better today than yesterday?'

Objectives, strategies and activities

Hope Academy is a school with a Christian ethos for students of all faiths and none, with a curriculum and ethos based on knowledge, understanding and concern for the Environment, which will be its specialism. The Academy provides a transformative curriculum based on the specialism, using a range of tools including technology and digital media, it aims to provide an innovative curriculum, based on Excellence for All through personalised learning and aspires to be a Centre of Learning for all ages at the heart of the Newton le Willows community.

Hope Academy is committed to the message that Christ gave us when he instructed his followers "to love one another as I have loved you", we do this by:

- Providing a safe and happy environment for all.
- Providing quality learning and teaching.
- Celebrating achievement and endeavour.
- Developing technological and academic ability.
- Praying and worshipping together.
- Being polite, generous and thoughtful.
- Respecting and caring for each other.
- Reaching out to others through charity work.
- Accepting and forgiving each other.

NEWTON ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Public benefit

As set out in the memorandum the main objective of the Trust is the advancement of education within the United Kingdom, and in fulfilling that aim Hope Academy now aspires to the highest possible standards for almost 1100 students aged 11-18.

The Academy has an additional objective which relates to the public benefit of the academy in the context of the wider community by the provision of recreational and other leisure facilities in the interest of social welfare and in generally improving the conditions of life of the community. Over the past year such events and have included the following:

- Organisation of a Christmas Fayre facilitated by local businesses and attended by over 500 people.
- Local primary school pupils have attended Quizkids competitions.
- The annual theatrical production 'The Forbidden Planet' was well attended by the local community in addition to parents and pupils.
- The Family Group was set up to provide support in aspects of healthy living, staying safe, economic wellbeing and achievement.
- The Academy again hosted the meeting of the local Diocesan Synod which was well attended and again generated very positive feedback in terms of the facilities provided.
- Provision of sports facilities to a number of local clubs including football, rugby and tennis.
- Regular coffee mornings for existing and potential parents/guardians were held during the year.

The Academy prioritises its role in ensuring public benefit is achieved as can be seen in the range of activities above. However it is also recognised that perhaps the greatest benefit the Academy can confer is in the provision of high quality education to students. So, thereby supporting them to become valued citizens who can take the positive principles of the Academy forwards into their future lives, making a positive contribution to society.

NEWTON ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

Context of Academy

Hope Academy is a larger than average 11-18 comprehensive school. The percentage of pupils eligible for free school meals are significantly above the national average and the deprivation indicator at 0.24 is above the national average.

The percentage of absences is 5.9% which shows an improving trend from 2014/2015. The percentage of fixed term exclusions has reduced significantly. There were no permanent exclusions between September 2015 and July 2016.

For the 2014-2015 Year 11 cohort prior attainment was in line with national norms. For the 2014- 2015 Year 11 cohort prior attainment was 0.1 below national norms. For all other cohorts within the Academy prior attainment is below the national average.

The Academy was put into special measures after a Section 5 Ofsted inspection in February 2014, and subsequently failed to make satisfactory progress against targets in two HMI monitoring visits. An interim Principal took charge of the Academy for two terms in 2014, and from January 2015 a National Leader in Education has been appointed as Principal. By October 2015 the Academy had improved dramatically and achieved a 'Good' Ofsted rating.

There has been a high turnover of both leaders and teaching staff, which in past years has affected the Academy in embedding lasting change. The staffing structure was rationalised in the summer of 2015, and the Academy now has a structure which meets both curriculum and budgetary requirements. This restructuring included radical changes within the science staffing, and the appointment of a new curriculum leader for science.

Hope Academy had 1087 learners on roll including 78 in the Sixth Form [Autumn Census 2015]. There are 182 pupils eligible for Free School Meals on census day.

Financial review

The highest proportion of the Academy's funding is from the DfE via the Education Funding Agency (EFA). These grants are largely driven by pupil numbers, and in line with the Academy's Funding Agreement grants paid during the 2015/6 financial year were based on estimates of pupil numbers.

The Academy also receives grants for capital expenditure from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015) and the Academies Accounts Direction 2015/16, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

During the year ended 31 August 2016 expenditure committed by the Academy was £8,673,000 which was funded by grants, with a balance of expenditure over income for the period being £2,085,000.

At 31 August 2016 the net book value of fixed assets was £21,045,000 and movements in tangible fixed assets are shown in note 12 to the accounts. The assets were used exclusively for the provision of education and the associated support services to the pupils of the Academy.

NEWTON ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Reserves policy

It is prudent and sound financial practice to establish an adequate level of reserves for the following reasons:

- To build up a contingency for unforeseen events
- To allow for delays in funding and allow the finances to cope with short term cash flow problems
- To establish a provision to allow funding for lifecycle costs which will increase as the building, plant and equipment ages.

Additional resources will also be required to refresh the ICT resources which have a relatively short lifespan. As funding for the academy will not increase to allow for increased costs, it is necessary to make allowances from budgets available and carry the reserve forwards.

As a key focus this year was increasing performance in GCSE results, Governors made the decision to use a level of reserves to fund an intervention project with a focus on English and Maths. It is recognised that this decision was a temporary fix in maintaining financial viability and the intention is to ensure a business plan is in place to achieve a balanced budget and restore reserves to an adequate level in the longer term.

The EFA guidance allows reserves totalling 12% of GAG funding in any particular year to be carried forward as a reserve, with 2% to be used to fund on-going revenue costs and the remaining 10% to be used to fund capital expenditure. This limitation may be subject to review dependant on the terms of the Funding Agreement.

The Academy's current reserves (total funds less those held in fixed assets and restricted reserves) is £53,000. Restricted general funds excluding the pension reserve are £115,000, with a pension reserve of (£3,688,000). Restricted fixed asset funds are £21,048,000.

It is crucial that the level of reserves will need to be re-established in the longer term to ensure that the finances of the academy are managed on a long term sustainable basis.

Investment policy

The Academy's Investment policy is set out in the Endowment Statement of Investment Principles.

The Academy Deed of Gift sets out targeted contributions by sponsors into an endowment, with donations into the fund currently standing at £985,000 as identified in this report. The endowment has been transferred into an investment fund held with Rathbones Investment Managers in order to secure greater long term returns on the asset and achieve more efficient use of resources.

Key financial performance indicators

Financial performance is monitored regularly against budget and established expenditure profiles, which now have increased relevancy as the Academy becomes established and there is more historical data on which to build projections. Staff absence and related costs are analysed to ensure that cover is deployed efficiently where necessary.

Going concern

After making appropriate enquiries, the board of trustees considers that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason, it adopts a going concern basis in preparing the financial statements.

The financial statements have been prepared in accordance with the accounting policies and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2015.

NEWTON ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Plans for future periods

Key strategic priorities:

- To implement the Improvement Plan and continue with the Academy's journey towards an outstanding Ofsted status
- Improve the quality of teaching and learning over time.
- To ensure assessment data is accurate and is used in lessons so that all learners make good progress.
- To improve behaviour and safety of students
- Ensure students have confidence in the Academy's systems for prevention and tackling all forms of bullying.
- To further develop the capacity and effectiveness of leadership at all levels.

Sustainability

The Academy is committed to sustainable development throughout all aspects of its operation. The Academy will continue to strive to meet or exceed the Sustainable Development in Government targets.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires academies, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 September 2015 to 31 August 2016, the Academy paid 97% per cent of its invoices within 30 days which equalled the previous year. The Academy incurred no interest charges in respect of late payment for this period.

Performance indicators

The Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

The Academy is also monitored through the completion and submission of EFA returns:

- a. the annual Academies Accounts Return
- b. the Financial Plan for the period 2015 to 2018
- c. the annual Financial Management and Governance Evaluation

Principal risks and uncertainties

The Trustees confirm that major risks to which the Academy is exposed have been reviewed and have agreed a range of policies and procedures to address risks in these areas, covering teaching, safeguarding, bullying, use of ICT, personnel, health and safety and financial control. Where significant financial risk remains adequate insurance cover has been arranged and put in place.

The internal control systems and exposure to risks are reviewed on a regular basis by management and Governors with appropriate action taken as necessary.

Pupil numbers have fallen below forecast since the Academy opened in September 2011. Since the Ofsted reports and negative press reports resulting from them there has been a downturn in recruitment numbers in comparison to potential and taking into account local demographics.

As funding for the Academy is predominantly based on per pupil based formulae, there is a resulting negative impact on overall funding and it is a priority from a financial perspective that this is taken into account in agreeing expenditure budgets.

As the Academy has now achieved a good Ofsted status it is hoped this will increase the number of students applying for a first choice place at the Academy from 2016/17.

NEWTON ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

AUDITOR

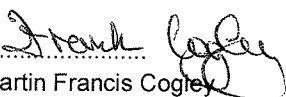
At a meeting on 7th March 2016 the trustees agreed to appoint RSM UK Audit LLP as auditors for the financial year 2015/2016.

Statement as to disclosure of information to auditor

Insofar as the Governors are aware:

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

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on6.12.16.... and signed on its behalf by:

.....

Mr Martin Francis Cogley
Roman Catholic Archdiocese of Liverpool

NEWTON ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Newton Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Attendance during the year was as follows:

Trustees	Meetings attended	Out of possible
Mr Martin Francis Cogley (Roman Catholic Archdiocese of Liverpool)	4	4
Mr Patrick Ferguson (Principal)	4	4
Mr John McMahon (Archdiocese of Liverpool Governors (Responsible Officer))	3	4
Dr Jane Moore (Liverpool Hope University)	4	4
Ms Vicky Roberts (CofE Diocese of Liverpool Governors)	4	4
Rev Chris Stafford (CofE Diocese of Liverpool Governors)	2	4
Mr Michael Boland (Archdiocese of Liverpool Governors)	3	4
Rev Fr John Schofield (Archdiocese of Liverpool Governors) (Resigned 6 November 2015)	0	1
Mr Jeff Baddley (Parent Governor)	3	4
Mrs Fran McCaul (Parent Governor)	4	4
Mrs Marie Adams (Staff Governor)	4	4
Ms Jane Griffiths (Liverpool Hope University)	1	4
Ms Jo Davies (LA Governor)		
Mr Bernard Stuart (Archdiocese of Liverpool)	1	3
Ms Laura Gittins (Liverpool Hope University)	3	3
Mrs Lesley White (Staff Governor)	4	4
Dr Sarah Askey (Liverpool Hope University) (Resigned 31 December 2015)	1	1
Mrs Alex Summers (CofE Diocese of Liverpool)	1	4

NEWTON ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to work in consultation with the Principal and the Director of Finance and Resources to provide guidance to the Governing Body on financial, staffing and facilities matters. The full Governing Body must take all decisions concerning the adoption and implementation of these recommendations in line with delegated powers. The Finance and Resources Committee also has responsibility for audit related issues and as such there is no separate audit sub-committee under the existing arrangement.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr Patrick Ferguson (Principal)	4	4
Mr John McMahon (Archdiocese of Liverpool Governors (Responsible Officer))	4	4
Rev Chris Stafford (CofE Diocese of Liverpool Governors)	1	4
Mr Jeff Baddley (Parent Governor)	4	4
Mrs Marie Adams (Staff Governor)	4	4
Ms Jane Griffiths (Liverpool Hope University)	0	4
Ms Jo Davies (LA Governor)	2	4

Review of value for money

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

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

- Ongoing staffing reviews
- Careful consideration and consultation with the timetable before replacing staff resignations
- Increasing the scope of letting out the facilities for maximum income
- Annual review of SLA's to achieve best value

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newton Academy Trust from 1 Sept 2012 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

NEWTON ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The academy 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 periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Trustees have appointed John McMahon a trustee, as responsible officer (RO); and have also appointed RSM UK Audit LLP, the external auditor, to perform additional checks.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the board of Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

The following areas were the subject of reports during the financial year;

- Financial Regulations and supporting documentation
- General Ledger
- Payroll
- Expenditure and Creditors
- Fixed Assets
- Petty Cash

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

- Financial controls

The reviewer reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

Review of effectiveness

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

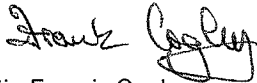
- The work of the responsible officer
- The work of the external auditor;
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

NEWTON ACADEMY TRUST

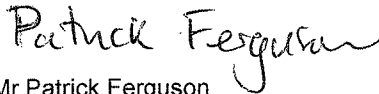
GOVERNANCE STATEMENT (CONTINUED)

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Committee and a plan to address any identified weakness and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 6.12.16 and signed on its behalf by:



Mr Martin Francis Cogley
Roman Catholic Archdiocese of Liverpool



Mr Patrick Ferguson
Principal

NEWTON ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Newton Academy Trust I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have paid due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

Mr Patrick Ferguson
Accounting Officer

 Patrick Ferguson 6.12.16

NEWTON ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 6.12.16 and signed on its behalf by:



Mr Martin Francis Cogley
Roman Catholic Archdiocese of Liverpool

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWTON ACADEMY TRUST

YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of Newton Academy Trust for the year ended 31 August 2016 set out on pages 19 to 37. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 16, the trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the trustees' report and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWTON ACADEMY TRUST (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Matters on which we are required to report by exception

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

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



Karen Musgrave (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

Dated: 12.12.16

NEWTON ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Endowment Funds £'000	Total 2016 £'000	Total 2015 £'000
Income and endowments from:							
Donations and capital grants	3	-	-	24	35	59	62
Charitable activities:							
- Funding for educational operations	4	-	6,450	-	-	6,450	7,029
Other trading activities	5	22	-	-	-	22	16
Investments	6	-	23	-	-	23	5
Total income and endowments		<u>22</u>	<u>6,473</u>	<u>24</u>	<u>35</u>	<u>6,554</u>	<u>7,112</u>
Expenditure on:							
Charitable activities:							
- Educational operations	8	6	6,577	2,090	-	8,673	9,739
Total expenditure	7	<u>6</u>	<u>6,577</u>	<u>2,090</u>	<u>-</u>	<u>8,673</u>	<u>9,739</u>
Gains on endowment investments		-	-	-	34	34	(31)
Net income/(expenditure)		16	(104)	(2,066)	69	(2,085)	(2,658)
Transfers between funds		-	70	-	(70)	-	-
Other recognised gains and losses							
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(1,397)	-	-	(1,397)	(117)
Net movement in funds		16	(1,431)	(2,066)	(1)	(3,482)	(2,775)
Reconciliation of funds							
Total funds brought forward		37	(2,142)	23,114	954	21,963	24,738
Total funds carried forward		<u>53</u>	<u>(3,573)</u>	<u>21,048</u>	<u>953</u>	<u>18,481</u>	<u>21,963</u>

NEWTON ACADEMY TRUST**BALANCE SHEET****AS AT 31 AUGUST 2016**

	Notes	2016		2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		21,045		23,114
Investments	13		953		919
			<u>21,998</u>		<u>24,033</u>
Current assets					
Debtors	14	132		285	
Cash at bank and in hand		624		595	
		<u>756</u>		<u>880</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(585)		(686)	
Net current assets			<u>171</u>		<u>194</u>
Net assets excluding pension liability			<u>22,169</u>		<u>24,227</u>
Defined benefit pension liability	20		(3,688)		(2,264)
Net assets			<u>18,481</u>		<u>21,963</u>
Funds of the academy trust:					
Restricted funds	16				
- Restricted fixed asset funds			21,048		23,114
- Restricted general funds			115		122
- Pension reserve			(3,688)		(2,264)
- Endowment funds			953		954
Total restricted funds			<u>18,428</u>		<u>21,926</u>
Unrestricted income funds	16		53		37
Total funds			<u>18,481</u>		<u>21,963</u>

The financial statements set out on pages 19 to 37 were approved by the board of trustees and authorised for issue on 6.12.16 and are signed on its behalf by:



Mr Martin Francis Cogley

Roman Catholic Archdiocese of Liverpool

NEWTON ACADEMY TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £'000	2015 £'000	2015 £'000
Cash flows from operating activities				
Net cash used in operating activities	18		(32)	(588)
Cash flows from investing activities				
Dividends, interest and rents from investments		23		1
Capital grants from DfE and EFA		24		27
Payments to acquire tangible fixed assets		(22)		(25)
Payments to acquire investments		-		(946)
Proceeds from sales of tangible fixed assets		1		-
			26	(943)
Cash flows from financing activities				
Endowment fund income		35		35
			35	35
Change in cash and cash equivalents in the reporting period				
			29	(1,496)
Cash and cash equivalents at beginning of the year			595	2,091
Cash and cash equivalents at end of the year			624	595

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

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

Basis of preparation

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

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

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

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 22.

Going concern

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

Income

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

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold buildings	2% straight line
Plant and machinery	15% straight line
Computer equipment	20% straight line
Fixtures, fittings and equipment	20% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Liabilities

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

Leased assets

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

Taxation

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

Pensions benefits

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

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 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 projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	24	-	24	27
Endowments	-	-	35	35	35
	<u>-</u>	<u>24</u>	<u>35</u>	<u>59</u>	<u>62</u>

The income from donations and capital grants was £59,000 (2015: £62,000) of which £24,000 was restricted fixed assets (2015: £27,000) AND £35,000 was restricted (2015: £35,000).

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
DfE / EFA grants				
General annual grant (GAG)	-	5,785	5,785	6,405
Start up grants	-	6	6	4
Other DfE / EFA grants	-	352	352	410
	<u>-</u>	<u>6,143</u>	<u>6,143</u>	<u>6,819</u>
Other government grants				
Local authority grants	-	110	110	59
	<u>-</u>	<u>110</u>	<u>110</u>	<u>59</u>
Other funds				
Other incoming resources	-	197	197	151
	<u>-</u>	<u>197</u>	<u>197</u>	<u>151</u>
Total funding	<u>-</u>	<u>6,450</u>	<u>6,450</u>	<u>7,029</u>

The income from funding for educational operations was £6,450,000 (2015: £7,029,000) of which £6,450,000 was restricted (2015: £7,029,000).

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	<u>22</u>	<u>-</u>	<u>22</u>	<u>16</u>

The income from other trading activities was £22,000 (2015: £16,000) of which £22,000 was unrestricted (2015: £16,000).

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Investment income	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	-	23	23	5

The income from funding for investment income was £23,000 (2015: £5,000) of which £23,000 was restricted (2015: £5,000).

7 Expenditure	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
Academy's educational operations					
- Direct costs	3,673	2,013	585	6,271	6,995
- Allocated support costs	809	456	1,137	2,402	2,744
Total expenditure	4,482	2,469	1,722	8,673	9,739

Net income/(expenditure) for the year includes:

	2016 £'000	2015 £'000
Fees payable to auditor		
- Audit	-	11
- Other services	-	4
Operating lease rentals	93	113
Net interest on defined benefit pension liability	86	78
Depreciation of tangible fixed assets	2,087	2,085
Loss on disposal of fixed assets	3	-

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	-	6,271	6,271	6,995
Support costs - educational operations	6	2,396	2,402	2,744
	<u>6</u>	<u>8,667</u>	<u>8,673</u>	<u>9,739</u>

The expenditure on educational operations was £8,673,000 (2015: £9,739,000) of which £6,000 was unrestricted (2015: £8,000), £6,577,000 was restricted (2015: £7,646,000) and £2,090,000 was restricted fixed assets (2015: £2,085,000).

	2016 £'000	2015 £'000
Analysis of support costs		
Support staff costs	809	1,415
Depreciation and amortisation	77	74
Premises costs	379	415
Other support costs	1,127	825
Governance costs	10	15
	<u>2,402</u>	<u>2,744</u>

9 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	3,468	4,232
Social security costs	291	303
Other pension costs	509	585
	<u>4,268</u>	<u>5,120</u>
Total staff costs	4,268	5,120
Supply staff costs	202	268
Staff restructuring costs	12	322
	<u>4,482</u>	<u>5,710</u>

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Staff costs (Continued)

Staff numbers

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

	2016 Number	2015 Number
Teachers	63	82
Administration and support	39	68
Management	5	7
	<u>107</u>	<u>157</u>

Higher paid staff

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

	2016 Number	2015 Number
£60,00 - £70,000	1	3
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-
	<u>1</u>	<u>4</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,355 (2015: £202,246). Individually these were £11,355 and £1000.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £407,903.

NEWTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

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

P Ferguson

Remuneration £90,000 - £100,000 (2015: £60,000 - £70,000)

Employers Pension Contributions £0 - £5,000 (2015: £0 - £5,000)

M Adams

Remuneration £60,000 - £70,000 (2015: £30,000 - £40,000)

Employers Pension Contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

L White

Remuneration £10,000 - £20,000 (2015: £Nil)

Employers Pension Contributions £0 - £5,000 (2015: £0 - £5,000)

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10 million on any one claim and the cost for the year ended 31 August 2016 was £Nil (2015: £Nil). The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Leasehold buildings	Plant and machinery	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2015	21,225	7,360	957	1,831	6	31,379
Additions	-	-	22	-	-	22
Disposals	-	-	(11)	-	-	(11)
At 31 August 2016	21,225	7,360	968	1,831	6	31,390
Depreciation						
At 1 September 2015	1,692	4,415	711	1,441	6	8,265
On disposals	-	-	(7)	-	-	(7)
Charge for the year	423	1,104	194	366	-	2,087
At 31 August 2016	2,115	5,519	898	1,807	6	10,345
Net book value						
At 31 August 2016	19,110	1,841	70	24	-	21,045
At 31 August 2015	19,533	2,945	246	390	-	23,114

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

13 Fixed asset investments

	Government Securities £'000	UK equities £'000	Overseas equities £'000	Other £'000	Cash £'000	Total £'000
Market value						
At 1 September 2015	131	375	251	79	83	919
Change in value in the year	41	4	26	8	(45)	34
At 31 August 2016	<u>172</u>	<u>379</u>	<u>277</u>	<u>87</u>	<u>38</u>	<u>953</u>

14 Debtors	2016 £'000	2015 £'000
VAT recoverable	56	64
Other debtors	-	182
Prepayments and accrued income	76	39
	<u>132</u>	<u>285</u>

15 Creditors: amounts falling due within one year	2016 £'000	2015 £'000
Trade creditors	279	486
Other taxation and social security	35	-
Other creditors	101	76
Accruals and deferred income	170	124
	<u>585</u>	<u>686</u>

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

	Balance at 1 September 2015	Income	Expenditure	Gains, losses & transfers	Balance at 31 August 2016
	£'000	£'000	£'000	£'000	£'000
Restricted general funds					
General Annual Grant	113	5,785	(5,853)	70	115
Start up grants	-	6	(6)	-	-
Other DfE / EFA grants	-	352	(352)	-	-
Other government grants	-	110	(110)	-	-
Other restricted funds	9	220	(229)	-	-
	<u>122</u>	<u>6,473</u>	<u>(6,550)</u>	<u>70</u>	<u>115</u>
Funds excluding pensions	122	6,473	(6,550)	70	115
Pension reserve	(2,264)	-	(27)	(1,397)	(3,688)
	<u>(2,142)</u>	<u>6,473</u>	<u>(6,577)</u>	<u>(1,327)</u>	<u>(3,573)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	53	24	(2,090)	-	(2,013)
Inherited funds	22,930	-	-	-	22,930
Capital expenditure from GAG	131	-	-	-	131
	<u>23,114</u>	<u>24</u>	<u>(2,090)</u>	<u>-</u>	<u>21,048</u>
Restricted endowment fund	954	35	-	(36)	953
	<u>954</u>	<u>35</u>	<u>-</u>	<u>(36)</u>	<u>953</u>
Total restricted funds	<u>21,926</u>	<u>6,532</u>	<u>(8,667)</u>	<u>(1,363)</u>	<u>18,428</u>
Unrestricted funds					
General funds	37	22	(6)	-	53
	<u>37</u>	<u>22</u>	<u>(6)</u>	<u>-</u>	<u>53</u>
Total funds	<u>21,963</u>	<u>6,554</u>	<u>(8,673)</u>	<u>(1,363)</u>	<u>18,481</u>

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

Restricted general fund

This fund represents grants received for the Academy's operational activities and development.

Fixed assets fund

These grants relate to funding from the DfE, EFA and private sponsors to carry out works of a capital nature as part of the school improvement plan.

Other restricted funds

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature.

Unrestricted funds

This fund primarily relates to income from lettings and teaching school income.

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Funds	Total 2016
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 August 2016 are represented by:					
Tangible fixed assets	-	-	21,045	-	21,045
Fixed asset investments	-	-	-	953	953
Current assets	104	649	3	-	756
Creditors falling due within one year	(51)	(534)	-	-	(585)
Defined benefit pension liability	-	(3,688)	-	-	(3,688)
	<u>53</u>	<u>(3,573)</u>	<u>21,048</u>	<u>953</u>	<u>18,481</u>

18 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £'000	2015 £'000
Net expenditure for the reporting period	(2,119)	(2,627)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(24)	(27)
Net endowment income	(35)	(35)
Interest receivable	(23)	(5)
Defined benefit pension scheme cost less contributions payable	(59)	(9)
Defined benefit pension scheme finance cost/(income)	86	78
Depreciation of tangible fixed assets	2,087	2,085
Losses/(profits) on disposals of fixed assets	3	-
(Increase)/decrease in debtors	153	(136)
Increase/(decrease) in creditors	(101)	88
Net cash used in operating activities	<u>(32)</u>	<u>(588)</u>

19 Members' liability

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

NEWTON ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Pensions and similar obligations

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

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

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

Teachers' Pension Scheme

Introduction

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer.

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £379,000 (2015: £679,000).

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

NEWTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

20 Pensions and similar obligations (Continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % 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.

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	237	223
Employees' contributions	47	60
	<u>284</u>	<u>283</u>
Total contributions	<u>284</u>	<u>283</u>

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

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.3	3.8
Rate of increase for pensions in payment	1.9	2.3
Discount rate	2.1	4
Inflation assumption (CPI)	1.8	2.3

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

	2016 Years	2015 Years
Retiring today		
- Males	22.5	22.4
- Females	25.4	25.3
Retiring in 20 years		
- Males	24.9	24.8
- Females	<u>28.2</u>	<u>28.1</u>

NEWTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

20 Pensions and similar obligations (Continued)

The academy trust's share of the assets in the scheme	2016	2015
	Fair value	Fair value
	£'000	£'000
Equities	1,417	1,256
Government bonds	124	289
Other bonds	318	109
Cash	100	61
Property	221	180
Other assets	518	197
	<u>2,698</u>	<u>2,092</u>
Actual return on scheme assets - gain/(loss)	<u>426</u>	<u>(53)</u>
Amounts recognised in the statement of financial activities	2016	2015
	£'000	£'000
Current service cost	178	214
Net interest cost	<u>86</u>	<u>78</u>
Changes in the present value of defined benefit obligations		2016
		£'000
Obligations at 1 September 2015		4,356
Current service cost		178
Interest cost		173
Employee contributions		47
Actuarial loss		1,732
Benefits paid		<u>(100)</u>
At 31 August 2016		<u>6,386</u>

NEWTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

20 Pensions and similar obligations (Continued)

Changes in the fair value of the academy trust's share of scheme assets	2016
	£'000
Assets at 1 September 2015	2,092
Interest income	87
Return on plan assets (excluding net interest on the net defined pension liability)	339
Employer contributions	237
Employee contributions	47
Benefits paid	(100)
Plan introductions, benefit changes, curtailments and settlements	(4)
	<hr/>
At 31 August 2016	<u>2,698</u>

21 Related party transactions

The following related party transaction took place in the period of account:

- Liverpool Hope University, a sponsor of the Academy, made an addition to the endowment fund of £35,000 (2015: £35,000).

22 Reconciliations on adoption of FRS 102

Reconciliation of funds for the previous financial period

	1 September 2014 £'000	31 August 2015 £'000
Funds as reported under previous UK GAAP and under FRS 102	24,738	21,963
	<hr/>	<hr/>

Reconciliation of net loss for the previous financial period

	2015 £'000
Net expenditure as reported under previous UK GAAP and under FRS 102	(2,775)
	<hr/>

Notes to reconciliations on adoption of FRS 102

Defined benefit scheme

In accordance with FRS102 the return on plan assets excluding any amounts included in net interest is included within other recognised gains and losses rather than net income.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NEWTON ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 13 May 2016 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Newton Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Newton Academy Trust and the EFA in accordance with the terms of our engagement letter dated 13 May 2016. Our work has been undertaken so that we might state to the Newton Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Newton Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Newton Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Newton Academy Trust's funding agreement with the Secretary of State for Education dated 13 November 2008 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

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

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

Conclusion

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

RSM UK Audit LLP

RSM UK Audit LLP
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

Dated: 12.12.16
