

**Company Registration No. 06477646 (England and Wales)**

**NEWTON ACADEMY TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

# NEWTON ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### 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 Reverend Canon Professor Kenneth Newport
- Representative of the Church of England Diocese of Liverpool Reverend Richard Peers

### Trustees

- Mr Martin Francis Cogley (Roman Catholic Archdiocese of Liverpool)
- Mr Patrick Ferguson (Principal) (\*)
- Mr John McMahon (Archdiocese of Liverpool Governors) (\*)
- Ms Vicky Roberts (CofE Diocese of Liverpool Governors)
- Rev Chris Stafford (CofE Diocese of Liverpool Governors) (\*)
- Mr Michael Boland (Archdiocese of Liverpool Governors)
- Mrs Fran McCaul (Parent Governor)
- Mrs Marie Adams (Staff Governor) (\*)
- Ms Jane Griffiths (CofE Diocese of Liverpool) (\*)
- Mr Bernard Stuart (Archdiocese of Liverpool) (Resigned 5 March 2018)
- Ms Laura Gittins (Liverpool Hope University) (Resigned 8 June 2018)
- Mrs Lesley White (Staff Governor)
- Mrs Bridget Leek (Staff Governor)
- Mrs Barbara Naylor (CofE Diocese of Liverpool Governors) (Appointed 9 July 2018)
- Mrs Sue Cronin (Liverpool Hope University)

(\*) Members of the Finance & Resource Committee

### Senior management team

- Principal Mr Patrick Ferguson
- Vice Principal Mr Kevin Maddocks
- Vice Principal Mrs Jeniffer Sing
- Vice Principal Mrs Marie Adams

### Company secretary

Mrs Donna Worthington

### 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

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<b>Registered office</b>	Hope Academy Ashton Road Newton Le Willows St Helens, Merseyside WA12 0AQ
<b>Independent auditor</b>	RSM UK Audit LLP Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE
<b>Bankers</b>	Lloyds Bank 13/15 Hardshaw Street St Helens WA10 1QZ
<b>Solicitors</b>	Brabners Horton House Exchange Flags Liverpool L2 3YL

# NEWTON ACADEMY TRUST

## TRUSTEES' REPORT

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. 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 1,650 and had a roll of 1,144 in the school census in 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 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. The sponsor governors have decided to also appoint two staff 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 13 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

The trust will follow processes for any new recruits that are appropriate and use criteria for recruitment based on a review of existing board membership. The induction, training and support programme for Trustees will differ according to the nature of the post and the varying needs and experience of the individual concerned. There are, however some general principles outlined below which should be common to all:

- An induction to the role, a tour of the site and an introduction to members of the Senior Leadership Team
- It is expected that incumbent trustees will provide a good deal of practical help, advice, guidance and encouragement in all aspects of Governance and in enabling new trustees to integrate into a new situation
- The Trust's Equality and Diversity and related policies will be applicable to all
- The others trustees and governors will be informed of any new appointments
- Every trustee should be prepared to offer to support new trustees as appropriate

#### 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.

# NEWTON ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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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 Director of Finance and Operations 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.

### **Trade union facility time**

#### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period -

Full-time equivalent employee number -

#### *Percentage of time spent on facility time*

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

#### *Percentage of pay bill spent on facility time*

Total cost of facility time	-
Total pay bill	4,702,000
Percentage of the total pay bill spent on facility time	-

#### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours -

### **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.

All three sponsors are organisations with a major role in the provision of education in the region.

# NEWTON ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### 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:

- a. 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.
- b. 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.

### 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. The Academy 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)

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### 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 Quiz kids competitions.
- 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.
- Hosts the Wigan Music service each week which is attended by over 400 people on a weekly basis.
- Hosts Stagecoach drama group each week which is attended by over 50 students on a weekly basis.
- Hosts two local gymnastics clubs each week which are attended by over 500 students on a weekly basis.
- Students hold an annual Christmas afternoon tea for the elderly
- Regular training events are held in the hall and chapel by the Archdiocese, Diocese and other partners

### 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 0.25 is above the national average.

The Academy was judged to be 'good' following a Section 5 Ofsted inspection in November 2015. This was following the appointment of the current Principal in January 2015.

The staffing and leadership 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 and Humanities faculties. More recently, key appointments have been made as the Head of Science and the Head of PE. Staffing is now much more stable – over the past two years, with a few exceptions, teaching staff have left for promotion and teaching assistants have left to commence teacher training.

##### Financial review

The highest proportion of the Academy's funding is from the DfE via the Education Skills Funding Agency (ESFA) in the form of a General Annual Grant (GAG), the use of which is restricted to the objects of the Trust. The GAG received during the period covered by this report and associated expenditure is shown as restricted funds in the Statement of Financial Activities.

These grants are largely driven by pupil numbers, and in line with the Academy's Funding Agreement grants paid during the 2017/2018 financial year were based on estimates of pupil numbers.

The Academy also receives grants for capital expenditure from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015) and the Academies Accounts Direction 2017/18, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

During the year ended 31 August 2018 expenditure committed by the Academy was £7,709,000 (2017: £8,341,000) which was funded by grants, with a balance of expenditure over income for the period being £1,589,000 (2017: £1,947,000).

# NEWTON ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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At 31 August 2018 the net book value of tangible fixed assets was £18,295,000 (2017: £19,482,000) 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.

### 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.

Governors made the decision to use all reserves to continue improving educational outcomes and fund the journey to being an outstanding academy. It is recognised that this decision was a temporary one and accepts as a priority that it must maintain financial viability, 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 Academy's current reserves (total funds less those held in fixed assets and restricted reserves) is £144,000 (2017: £28,000). Restricted general funds excluding the pension reserve are (£256,000) (2017: (£177,000)), with a pension reserve of (£2,545,000) (2017: (£2,981,000)). Restricted fixed asset funds are £18,295,000 (2017: £19,482,000).

Included within restricted funds is an endowment fund of £733,000 (2017: £1,035,000).

Governors acknowledge that it is crucial that a level of reserves 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 £733,000 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.



# NEWTON ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Outcomes

Over the past two years, the Academy has undertaken a cultural shift. In September 2015, the Academy community, led by the Principal, developed a Vision, Mission and Core Values which would drive all future initiatives and strategies. This cultural change is evident in the learning ethos across the academy. The academy has been transformed for the better and that is now a purposeful and happy place (for staff, students and parents) where students can learn and teachers can teach. This is evident in the growing number on roll – an increase of 35% (68 students) in the size of the current Year 7 cohort compared to the cohort starting in September 2016.

Hope Academy now leads a teacher training alliance within the St. Helens Local Authority. Since the appointment of the Principal, Hope Academy has supported a number of schools locally and nationally. The Academy also has national partners including SSAT and PiXL and is now a hub for regional and national educational initiatives.

In 2016-17, whole school attendance was below the national average. However, the three year trend is positive. Like for like exclusions have reduced significantly.

For the 2015-2016 the Year 11 cohort prior attainment was broadly similar to national norms. For the 2016-2017 Year 11 cohort prior attainment was 0.4 below national norms. The 2017-18 Year 11 cohort prior attainment is significantly (0.9) below national norms, the 2018-19 Year 11 cohort is 0.5 below national norms and the 2019-20 cohort prior attainment equates to national norms.

### KS4 outcomes

2016 saw a strong improvement in performance, particularly in the proportion of students achieving A\*-C in English and mathematics at 58% (47% 2015), this figure was as predicted.

In 2017 this figure dipped with 53% of pupils achieved a standard pass (the equivalent of A\*-C) in English and mathematics (Grade 9-4), although still representing a rising trend, against a context of increased volatility and uncertainty at a school level relating to the implementation of the new GCSE specifications. English results were significantly above those predicted and mathematics results slightly below those predicted. 30% of students achieved a strong pass (Grade 9-5).

In 2018 56% of students achieved a standard pass in English and Mathematics and 33% achieved a strong pass. These figures represent an improvement in attainment compared to 2017, against the context of a cohort with the lowest prior attainment in the last 3 years.

In 2016 the progress 8 measure also improved significantly from to -0.39 (-0.66 in 2015), improvements were evident across each of the four elements of the progress 8 measure. Using 2017 points scores the 2016 progress 8 measure was 0.48. In 2017 the progress 8 measure dipped slightly from this result to below the floor standard at -0.58. In 2018 the progress 8 measure improved significantly to -0.13 (provisional).

In English the trend of improvement in progress 8 continued in 2018 (moving from -0.44 in 2015 to a provisional figure of -0.12 in 2018). In mathematics progress 8 has fluctuated, improving to a provisional figure of -0.34 in 2018.

The E-Bacc element of the progress 8 measure has historically been the weakest (-1.24 in 2015). In 2018 the EBacc progress 8 figure is -0.21. Provisional value added scores for the subject areas within the E-Bacc element reflect the improved performance of Science (provisional value added -0.04) and Humanities (provisional value added +0.19).

The other element of the progress 8 measure has performed well with a positive provisional progress 8 figure of +0.14.

### 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.

# NEWTON ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Going concern

After making appropriate enquiries, the board of trustees consider that by allowing the Academy to utilise some of the endowment fund, 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.

### **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.
- Ensure in the longer term that the academy returns to operating an in year and cumulative financial surplus.

### **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 2017 to 31 August 2018, 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 ESFA returns:

- a. the annual Academies Accounts Return
- b. the Financial Plan for the period 2017 to 2020
- 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.

# NEWTON ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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Pupil numbers have fallen below forecast since the Academy opened in September 2011. Since the improved Ofsted reports and positive press there has been a significant upturn in recruitment of students on previous years.

As funding for the Academy is predominantly based on per pupil based formulae, there is a resulting positive impact on overall funding and it is a priority from a financial perspective that the academy continues to grow student numbers to the maximum allowed.

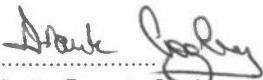
### AUDITOR

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement as to disclosure of information to auditor

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

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on ...11/12/18... and signed on its behalf by:



.....  
Mr Martin Francis Cogley

**Roman Catholic Archdiocese of Liverpool  
Chair**

# NEWTON ACADEMY TRUST

## GOVERNANCE STATEMENT

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### 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:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr Martin Francis Cogley (Roman Catholic Archdiocese of Liverpool)	4	4
Mr Patrick Ferguson (Principal)	4	4
Mr John McMahon (Archdiocese of Liverpool Governors)	3	4
Ms Vicky Roberts (CofE Diocese of Liverpool Governors)	2	4
Rev Chris Stafford (CofE Diocese of Liverpool Governors)	0	4
Mr Michael Boland (Archdiocese of Liverpool Governors)	3	4
Mrs Fran McCaul (Parent Governor)	4	4
Mrs Marie Adams (Staff Governor)	2	4
Ms Jane Griffiths (CofE Diocese of Liverpool)	3	4
Mr Bernard Stuart (Archdiocese of Liverpool) (Resigned 5 March 2018)	0	3
Ms Laura Gittins (Liverpool Hope University) (Resigned 8 June 2018)	0	4
Mrs Lesley White (Staff Governor)	3	4
Mrs Bridget Leek (Staff Governor)	4	4
Mrs Barbara Naylor (CofE Diocese of Liverpool Governors) (Appointed 9 July 2018)	3	4
Mrs Sue Cronin (Liverpool Hope University)	4	4

# NEWTON ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### Governance reviews

In November 2017 a full Financial Management and Governance review was undertaken with the ESFA, with no significant issues arising. A plan of action was put together and all action points raised have now been cleared.

In the spring of 2018 the trustee's carried out an audit of the skills they possess in light of the skills and competences they need, taking account of the Department for Education's Competency framework for governance. The overall result of the skills audit highlighted no significant skills gap against the Department of Education's newly identified "six features of effective governance".

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)	3	3
Mr John McMahon (Archdiocese of Liverpool Governors)	3	3
Rev Chris Stafford (CofE Diocese of Liverpool Governors)	1	3
Mrs Marie Adams (Staff Governor)	2	3
Ms Jane Griffiths (CofE Diocese of Liverpool)	1	3

### 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 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

# NEWTON ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### 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 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### 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 Mr F Cowell (Consultant) as responsible officer to provide assurance work on behalf of the Finance Committee and the Governing Body with regard to day to day transactions, procedures and any policy issue's.

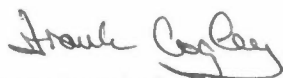
### Review of effectiveness

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.

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 11/12/17 and signed on its behalf by:



Mr Martin Francis Cogley  
Roman Catholic Archdiocese of Liverpool  
Chair



Mr Patrick Ferguson  
Accounting Officer

## NEWTON ACADEMY TRUST

### STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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As accounting officer of Newton Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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 ESFA.



Mr Patrick Ferguson  
**Accounting Officer**

12/12/18

# NEWTON ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees (who are also the directors of Newton Academy Trust for the purposes of company law) are responsible for preparing the trustees' report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills 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 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from 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 11/12/18 and signed on its behalf by:



Mr Martin Francis Cogley  
**Roman Catholic Archdiocese of Liverpool**  
**Chair**



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWTON ACADEMY TRUST

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## Opinion

We have audited the financial statements of Newton Academy Trust (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and 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 2018 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 requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

## 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable 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 Trustees' Report, 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 and the incorporated Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWTON ACADEMY TRUST (CONTINUED)

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### Matters on which we are required to report by exception

In the light of the 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 and the incorporated Strategic Report.

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

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

### Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees (who act as trustees for the charitable activities of the charitable company 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, 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 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: <http://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. 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.

  
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  
.....13/12/18..

# NEWTON ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
<b>Income and endowments from:</b>							
Donations and capital grants	3	-	-	22	35	57	58
Charitable activities:							
- Funding for educational operations	4	139	5,871	-	-	6,010	6,187
Other trading activities	5	32	-	-	-	32	39
Investments	6	23	-	-	-	23	28
<b>Total</b>		<u>194</u>	<u>5,871</u>	<u>22</u>	<u>35</u>	<u>6,122</u>	<u>6,312</u>
<b>Expenditure on:</b>							
Charitable activities:							
- Educational operations	8	72	6,444	1,193	-	7,709	8,341
<b>Total</b>	7	<u>72</u>	<u>6,444</u>	<u>1,193</u>	<u>-</u>	<u>7,709</u>	<u>8,341</u>
(Losses)/Gains on endowment investments		-	-	-	(2)	(2)	82
<b>Net income/ (expenditure)</b>		<u>122</u>	<u>(573)</u>	<u>(1,171)</u>	<u>33</u>	<u>(1,589)</u>	<u>(1,947)</u>
Transfers between funds	18	(6)	357	(16)	(335)	-	-
<b>Other recognised gains/ (losses)</b>							
Actuarial gains on defined benefit pension schemes	22	-	573	-	-	573	853
<b>Net movement in funds</b>		<u>116</u>	<u>357</u>	<u>(1,187)</u>	<u>(302)</u>	<u>(1,016)</u>	<u>(1,094)</u>
<b>Reconciliation of funds</b>							
Total funds brought forward		<u>28</u>	<u>(3,158)</u>	<u>19,482</u>	<u>1,035</u>	<u>17,387</u>	<u>18,481</u>
Total funds carried forward		<u>144</u>	<u>(2,801)</u>	<u>18,295</u>	<u>733</u>	<u>16,371</u>	<u>17,387</u>

**NEWTON ACADEMY TRUST****BALANCE SHEET****AS AT 31 AUGUST 2018**

	Notes	2018		2017	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		18,295		19,482
Investments	13		733		1,035
			<u>19,028</u>		<u>20,517</u>
<b>Current assets</b>					
Stocks	14	24		-	
Debtors	15	269		244	
Cash at bank and in hand		137		176	
			<u>430</u>	<u>420</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(542)		(569)	
<b>Net current liabilities</b>			(112)		(149)
<b>Net assets excluding pension liability</b>			18,916		20,368
Defined benefit pension scheme liability	22		(2,545)		(2,981)
<b>Net assets</b>			<u>16,371</u>		<u>17,387</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	18				
- Restricted fixed asset funds			18,295		19,482
- Restricted income funds			(256)		(177)
- Pension reserve			(2,545)		(2,981)
- Endowment funds			733		1,035
<b>Total restricted funds</b>			<u>16,227</u>		<u>17,359</u>
<b>Unrestricted income funds</b>	18		144		28
<b>Total funds</b>			<u>16,371</u>		<u>17,387</u>

The financial statements on pages 18 to 39 were approved by the board of trustees and authorised for issue on 11/12/18 and are signed on their behalf by:

  
 Mr Martin Francis Cogley

Roman Catholic Archdiocese of Liverpool

# NEWTON ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

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	Notes	2018 £'000	£'000	2017 £'000	£'000
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	20		(413)		(534)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		23		28	
Capital grants from DfE Group		22		23	
Purchase of tangible fixed assets		(6)		-	
Proceeds from sale of investments		300		-	
		<u>          </u>		<u>          </u>	
<b>Net cash provided by investing activities</b>			339		51
<b>Cash flows from financing activities</b>					
Endowment fund income		35		35	
		<u>          </u>		<u>          </u>	
<b>Net cash provided by financing activities</b>			35		35
			<u>          </u>		<u>          </u>
<b>Net decrease in cash and cash equivalents in the reporting period</b>			(39)		(448)
Cash and cash equivalents at beginning of the year			176		624
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of the year</b>			137		176
			<u>          </u>		<u>          </u>

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

#### General information

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The academy trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### Going concern

The trustees assess whether the use of going concern is appropriate, 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 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 at fair value of the consideration received or receivable in the period it is receivable and to the extent the academy trust has provided the goods or services.

##### Donated goods, facilities and services

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'.

##### Donated fixed assets

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 is 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.

##### Charitable activities

These are costs incurred on the academy trust's educational operations to further its charitable aims for the benefit of the beneficiaries, 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 2018

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### 1 Accounting policies (Continued)

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

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

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
Motor vehicles	25% 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.

#### **Investments**

Fixed asset investments are stated at market value.

#### **Financial instruments**

The academy trust has chosen to adopt Sections 11 of FRS 102 in full in respect of financial instruments.



# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

#### Financial assets and liabilities

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

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

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

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

#### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **Stock**

Unsold uniforms and catering stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

#### **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.

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.

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies (Continued)

The LGPS is a funded multi-employer 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 reporting 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 22, 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 2018. 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.

#### Critical areas of judgement

The trustees do not consider there to be any areas of judgement that are critical to the academy trust's financial statements.

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	22	-	22	23
Endowments	-	-	35	35	35
	<u>-</u>	<u>22</u>	<u>35</u>	<u>57</u>	<u>58</u>

The income from donations and capital grants was £57,000 (2017: £58,000) of which £22,000 was restricted fixed assets (2017: £23,000) and £35,000 was restricted (2017: £35,000).

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	5,458	5,458	5,576
Start up grants	-	2	2	4
Other DfE group grants	-	329	329	380
	<u>-</u>	<u>5,789</u>	<u>5,789</u>	<u>5,960</u>
<b>Other government grants</b>				
Local authority grants	-	82	82	88
	<u>-</u>	<u>82</u>	<u>82</u>	<u>88</u>
Other incoming resources	139	-	139	139
	<u>139</u>	<u>-</u>	<u>139</u>	<u>139</u>
	<u>139</u>	<u>5,871</u>	<u>6,010</u>	<u>6,187</u>

The income from funding for educational operations was £6,010,000 (2017: £6,187,000) of which £139,000 was unrestricted (2017: £Nil) and £5,871,000 was restricted (2017: £6,187,000).

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	32	-	32	39
	<u>32</u>	<u>-</u>	<u>32</u>	<u>39</u>

The income from other trading activities was £32,000 (2017: £39,000) of which £32,000 was unrestricted (2017: £39,000).

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Other investment income	23	-	23	28

The income from funding for investment income was £23,000 (2017: £28,000) of which £23,000 was unrestricted (2017: £28,000).

#### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other £'000		
Academy's educational operations					
- Direct costs	4,059	1,151	723	5,933	6,224
- Allocated support costs	755	485	536	1,776	2,117
Total support costs	4,814	1,636	1,259	7,709	8,341

#### Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets	1,193	1,563
Net interest on defined benefit pension liability	70	75
Fees payable to auditor for audit services	10	10

#### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
<b>Direct costs</b>				
Educational operations	-	5,933	5,933	6,224
<b>Support costs</b>				
Educational operations	72	1,704	1,776	2,117
	72	7,637	7,709	8,341

The expenditure on charitable activities was £7,709,000 (2017: £8,341,000) of which £72,000 was unrestricted (2017: £28,000), £6,444,000 was restricted (2017: £6,750,000) and £1,193,000 was restricted fixed assets (2017: £1,563,000).

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 8 Charitable activities (Continued)

	2018 £'000	2017 £'000
<b>Analysis of support costs</b>		
Support staff costs	755	813
Depreciation	42	56
Premises costs	443	370
Other support costs	525	878
Governance costs	11	-
	<u>1,776</u>	<u>2,117</u>

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	3,649	3,495
Social security costs	347	341
Pension costs	706	681
Staff costs	<u>4,702</u>	<u>4,517</u>
Agency staff costs	76	151
Staff restructuring costs	36	87
Total staff expenditure	<u>4,814</u>	<u>4,755</u>

Staff restructuring costs comprise:

Redundancy payments	22	34
Severance payments	14	53
	<u>36</u>	<u>87</u>

#### Contractual staff severance payments

Included in staff restructuring costs are redundancy payments of £21,580 (2017: £52,548) and contractual severance payments totalling £13,920 (2017: £32,952). Individually, the severance payments were: £7,612, £3,808 and £2,500.

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 9 Staff (Continued)

##### Staff numbers

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

	2018 Number	2017 Number
Teachers	69	80
Administration and support	50	58
Management	5	5
	<u>124</u>	<u>143</u>

##### Higher paid staff

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

	2018 Number	2017 Number
£60,00 - £70,000	4	3
£90,000 - £100,000	-	1
£130,000 - £140,000	1	-
	<u>  </u>	<u>  </u>

##### 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 £425,519 (2017: £396,248).

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 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 £140,000 (2017: £99,950)

Employers Pension Contributions £nil (2017: £nil)

M Adams

Remuneration £65,000 - £70,000 (2017: £65,000 - £70,000)

Employers Pension Contributions £10,000 - £15,000 (2017: £10,000 - £15,000)

L White

Remuneration £15,000 - £20,000 (2017: £15,000 - £20,000)

Employers Pension Contributions £0 - £5,000 (2017: £0 - £5,000)

B Leek

Remuneration £25,000 - £30,000 (2017: £15,000 - £20,000)

Employers Pension Contributions £0 - £5,000 (2017: £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 unlimited cover on any one claim. 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
<b>Cost</b>						
At 1 September 2017	21,225	7,360	968	1,831	6	31,390
Additions	-	-	-	-	6	6
At 31 August 2018	21,225	7,360	968	1,831	12	31,396
<b>Depreciation</b>						
At 1 September 2017	2,538	6,623	924	1,817	6	11,908
Charge for the year	423	736	26	8	-	1,193
At 31 August 2018	2,961	7,359	950	1,825	6	13,101
<b>Net book value</b>						
At 31 August 2018	18,264	1	18	6	6	18,295
At 31 August 2017	18,687	737	44	14	-	19,482

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

13 Fixed asset investments	Government Securities £'000	UK equities £'000	Overseas equities £'000	Other £'000	Cash £'000	Total £'000
<b>Market value</b>						
At 1 September 2017	172	437	328	88	10	1,035
Disposals at opening book value	(63)	(162)	(249)	174	-	(300)
Change in value in the year	-	-	-	-	(2)	(2)
At 31 August 2018	<u>109</u>	<u>275</u>	<u>79</u>	<u>262</u>	<u>8</u>	<u>733</u>
<b>14 Stocks</b>						
					<b>2018 £'000</b>	<b>2017 £'000</b>
School uniform					24	-
<b>15 Debtors</b>						
					<b>2018 £'000</b>	<b>2017 £'000</b>
Trade debtors					4	10
VAT recoverable					43	54
Other debtors					1	130
Prepayments and accrued income					221	50
					<u>269</u>	<u>244</u>
<b>16 Creditors: amounts falling due within one year</b>						
					<b>2018 £'000</b>	<b>2017 £'000</b>
Trade creditors					349	322
Other taxation and social security					129	35
ESFA creditors - abatement of GAG					-	87
Other creditors					20	61
Accruals and deferred income (see note 17)					44	64
					<u>542</u>	<u>569</u>



# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Deferred income	2018 £'000	2017 £'000
Deferred income is included within:		
Creditors due within one year	5	-
Deferred income at 1 September 2017	-	-
Resources deferred in the year	5	-
<b>Deferred income at 31 August 2018</b>	<b>5</b>	<b>-</b>

At the balance sheet date, the academy trust was holding funds received in advance for School Direct contributions and bursaries.

18 Funds	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(137)	5,458	(5,900)	357	(222)
Start up grants	4	2	-	-	6
Other DfE / ESFA grants	(4)	329	(325)	-	-
Other government grants	-	82	(82)	-	-
Other restricted funds	(40)	-	-	-	(40)
Pension reserve	(2,981)	-	(137)	573	(2,545)
	(3,158)	5,871	(6,444)	930	(2,801)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	22,930	-	-	-	22,930
DfE group capital grants	(3,576)	22	(1,193)	(16)	(4,763)
Capital expenditure from GAG	128	-	-	-	128
	19,482	22	(1,193)	(16)	18,295
Restricted endowment fund	1,035	35	-	(337)	733
<b>Total restricted funds</b>	<b>17,359</b>	<b>5,928</b>	<b>(7,637)</b>	<b>577</b>	<b>16,227</b>
<b>Unrestricted funds</b>					
General funds	28	194	(72)	(6)	144
<b>Total funds</b>	<b>17,387</b>	<b>6,122</b>	<b>(7,709)</b>	<b>571</b>	<b>16,371</b>

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 18 Funds (Continued)

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 2018

#### 18 Funds (Continued)

##### Funds prior year

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	115	5,576	(5,930)	102	(137)
Start up grants	-	4	-	-	4
Other DfE / ESFA grants	-	380	(384)	-	(4)
Other government grants	-	88	(88)	-	-
Other restricted funds	-	139	(202)	23	(40)
Pension reserve	(3,688)	-	(146)	853	(2,981)
	<u>(3,573)</u>	<u>6,187</u>	<u>(6,750)</u>	<u>978</u>	<u>(3,158)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	22,930	-	-	-	22,930
DfE group capital grants	(2,013)	23	(1,563)	(23)	(3,576)
Capital expenditure from GAG	131	-	-	(3)	128
	<u>21,048</u>	<u>23</u>	<u>(1,563)</u>	<u>(26)</u>	<u>19,482</u>
Restricted endowment fund	<u>953</u>	<u>35</u>	<u>-</u>	<u>47</u>	<u>1,035</u>
<b>Total restricted funds</b>	<u>18,428</u>	<u>6,245</u>	<u>(8,313)</u>	<u>999</u>	<u>17,359</u>
<b>Unrestricted funds</b>					
General funds	<u>53</u>	<u>67</u>	<u>(28)</u>	<u>(64)</u>	<u>28</u>
<b>Total funds</b>	<u>18,481</u>	<u>6,312</u>	<u>(8,341)</u>	<u>935</u>	<u>17,387</u>

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Funds	Total Funds
	£'000	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2018 are represented by:</b>					
Tangible fixed assets	-	-	18,295	-	18,295
Fixed asset investments	-	-	-	733	733
Current assets	430	-	-	-	430
Creditors falling due within one year	(286)	(256)	-	-	(542)
Defined benefit pension liability	-	(2,545)	-	-	(2,545)
<b>Total net assets</b>	<u>144</u>	<u>(2,801)</u>	<u>18,295</u>	<u>733</u>	<u>16,371</u>
	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Funds	Total Funds
	£'000	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2017 are represented by:</b>					
Tangible fixed assets	-	-	19,482	-	19,482
Fixed asset investments	-	-	-	1,035	1,035
Current assets	28	392	-	-	420
Creditors falling due within one year	-	(569)	-	-	(569)
Defined benefit pension liability	-	(2,981)	-	-	(2,981)
<b>Total net assets</b>	<u>28</u>	<u>(3,158)</u>	<u>19,482</u>	<u>1,035</u>	<u>17,387</u>

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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20	Reconciliation of net expenditure to net cash flow from operating activities	2018 £'000	2017 £'000
	Net expenditure for the reporting period (as per the Statement of Financial Activities)	(1,587)	(2,029)
	<b>Adjusted for:</b>		
	Capital grants from DfE/ESFA and other capital income	(22)	(23)
	Net endowment income	(35)	(35)
	Interest receivable	(23)	(28)
	Defined benefit pension scheme cost less contributions payable	67	71
	Defined benefit pension scheme finance cost	70	75
	Depreciation of tangible fixed assets	1,193	1,563
	<b>Movements in working capital:</b>		
	(Increase) in stocks	(24)	-
	(Increase) in debtors	(25)	(112)
	(Decrease) in creditors	(27)	(16)
	<b>Net cash used in operating activities</b>	<u>(413)</u>	<u>(534)</u>

#### 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 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.

#### 22 Pension 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 2016.

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 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.

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 22 Pension and similar obligations (Continued)

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 in 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 2.0% 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%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, 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 £479,000 (2017: £401,000)

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

##### 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.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 22 Pension and similar obligations (Continued)

<b>Total contributions made</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Employer's contributions	224	207
Employees' contributions	52	49
Total contributions	<u>276</u>	<u>256</u>

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

	<b>2018 %</b>	<b>2017 %</b>
Rate of increase in salaries	3.6	3.7
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	2.8	2.4
Inflation assumption (CPI)	2.1	2.2

The assumed life expectations on retirement age 65 are:

	<b>2018 Years</b>	<b>2017 Years</b>
Retiring today		
- Males	22.0	21.6
- Females	24.8	24.7
Retiring in 20 years		
- Males	25.0	24.2
- Females	27.8	27.7

#### The academy trust's share of the assets in the scheme

	<b>2018 Fair value £'000</b>	<b>2017 Fair value £'000</b>
Equities	1,491	1,601
Government bonds	98	104
Other bonds	338	370
Cash	89	147
Property	261	245
Other assets	591	590
Total fair value of assets	<u>2,868</u>	<u>3,057</u>

The actual return on scheme assets was £165,000 (2017: £283,000).

# NEWTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 22 Pension and similar obligations (Continued)

<b>Amount recognised in the Statement of Financial Activities</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Current service cost	287	274
Net interest cost	70	75
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	4	4
Total operating charge	<u>361</u>	<u>353</u>

<b>Changes in the present value of defined benefit obligations</b>	<b>2018 £'000</b>
At 1 September 2017	6,038
Current service cost	287
Interest cost	139
Employee contributions	52
Actuarial gain	(476)
Benefits paid	(627)
At 31 August 2018	<u>5,413</u>

<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2018 £'000</b>
At 1 September 2017	3,057
Interest income	69
Return on plan assets (excluding net interest on the net defined pension liability)	97
Employer contributions	224
Employee contributions	52
Benefits paid	(627)
Plan introductions, benefit changes, curtailments and settlements	(4)
At 31 August 2018	<u>2,868</u>

### 23 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 (2017: £35,000).
- During the year, Arley Farchild Limited, of which Patrick Ferguson is a Director, has purchases services to the value of £2,880 (2017: £1,800).

Key management personnel compensation disclosure is included in note 9.



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

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## **Conclusion**

We have carried out an engagement in accordance with the terms of our engagement letter dated 20 August 2018 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by Newton Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

## **Basis for conclusion**

The framework that has been applied is set out in the Academies Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of Newton Academy Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

## **Responsibilities of Newton Academy Trust's accounting officer and trustees**

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 2017, 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Newton Academy Trust and appointment of the accounting officer.

## **Reporting Accountant's responsibilities for reporting on regularity**

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 2017 to 2018.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2017 to 31 August 2018 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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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 the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2017 to 2018.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

### Use of our report

This report is made solely to Newton Academy Trust and the ESFA in accordance with the terms of our engagement letter dated 20 August 2018. Our work has been undertaken so that we might state to the Newton Academy Trust and the 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 Newton Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

*RSM UK Audit LLP*

**RSM UK Audit LLP**  
Chartered accountants  
Bluebell House  
Brian Johnson Way  
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PR2 5PE

Dated: ..... 13/12/18