

ST JOHN'S CHURCH OF ENGLAND ACADEMY

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018

St John's Church of England Academy

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St John's Church of England Academy

Reference and Administrative Details

Members	Venerable S Bain, Bishop of Durham Revd S Williamson, Incumbent (resigned 1 February 2018) R Thorndyke, Durham Diocesan Board of Finance V Cadd, Chair of St John's CE Academy Trust
Trustees (Directors)	V Cadd C Large M Brown E G Robinson Revd S Plummer S Railton J M Hazlewood C Marsh Revd S Williamson (resigned 1 February 2018) J Pattinson M Doswell W J Harrison A Linsley (appointed 5 October 2017)
Company Secretary	P Cooke
Senior Management Team	C Large, Head Teacher M Brown, Deputy Head Teacher M Ramsey, Assistant Head Teacher D Goldsbrough, SENCO
Principal and Registered Office	St John's Church of England Academy Fenby Avenue Darlington County Durham DL1 4UB
Company Name	St John's Church of England Academy
Company Registration Number	08026134
Auditors	Tait Walker LLP Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Bankers	Lloyds PLC 21-23 Northgate Darlington County Durham DL1 1TL
Solicitors	Womble Bond Dickinson (UK) LLP One Trinity Broad Chare Newcastle upon Tyne NE1 2HF

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a directors' report under company law.

The Academy Trust operates an Academy for pupils aged 2 to 11 serving a catchment area in east Darlington. It has a pupil capacity of 210 for Reception to Year 6, a 26 place Nursery for 3 and 4 year olds and a 20 place full-time equivalent provision for 2 year olds. The total number of pupils in the school at the last school census in May 2018 was 276.

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 St John's Church of England Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as St John's Church of England 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

A Trustee may benefit from any indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust, or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not, and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust.

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 Academy Trust joined the ESFA's RPA scheme on 1st September 2015 and this provides cover up to £10,000,000. This arrangement remained in place for this reporting period.

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018 (continued)

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed under the rules contained within the Academy Trust's memorandum and articles of association and membership of the Board of Trustees is in accordance with the structure contained within it. The number of Trustees shall be not less than three and is not subject to any maximum and the appointments made are in line with the guidance in the articles of association. The term of office for each Trustee is four years with the exception of a co-opted Trustee. The period of office for a co-opted Trustee is determined by the Board of Trustees but will not be more than four years.

The members may appoint a minimum of seven Trustees and up to two staff Trustees through any process as they may determine, provided that the total number of Trustees (including the head teacher) who are employees of the Academy Trust, does not exceed one third of the total number of Trustees.

Of the thirteen Trustees, three persons are nominated by the Durham Diocesan Board of Education after consultation with the Parochial Church Council of St John's, Darlington and three persons are nominated by the Parochial Church Council of St John's, Darlington. The remaining Trustee is the Incumbent.

The head teacher is treated for all purposes as being an ex officio Trustee and the Local Authority may appoint the Local Authority Trustee.

The parent Trustees are elected by parents of registered pupils at the Academy Trust. A parent Trustee must be a parent of a pupil at the Academy Trust at the time when they are elected. If the number of parents standing for election is less than the number of vacancies, then the Board of Trustees can appoint them.

The Trustees may appoint up to 2 co-opted Trustees. The Trustees may not co-opt an employee of the Academy Trust as a co-opted Trustee if thereby the number of Trustees who are employees of the Trust would exceed one third of the total number of Trustees.

The Secretary of State may appoint additional Trustees as s/he sees fit, after consultation with the Diocesan Board of Education, if s/he has given the Trustees a warning notice, and the Trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period. The Secretary of State may also appoint additional Trustees following an inspection by the Chief Inspector of Schools (Ofsted) where the Academy Trust receives a grading which amounts to a drop of two Ofsted grades.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy Trust purchases external support that provides for individual and Board of Trustee training that is linked to the Academy Trust's self-review of performance and the findings of the annual skills' audit. All new Trustees are given induction training by the Academy Trust's governance partner that reflects his/her previous experience and expertise. All new Trustees are given a tour of the Academy Trust (by the head teacher and Chair) and the chance to meet with staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as Trustees. The induction and training of Trustees benefits from the experience of the chair of Trustees who is a National Leader of Governance.

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018 (continued)

Organisational Structure

The management structure consists of the members, the Trustees, and the senior leadership team.

The Academy Trust's scheme of delegation makes clear the delegated responsibility for decision making within the Academy Trust. The Trustees are responsible for setting policy, approving the annual budget and the associated school improvement plan. The school improvement plan makes clear the Trustees' key priorities for each academic year in relation to improving outcomes for the pupils in the Academy Trust. Trustees have a range of strategies in place by which they monitor progress towards these key priorities, including regular visits to the school to see pupils at work and evaluate the progress of the Academy Trust improvement plan.

The head teacher is the designated accounting officer for the Academy Trust.

The Board of Trustees continues to have themed meetings of the Board rather than Board meetings supported by a number of dedicated committees. Additional meetings of the Trustees take place as and when required to review admissions, review pay and hear appeals. The School Business Manager (SBM) attends all relevant meetings. The SBM is also the designated Chief Financial Officer as required by the Education & Skills Funding Agency (ESFA).

The work of the Board of Trustees is carefully planned by the chair and the head teacher, working closely with the Academy Trust's clerk to the Board of Trustees. The Board of Trustees undertakes an annual review of its effectiveness and outcomes from this support the Academy Trust's wider self-evaluation processes. Regular training is undertaken by the Board of Trustees to reflect its own evaluation of need. This includes an annual strategic planning and review day at which the focus is on evaluating the governance action plan and developing the next plan. This took place on 9th November in 2017. Next year's strategic planning and review day will take place on 8th November 2018.

Trustees also undertake a skills audit each year and this is used to highlight areas for development and training. It is also used to support the recruitment of new Trustees by enabling the Board of Trustees to pinpoint the skills and experience it needs to attract through the appointment of new Trustees.

Training undertaken in 2017/18 related to:

- Induction for newly appointed Trustee (Andrew Linsley)
- SIAMS inspection preparation including Church school distinctiveness and leadership and management of a Church school
- Introducing Christianity – preparation for new Diocesan scheme of work
- Strategy day – included review of aims and mission and strategic vision
- Understanding data – ASP
- General Data Protection Regulation (GDPR)

The Board of Trustees believes that its processes make it an effective group and the Board of Trustees is able to identify the impact of its work across all the areas expected by Ofsted. The most recent review of the Academy Trust was undertaken as part of the Statutory Inspection of Anglican and Methodist Schools (SIAMS) process in June 2018. The report concluded that, in relation to governance:

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018 (continued)

The school is led by a senior leadership team and governing body whose members are passionately committed to a deeply Christian vision and promote Christian values in all aspects of school life. The Christian values of love and trust are at the heart of this school. Leaders live out these values with earnest intent, ensuring robust self-evaluation and continual improvement. The governors are well-informed through monitoring visits, looking at pupils' work and formal feedback from leaders at all levels including the RE subject leader. As a result, strategic planning is robust and relevant to the specific needs of the school.

SIAMs Inspection: School Report – June 2018

The leadership team consists of the head teacher, deputy head teacher, assistant head teacher and special educational needs and disabilities co-ordinator. The scheme of delegation makes clear what decisions have been delegated to the head teacher by the Board of Trustees. The senior leadership team oversees the Academy Trust at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The senior leadership team is responsible for the day-to-day operation of the Academy Trust, particularly in relation to the organisation of teaching and learning and the wellbeing of pupils.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Academy Trust has robust performance management (PM) arrangements in place for all staff, including the Academy Trust's key management personnel. The PM of the head teacher is undertaken by a group of designated PM Trustees with external specialist advice and support. The ISR range for the Head Teacher was increased from L24 to L30 from September 2014 in accordance with the flexibilities within the School Teachers pay and conditions document (2014) to allow Governing bodies to increase the ISR range up to a maximum of 25% of the school group size which, in the case of St John's Church of England Academy Trust, is the equivalent of L30. This increase was due to the sustained high performance of the Head Teacher (Academy Trust Ofsted *Outstanding* since 2008 and SIAMS *Outstanding* maintained in June 2018), the high levels of deprivation and development of Nursery provision for 2 year olds along with the need to retain high calibre staff. This remained the situation during this reporting period. The Deputy Head's range was increased at the same time from L15 to L19 as a result of sustained high performance and retention purposes.

The head teacher organises the PM arrangements for all staff within the school and reports to the Board of Trustees annually on the performance of all staff against their agreed objectives. The objectives of staff are layered to reflect the Academy Trust's key priorities for the year. This ensures that the performance of staff is linked to improvements identified by the Board of Trustees and head teacher in the school's improvement plan. The Assistant Head Teacher's salary was reviewed by the Board of Trustees in 2017/18 and increased to ISR L7 to L11.

Related Parties and Other Connected Charities and Organisations

St John's Church of England Academy is a stand-alone Academy Trust and not part of a multi-Academy Trust. The Academy Trust is not connected to another charity as defined under paragraph 28 (1) of schedule 3 of the Charities Act.

Trustees are aware of their responsibility to be even-handed in their relationships with related parties and ensure that all members, Trustees, the accounting officer (head teacher), chief financial officer and deputy head teacher complete a Register of Business Interests at the first meeting of each academic year. This is then kept under review as an agenda item at each subsequent meeting of the Board of Trustees. Declarations are recorded in the minutes of each meeting for audit purposes. The information from Trustees' Registers of Business Interests is collated and published on the Trust's website as required. No payments were made to any Trustees in 2017/18 and Trustees are aware of the Charity Commission's guidance CC11: *Trustee expenses and payments* and Section 3.10: *Transactions with related parties* in the Academies Financial Handbook.

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018 (continued)

The Academy Trust is part of a group of local schools and this group meets regularly to discuss common areas for development and plan shared areas for working between staff such as moderation of assessments. The impact of this close working is that the Academy Trust can share best practice, maximise resources and improve efficiencies.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objective and activity of the Charitable Company is the operation of the St John's Church of England Academy to advance for the public benefit, in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England.

The Academy Trust also promotes for the benefit of the inhabitants of the area surrounding the Academy Trust the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or the public at large in the interests of social welfare with the object of improving the condition of life of the said inhabitants provided that this shall be merely incidental to its main use.

The characteristics of the Academy Trust identified in the Funding Agreement with the Secretary of State are that:

- The Academy Trust has a balanced and broadly based curriculum;
- The Academy Trust provides education for pupils of different abilities;
- The Academy Trust provides education for pupils who are wholly or mainly drawn from the area in which the Academy Trust is situated.

Funding is provided on condition that:

- The Academy Trust will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community;
- There will be assessments of pupils' performance as they apply to maintained schools;
- The admissions policy and arrangements for the Academy Trust will be in accordance with admissions law, and the DfE Codes of Practice, as they apply to maintained schools;
- Teachers' levels of pay and conditions of service for all employees will be the responsibility of the Academy Trust;
- There will be an emphasis on the needs of the individual pupils including pupils with special educational needs (SEN), both those with and without statements of SEN;
- There will be no charge in relation to admission to the Academy Trust and the Academy Trust will only charge pupils where the law allows maintained schools to charge; and
- The Academy Trust shall as soon as reasonably practical establish an appropriate mechanism for the receipt and management of donations and shall use reasonable endeavours to procure donations through that mechanism for the purpose of the objects specified in the Articles.

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018 (continued)

"Guided by God to be the best that you can be"

We aim to:

- create a safe, happy and caring learning environment, where everyone is welcomed and valued as a unique individual within the eyes of God and each other;
- provide a broad, balanced and meaningful curriculum, which offers all pupils the widest range of educational opportunities in order to inspire a love of learning, prepare them for the next phase of their education and life in the 21st century;
- create an "I can do" culture (school motto) and raise individual self-esteem through praise and independence so children are not afraid to make mistakes and know what they need to do to improve their learning;
- encourage pupils to develop spiritually, mentally, physically, culturally and morally into well balanced, reliable citizens who take responsibility for themselves and others, their school environment and the wider world;
- ensure that equal opportunities are provided for all;
- work in partnership with Trustees, families, feeder schools and other agencies and work together to ensure that every child matters and achieves their true potential; and
- commit to excellence for all and through the process of continual reflection and evaluation, constantly strive to improve.

Christian values are at the heart of our Academy Trust. Staff, Trustees, parent representatives and children worked together to discuss which values are important for our community and how we could embed them in our daily living and learning together. The six key values chosen to focus on were:

LOVE, FORGIVENESS, PEACE, TRUTHFULNESS, RESPECT, COURAGE

Other values that support our ethos include: hope, compassion, patience, tolerance, gratefulness and justice. These core values underpin our daily life and are implicit in our mission statement.

Objectives, Strategies and Activities

Trustees undertake a planned programme of monitoring and evaluation activities in order to inform their view of areas for improvement. Trustees identified the following four key priorities for improvement in 2017/18:

- Improve the quality of teaching and learning in maths resulting in an increase in the % of children achieving Age Related Expectations (ARE) and greater depth (GD) in maths;
- Diminish the achievement gap in reading between boys and girls at the end of Key Stage 2;
- Further develop the quality of teaching and learning in Religious Education (RE) by implementing the new inquiry based Understanding Christianity materials;
- Introduce the new tracking system into EYFS so that it is easier to see an overview of progress.

In order to achieve these improvements, the following strategies were put in place to build on the previous year's activities:

- New Calculations Policy introduced to develop a consistent approach across the Academy Trust;
- Professional development for staff on 'Number Sense' to ensure visual and applied approach to teaching maths;

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018 (continued)

- All staff had a focus on developing maths and supporting vulnerable groups as part of the Academy Trust's performance management process;
- Staff development on new Understanding Christianity materials to support revised medium term planning and an enquiry-based approach to the teaching of RE;

Public Benefit

In setting our objectives and planning our activities in 2017/18, the Trustees have given careful consideration to the guidance on public benefit published by the Charity Commission. In particular, the Trustees have considered how planned activities will contribute to the aims and objectives they have set. The Academy Trust serves a challenging socio-economic area and has provided a fully comprehensive education to all pupils in its care that has enabled pupils to achieve at levels above that achieved by most schools. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

The Academy Trust has undertaken a range of significant activities during this reporting period to further its charitable purposes for the public benefit. The benefit provided by the Academy Trust is equated to our achievements in this particular period, which include:

- Academy Trust is above national floor standards in all areas in 2018;
- Academy Trust compares very favourably with national expected outcomes in the 2018 national assessments at Key Stage 2;
- KS 1 to 2 Progress for 2018 is strong (top 5% of schools for writing, top 25% of schools for maths and in the middle 20% of schools for reading);
- In the 2018 national tests, the Academy Trust was significantly above the national average in nearly all individual subjects and reading, writing and maths combined (RMW) at KS2, and significantly above the national average for greater depth in maths, writing and RMW.

STRATEGIC REPORT

Achievements and Performance

The school converted to Academy Trust status on 1 May 2012. Results have continued to be excellent and this demonstrates that the Academy Trust is meeting the needs of all of its pupils be they gifted and talented or SEND. Staff and Trustees are continually working to improve the outcomes for all pupils at the Academy Trust. To achieve this the Academy Trust undertakes a range of activities including:

- detailed tracking of individual progress and attainment;
- provision of timely support and intervention as required;
- a rigorous programme of classroom observations linked to our performance management policy;
- a planned programme of monitoring and evaluation activity; and
- a creative curriculum that supports personalised learning and success for all.

The Academy Trust attained Platinum accreditation in PE and Sport in 2017/18 as it had achieved Gold accreditation for 4 consecutive years prior to this.

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018 (continued)

The Academy Trust was again awarded the Gold Mark for sustainable travel in July 2018 to reflect its work in promoting children walking, cycling and scooting to school. The quality of the work was such that the Academy Trust was put forward for a regional award. The Academy Trust also had the most children cycling to school within the local authority as part of the Big Pedal initiative for 2018.

The Academy Trust was awarded the Young Carers Charter in June 2016 for supporting children who are carers. This has involved awareness raising with pupils and working with young carers to give them access to extended opportunities.

School Performance Summary 2017/18

The following tables detail the Academy Trust's performance in the 2018 national assessments. The high performance of the Academy Trust will be noted in nearly all areas.

Performance at Key Stage 2 in national assessments 2018: Table 1

Subject	% of pupils achieving expected standard or better		% of pupils achieving greater depth		Average scaled score	
	St John's	National	St John's	National	St John's	National
Reading	77	75	20	25	104	105
Writing	87	78	23	18		
Maths	87	76	27	23	106	104
GPS	90	78	23	31	106	106
RWM	77	64	17	9		
Science (Teacher Assessment)	90	82				

KS 1 performance in national assessments in 2018: Table 2

	% of pupils achieving expected standard or better		% of pupils achieving greater depth	
	St John's	National	St John's	National
Reading (R)	80	76	20	25
Writing (W)	67	68	13	16
Maths (M)	73	75	13	21
RWM	50		7	

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Trustees' Report for the Year Ended 31 August 2018 (continued)

Phonic screening at Year 1 in 2018: Table 3

Phonic Screening	2014	2015	2016	2017	2018
St John's	69%	84%	85%	89%	87%
National	74%	77%	81%	81%	Not yet published

Early Years Foundation Stage Outcomes in 2018: Table 4

Good Level of Development	2013	2014	2015	2016	2017	2018
St Johns	50%	54.8%	63%	67%	67%	57%
National	52%	60%	67%	69%	71%	Not yet published

Key Performance Indicators

The key financial performance indicators of the Academy Trust relate to the effectiveness of the use of funds for the benefit of the education of children. The key non-financial performance indicators of the Academy Trust relate to the achievements and performance of its pupils.

The Academy Trust has a range of key performance indicators that enables Trustees to monitor progress and effectiveness of the Academy Trust and this forms part of the School Improvement Plan.

Key indicators include:

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

The majority of the Trusts' income for the year of account is obtained from either the ESFA (Education & Skills Funding Agency) or Local Authorities as commissioners of pupil places, the use of which is restricted to particular purposes. The grants and funding received from these bodies for the year and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2018 total expenditure of £1,342k was in excess of grant funding from the ESFA and commissioned place income from Local Authorities together with other incoming resources. The excess of income over expenditure for the year (excluding inherited assets and liabilities, restricted fixed asset funds and before pension transfer) was £7k.

At 31 August 2018 the net book value of fixed assets was £882k. The assets were used exclusively for providing education and associated support to the pupils in the academies within the Trust.

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018 (continued)

Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted Fund. This resulted in the pension fund showing a deficit of £428k which has been carried forward to 2018/19. It should be noted that this does not present a liquidity problem for the Trust and that we are reviewing contributions to the pension scheme in order to see a reduction in the pension deficit in future years.

A risk register is maintained and this is reviewed termly by the Trustees. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Risks are escalated to the Board of Trustees as necessary. This is supported by a risk management policy.

Reserves Policy

The Academy Trust's policy for reserves is to ensure a minimum reserves balance which would equate to 4 weeks' worth of expenditure both in terms of salaries and invoices. This would equate to approximately £112k.

The Trustees review the level of reserves annually and cash flow is reviewed at each Board of Trustees meeting. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that there should be sufficient working capital and free reserves to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies.

The Academy Trust's level of free reserves (total funds less the amount held in fixed assets and restricted funds) at 31 August 2018 was £231k which is considered by the Trustees to be adequate given that the free reserves policy of the Academy Trust is to cover 4 weeks' worth of expenses (approx. £112k).

The Trustees continue to consider additional activities related to the Academy Trust's objectives to which the excess reserves may be applied including:

- Refurbishing learning environment;
- Updating heating system following failure to attract CIF funding;
- Further enhancing the outdoor learning environment; and
- Recruitment of additional staffing to support succession planning.

The amount held in restricted funds (excluding pension reserve) plus unrestricted funds was £428k.

Investment Policy

The Academy Trust's current investment policy is to maximise income but from a low risk strategy.

The objectives of the policy are:

- To maintain sufficient cash balances in its current account to meet its day to day commitments;
- To invest surplus cash to earn an acceptable rate of return without undue risk;
- To consider spreading risk between different types of investment and institutions to reduce credit risk.

St John's Church of England Academy

Trustees' Report for the Year Ended 31 August 2018 (continued)

All monies are currently held on bank deposits for differing periods of time. Deposits are for fixed periods ranging from 3 months to 12 months and are attracting interest on maturity. All these funds have limited access. These deposits do not compromise the Academy Trust's cash flow as the policy sets this at 4 weeks of expenditure (approximately £112k)

These arrangements are in line with the objectives of our policy.

Principal Risks and Uncertainties

The Academy Trust's risk register is updated termly. The key risks for the Academy Trust are:

- Loss of key staff (including Trustees) resulting in instability and reduced performance of the Academy Trust;
- Financial uncertainty from 2019/20 onwards;
- Lack of arrangements within local authority to support vulnerable pupils.

Current measures to mitigate these risks are:

- Revised staffing structure remains in place;
- Close monitoring of pupil numbers;
- Increased ISR range for Head Teacher, Deputy Head Teacher and Assistant Head Teacher;
- Efficiency savings identified for 2018/19;
- Increased grading for Academy Trust Business Manager;
- High quality training and development for succession planning;
- Board of Trustees structure reviewed annually;
- Annual skills analysis-gaps identified.

Following a comprehensive review of risk in June 2018 alongside the likelihood, impact and the existing controls put in place, there were no risks identified with a high probability of occurrence.

Fundraising

The Board of Trustees is aware of its duties under the provisions of the Charities (Protection and Social Investment) Act 2016 and gives due regard to *Charity Fundraising: a guide to Trustees' duties (CC20)*.

The Academy Trust receives its funding from the ESFA and through a range of DfE and local authority grants. The Academy Trust undertook limited additional fundraising in 2017/18 and all the additional fundraising was linked to the Academy Trust's core Christian values. At points during the year, the Academy Trust raised funds for, among others, Children in Need/Brighter Biker Day, Durham and Darlington MRI scanner appeal and Macmillan Nurses. Donations to these charities are at the discretion of parents/carers and pupils of the school. All monies raised are then passed, in total, to the respective charity. Fundraising is not undertaken amongst members of the general public unconnected with the Academy Trust.

Pupils at the Academy Trust have an active involvement in decisions about which charities are supported. Funds raised in this way are processed in line with the Academy Trust's accounting procedures.

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Trustees' Report for the Year Ended 31 August 2018 (continued)

The Parents, Teachers and Friends Association (PTFA) of St John's CE Academy fundraises on behalf of the school but has its own bank account so funds raised do not impact directly on the Academy Trust's accounts. The operation of the PTFA is regulated by the PTFA's own constitution. The Academy Trust's School Council helps to identify how the funding raised by the PTFA is used to support the Academy Trust.

The Academy Trust has no associated trading company and therefore did not undertake any trading activity through this mechanism in 2017/18.

Plans for Future Periods

The Academy Trust plans to maintain the high standards of the property from which it operates and is planning to refurbish the classroom accommodation and update the heating system in 2018/19. The Academy Trust is continuing to monitor the impact of its provision for working parents/carers and the Board of Trustees has expanded the Academy Trust's after-school provision as from September 2018 in order to support working parents/carers. Trustees are aware of the national imperative regarding multi-Academy Trust status and will review their decision relating to this during 2018/19.

FUNDS HELD AS CUSTODIAN ON BEHALF OF OTHERS

There are no funds held as Custodian Trustee on behalf of others.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the Trustees are aware:

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

AUDITOR

Tait Walker LLP were appointed as auditors on a three-year contract up to the year ended 31st August 2018. A tendering exercise will be undertaken to appoint auditors for the accounting period commencing on 1st September 2018.

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 1.6.18 and signed on the Board's behalf by:



V Cadd
Chair

St John's Church of England Academy

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that St John's Church of England Academy 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 Head Teacher, 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 St John's Church of England Academy 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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a Possible
C Large (Head Teacher and Accounting Officer)	6	6
V Cadd (Chair)	6	6
M Brown (Staff Trustee)	6	6
S Railton (Staff Trustee)	6	6
M Doswell (Foundation Trustee)	4	6
W J Harrison (Foundation Trustee)	5	6
C Marsh (Foundation Trustee)	5	6
J Pattinson (Foundation Trustee)	5	6
Rev. S Plummer (Foundation Trustee)	5	6
Rev. S Williamson (Foundation Trustee – resigned 1st February 2018)	2	2
J Hazelwood (Parent Trustee)	4	6
A Linsley (Parent Trustee – appointed 5th October 2017)	5	6
E G Robinson (LA Trustee)	6	6

There have been no changes to the Board of Trustees since the end of the reporting period.

St John's Church of England Academy

Governance Statement (continued)

Governance Review

The Academy Trust has a strong track record of effective governance. In the Academy Trust's most recent Ofsted inspection, governance was judged to be *Outstanding*. The Academy Trust was successful in gaining Governor Mark accreditation in December 2014. Governor Mark is an external accreditation process that takes into account all aspects of a school's governance arrangements. In September 2015 the Chair of the Board of Trustees was successful in gaining accreditation as a National Leader of Governance and is currently providing leadership support to a primary school in challenging circumstances.

Trustees review annually the effectiveness of their governance arrangements as part of a Trustees' strategic planning day. This took place on 9th November 2017. Trustees undertook a review of the effectiveness and impact of their work. The review was linked to the DfE's *Competency Framework for Governance* which identifies the skills and knowledge expected of those involved in governance at a Trustee level. As a result of the review, Trustees took the following actions to improve their efficiency and effectiveness:

1. Trustees reviewed the Academy Trust's aims and mission statement;
2. Skills audit identified specific areas for development – e.g. Safer Recruitment practices and GDPR;
3. Trustees were actively engaged in determining the Academy Trust's priorities for improvement through the development of the improvement plan, including the identification and implementation of Trustee monitoring activity to enable Trustees to evaluate progress against the key priorities;
4. Reviewed Trustees' role in SIAMS inspection process;
5. Review Trustee induction pack and communication procedures;
6. Developed Trustees' understanding of new Understanding Christianity syllabus and related assessments;
7. Identification of Lead Trustees – e.g. GDPR - to monitor activity within statutory areas of responsibility;
8. Reviewed Trustee action plan 2016/17 and developed 2017/18 plan based on outcomes from review of effectiveness and findings from skills' audit; and
9. Embed use of online portal for information sharing for Trustees and Academy Trust email addresses in place for Trustees to meet GDPR requirements.

The Board of Trustees has made good use of a range of national data products to support their work in monitoring the activity of the Academy Trust. This has related to both pupil performance and financial performance. Products used have included Analyse School Performance (ASP), Inspection Data Summary Report (IDSR), DfE Performance Tables and DfE Financial Benchmarking data. The Board of Trustees moved to the provision of performance data by an outside provider to ensure external quality assurance that supports the scrutiny by the Board of Trustees. In summer term 2018 the Board of Trustees procured external financial benchmarking support that compared the Academy Trust to a range of other academies across the north east of England. Allied to this, the Board of Trustees expects the head teacher to provide regular updates to their meetings of pupil progress data based on the Academy Trust's internal tracking system. This enables the Board of Trustees to compare its internal data with benchmarked external data that supports rigorous accountability.

St John's Church of England Academy

Governance Statement (continued)

Review of Value for Money

As accounting officer, the head teacher 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 taxpayers resources received.

The accounting officer considers how the Academy 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:

- Ensuring that the resources available enable children to achieve national age related expectations, or exceed them, through the setting of annual pupil achievement targets, based on revised curriculum expectations;
- Trustees and school leaders deploy staff to provide best value in terms of quality of teaching and learning, adult-pupil ratios and curriculum management. The Academy Trust staffing structure is reviewed annually to ensure the most appropriate provisions for our pupils - e.g. Higher Level Teaching Assistant providing PPA cover in EYFS due to reduction in time provided for 2-year olds as numbers not financially viable and expertise of SBM enabling Academy Trust to now purchase reduced level of additional financial support;
- Maximising the opportunities for the generation of additional revenue income through, for example, careful investment of reserves to generate additional income and use of the NLG's additional funding to support Academy Trust governance initiatives.

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 St John's Church of England Academy for the period from 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 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;

St John's Church of England Academy

Governance Statement (continued)

- 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; and
- identification and management of risks.

The Board of Trustees have considered the need for a specific internal audit function and have appointed Tait Walker to provide a programme of internal assurance.

The internal assurance role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Internal assurance activity is based on 3 days per annum site visits. In particular the checks carried out in the current period included:

- testing of ESFA, DfE and Local Authority income
- testing of purchasing and payments systems
- testing of bank, petty cash, debit and credit card use

On a termly basis the assurance provider reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The schedule of work was delivered by Tait Walker LLP as planned and identified a small number of minor issues that have been added to the Academy Trust's Finance Improvement Plan.

Review of Effectiveness

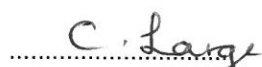
As accounting officer, the head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- the work of the assurance provider;
- 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 Board of Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 16.11.18..... and signed on its behalf by:


.....
V Cadd
Chair


.....
C Large
Accounting officer

St John's Church of England Academy

Statement on Regularity, Propriety and Compliance

As Accounting Officer of St John's Church of England Academy I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & 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 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.

.....C. Large.....
C Large
Accounting officer

Date: 16.11.18.....

St John's Church of England Academy

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education & 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments 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 grants received from the 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 on 16.11.18 and signed on its behalf by:



V Cadd
Trustee

St John's Church of England Academy

Independent Auditor's Report on the Financial Statements to the Members of St John's Church of England Academy

Opinion

We have audited the financial statements of St John's Church of England Academy (the 'Academy Trust') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust'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 Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

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 Academy Trust 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 Academy Trust'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 Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

St John's Church of England Academy

Independent Auditor's Report on the Financial Statements to the Members of St John's Church of England Academy (continued)

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.

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or 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 19, the Trustees 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 Academy Trust'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 Academy Trust 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

St John's Church of England Academy

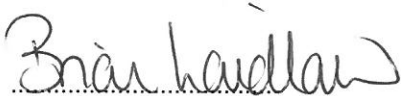
Independent Auditor's Report on the Financial Statements to the Members of St John's Church of England Academy (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Academy Trust's Trustees, 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 Academy Trust's Trustees 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 Academy Trust and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Brian Laidlaw BA CA (Senior Statutory Auditor)
For and on behalf of Tait Walker LLP
Chartered Accountants and Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 13th December 2018.

St John's Church of England Academy

Independent Reporting Accountant's Report on Regularity to St John's Church of England Academy and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 11 October 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St John's Church of England Academy 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.

Respective responsibilities of the St John's Church of England Academy Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of the St John's Church of England Academy's funding agreement with the Secretary of State for Education dated 1 May 2012 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.

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. 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 year from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry of senior management and the Trustees of the Academy Trust;
- Observation of re-performance of financial controls; and
- Inspection and review of the accounting records, meeting minutes and internal control procedures;
- Review of card transactions;
- Review of register of business and pecuniary interests;
- Review of related party transactions;
- Review of a sample of gifts and hospitality expenditure;
- Review of a sample of payroll, expenditure and expense claims;
- Review of termly internal assurance reports;

St John's Church of England Academy

Independent Reporting Accountant's Report on Regularity to St John's Church of England Academy and the Education & Skills Funding Agency (continued)

- Completion of regularity questionnaire by Accounting Officer; and
- Review of formal letter of representation from Trustees acknowledging responsibilities and specific representations provided.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 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.

This report is made solely to St John's Church of England Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to St John's Church of England Academy and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St John's Church of England Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

Tait Walker LLP

Tait Walker LLP
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: *13th December 2018*

St John's Church of England Academy

Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2018 £ 000
Income and endowments from:					
Donations and capital grants	2	13	4	7	24
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	16	1,240	-	1,256
Other trading activities	4	9	8	-	17
Investments	5	1	-	-	1
Total		39	1,252	7	1,298
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	24	1,260	58	1,342
Net income/(expenditure)		15	(8)	(51)	(44)
Transfers between funds		-	(59)	59	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	21	-	66	-	66
Net movement in funds/(deficit)		15	(1)	8	22
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		216	(230)	874	860
Total funds/(deficit) carried forward at 31 August 2018		<u>231</u>	<u>(231)</u>	<u>882</u>	<u>882</u>

St John's Church of England Academy

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2017 £ 000
Income and endowments from:					
Donations and capital grants	2	7	4	7	18
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	15	1,242	-	1,257
Other trading activities	4	14	-	-	14
Investments	5	2	-	-	2
Total		38	1,246	7	1,291
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	43	1,211	42	1,296
Net (expenditure)/income		(5)	35	(35)	(5)
Transfers between funds		-	(56)	56	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	21	-	45	-	45
Net movement in (deficit)/funds		(5)	24	21	40
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2016		221	(254)	853	820
Total funds/(deficit) carried forward at 31 August 2017		216	(230)	874	860


St John's Church of England Academy

(Registration number: 08026134)

Balance Sheet as at 31 August 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Tangible assets	11	882	874
Current assets			
Debtors	12	39	66
Cash at bank and in hand		456	431
		495	497
Creditors: Amounts falling due within one year	13	(67)	(79)
Net current assets		428	418
Total assets less current liabilities		1,310	1,292
Net assets excluding pension liability		1,310	1,292
Pension scheme liability	21	(428)	(432)
Net assets including pension liability		882	860
Funds of the Academy:			
Restricted funds			
Restricted income fund	14	197	202
Restricted fixed asset fund	14	882	874
Restricted pension fund	14	(428)	(432)
		651	644
Unrestricted funds			
Unrestricted income fund	14	231	216
Total funds		882	860

The financial statements on pages 25 to 53 were approved by the Trustees, and authorised for issue on 16.11.18 and signed on their behalf by:



 V Cadd
 Trustee

St John's Church of England Academy

Statement of Cash Flows for the Year Ended 31 August 2018

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	17	83	34
Cash flows from investing activities	18	<u>(58)</u>	<u>(54)</u>
Change in cash and cash equivalents in the year		25	(20)
Cash and cash equivalents at 1 September		<u>431</u>	<u>451</u>
Cash and cash equivalents at 31 August	19	<u><u>456</u></u>	<u><u>431</u></u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies

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, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

These financial statements are prepared in sterling which is the functional currency of the entity.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the 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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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.

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Donations

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

Other income

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

Investment income

Interest receivable is included in the statement of financial activities on an accruals basis.

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Tangible fixed assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line or reducing balance basis over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Asset class	Depreciation method and rate
Computer Equipment	3 years straight line
Furniture & Equipment	7 years straight line
Motor Vehicles	4 years straight line
Freehold Property	50 years straight line

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.

Provisions

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

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

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded 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 balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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 Group.

Critical accounting estimates and areas of judgement

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

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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.

Defined Benefit Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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.

Depreciation

The Academy Trust has made an estimate of the useful lives of the tangible fixed assets. The estimation requires the Academy Trust to consider how long the asset is likely to be useful and charge the cost of the tangible fixed asset over its life to the Statement of Financial Activities. The charge for the current year was £58,000 (2017: £42,000).

Critical areas of judgement

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assessing indicator of impairment

In assessing whether there have been any indicators of impairment of assets the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2018 £ 000	Total 2017 £ 000
Educational trips and visits	6	-	-	6	5
Capital grants	-	-	7	7	7
Other donations	7	4	-	11	6
	<u>13</u>	<u>4</u>	<u>7</u>	<u>24</u>	<u>18</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2017 £ 000	
Total 2017	<u>7</u>	<u>4</u>	<u>7</u>	<u>18</u>	

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2018 £ 000	Total 2017 £ 000
DfE/ESFA revenue grants				
General Annual Grant GAG	-	891	891	896
Other ESFA Group grants	-	214	214	220
	<u>-</u>	<u>1,105</u>	<u>1,105</u>	<u>1,116</u>
Other government grants				
Local authority grants	-	135	135	126
	<u>-</u>	<u>135</u>	<u>135</u>	<u>126</u>
Non-government grants and other income				
Other income from the academy trusts educational operations	16	-	16	15
Total grants	<u>16</u>	<u>1,240</u>	<u>1,256</u>	<u>1,257</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Total 2017 £ 000	
Total 2017	<u>15</u>	<u>1,242</u>	<u>1,257</u>	

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2018 £ 000	Total 2017 £ 000
Hire of facilities	-	-	-	1
Catering income	5	-	5	5
Recharges and reimbursements	-	8	8	-
Income from other charitable activities	2	-	2	6
School uniform	2	-	2	2
	<u>9</u>	<u>8</u>	<u>17</u>	<u>14</u>
	Unrestricted funds £ 000		Total 2017 £ 000	
Total 2017	<u>14</u>		<u>14</u>	

5 Investment income

	Unrestricted funds £ 000	Total 2018 £ 000	Total 2017 £ 000
Short term deposits	<u>1</u>	<u>1</u>	<u>2</u>
	Unrestricted funds £ 000	Total 2017 £ 000	
Total 2017	<u>2</u>	<u>2</u>	

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Expenditure

	Non Pay Expenditure			Total 2018 £ 000	Total 2017 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Academy's educational operations					
Direct costs	858	58	66	982	929
Allocated support costs	172	70	118	360	367
	<u>1,030</u>	<u>128</u>	<u>184</u>	<u>1,342</u>	<u>1,296</u>

	Non Pay Expenditure			Total 2017 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000	
Total 2017	<u>998</u>	<u>107</u>	<u>191</u>	<u>1,296</u>

Net income/(expenditure) for the year includes:

	2018 £ 000	2017 £ 000
Operating lease rentals	1	3
Depreciation	58	42
Fees payable to auditor - audit	3	4
Fees payable to auditor - other audit services	<u>3</u>	<u>3</u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7 Charitable activities

		2018 £ 000	2017 £ 000
Direct costs - educational operations		982	929
Support costs - educational operations		360	367
		<u>1,342</u>	<u>1,296</u>
	Educational operations £ 000	2018 £ 000	2017 £ 000
Analysis of support costs			
Support staff costs	172	172	163
Technology costs	7	7	5
Premises costs	70	70	65
Other support costs	104	104	125
Governance costs	7	7	9
Total support costs	<u>360</u>	<u>360</u>	<u>367</u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff

Staff costs

	2018 £ 000	2017 £ 000
Staff costs during the year were:		
Wages and salaries	782	766
Social security costs	68	66
Operating costs of defined benefit pension schemes	171	166
	<u>1,021</u>	<u>998</u>
Supply staff costs	6	-
Staff restructuring costs	3	-
	<u>1,030</u>	<u>998</u>
		2018 £ 000
Staff restructuring costs comprise:		
Severance payments		<u>3</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £3,000 (2017: £Nil). Individually, the payments were:

Non-statutory payments £3,000

Staff numbers

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

	2018 No.	2017 No.
Charitable Activities		
Teachers	6	6
Administration and support	22	23
Management	3	3
	<u>31</u>	<u>32</u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

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 £243,611 (2017 - £294,153).

9 Related party transactions - Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from 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 role as Trustees. The value of trustees' remuneration and other benefits was as follows:

C Large (Principal & Trustee):

Remuneration: £80,000 - £85,000 (2017 - £75,000 - £80,000)

Employer's pension contributions: £10,000 - £15,000 (2017 - £10,000 - £15,000)

M Brown (Staff Trustee):

Remuneration: £60,000 - £65,000 (2017 - £60,000 - £65,000)

Employer's pension contributions: £10,000 - £15,000 (2017 - £10,000 - £15,000)

S Railton (Staff Trustee):

Remuneration: £10,000 - £15,000 (2017 - £10,000 - £15,000)

Employer's pension contributions: £0 - £5,000 (2017 - £Nil)

During the year ended 31 August 2018, travel and subsistence expenses totalling £78 (2017 - £452) were reimbursed or paid directly to 1 Trustees (2017 - 1).

Other related party transactions involving the Trustees are set out in note 22.

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

10 Trustees' and officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

11 Tangible fixed assets

	Freehold land and buildings £ 000	Furniture and fixtures £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
Cost					
At 1 September 2017	805	106	27	93	1,031
Additions	-	1	-	65	66
At 31 August 2018	805	107	27	158	1,097
Depreciation					
At 1 September 2017	29	45	4	79	157
Charge for the year	15	15	7	21	58
At 31 August 2018	44	60	11	100	215
Net book value					
At 31 August 2018	761	47	16	58	882
At 31 August 2017	776	61	23	14	874

12 Debtors

	2018 £ 000	2017 £ 000
VAT recoverable	3	6
Prepayments	12	14
Accrued grant and other income	24	46
	39	66

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

13 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	10	20
Other taxation and social security	17	17
Accruals	8	12
Deferred income	16	16
Pension scheme creditor	16	14
	<u>67</u>	<u>79</u>
	2018 £ 000	2017 £ 000
Deferred income		
Deferred income at 1 September 2017	16	49
Resources deferred in the period	16	16
Amounts released from previous periods	<u>(16)</u>	<u>(49)</u>
Deferred income at 31 August 2018	<u>16</u>	<u>16</u>

At the balance sheet date the Trust was holding funds received in advance in respect of rates relief and school meals.

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Funds

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant (GAG)	201	891	(837)	(59)	196
Pupil Premium	-	110	(110)	-	-
Other grants	1	251	(251)	-	1
	<u>202</u>	<u>1,252</u>	<u>(1,198)</u>	<u>(59)</u>	<u>197</u>
Restricted fixed asset funds					
Transfer on conversion	111	-	-	-	111
DfE/ESFA capital grants	715	7	(58)	59	723
Diocese on conversion	<u>48</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>
	874	7	(58)	59	882
Restricted pension funds					
Pension reserve	<u>(432)</u>	<u>-</u>	<u>(62)</u>	<u>66</u>	<u>(428)</u>
Total restricted funds	644	1,259	(1,318)	66	651
Unrestricted funds					
Unrestricted general funds	<u>216</u>	<u>39</u>	<u>(24)</u>	<u>-</u>	<u>231</u>
Total funds	<u>860</u>	<u>1,298</u>	<u>(1,342)</u>	<u>66</u>	<u>882</u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Funds (continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds					
General Annual Grant (GAG)	146	786	(675)	(56)	201
Pupil Premium	-	110	(110)	-	-
Other grants	10	350	(359)	-	1
	<u>156</u>	<u>1,246</u>	<u>(1,144)</u>	<u>(56)</u>	<u>202</u>
Restricted fixed asset funds					
Transfer on conversion	111	-	-	-	111
DfE/ESFA capital grants	694	7	(42)	56	715
Diocese on conversion	48	-	-	-	48
	<u>853</u>	<u>7</u>	<u>(42)</u>	<u>56</u>	<u>874</u>
Restricted pension funds					
Pension reserve	<u>(410)</u>	<u>-</u>	<u>(67)</u>	<u>45</u>	<u>(432)</u>
Total restricted funds	599	1,253	(1,253)	45	644
Unrestricted funds					
Unrestricted general funds	<u>221</u>	<u>38</u>	<u>(43)</u>	<u>-</u>	<u>216</u>
Total funds	<u>820</u>	<u>1,291</u>	<u>(1,296)</u>	<u>45</u>	<u>860</u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Funds (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant (GAG)	146	1,677	(1,512)	(115)	196
Pupil Premium	-	220	(220)	-	-
Other grants	10	601	(610)	-	1
	<u>156</u>	<u>2,498</u>	<u>(2,342)</u>	<u>(115)</u>	<u>197</u>
Restricted fixed asset funds					
Transfer on conversion	111	-	-	-	111
DfE/ESFA capital grants	694	14	(100)	115	723
Diocese on conversion	48	-	-	-	48
	<u>853</u>	<u>14</u>	<u>(100)</u>	<u>115</u>	<u>882</u>
Restricted pension funds					
Pension reserve	<u>(410)</u>	<u>-</u>	<u>(129)</u>	<u>111</u>	<u>(428)</u>
Total restricted funds	599	2,512	(2,571)	111	651
Unrestricted funds					
Unrestricted general funds	<u>221</u>	<u>77</u>	<u>(67)</u>	<u>-</u>	<u>231</u>
Total funds	<u>820</u>	<u>2,589</u>	<u>(2,638)</u>	<u>111</u>	<u>882</u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Funds (continued)

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

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

The General Annual Grant (GAG) must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/ESFA grants, Local Authority Grants and other income include Pupil Premium, insurance refund, PE Grant and staff development grant.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to LGPS, and the pension liability has therefore been aligned with these funds.

The transfer from the Local Authority reflects the fixed asset, the pension deficit, the surplus GAG and any surplus school funds acquired on conversion.

The restricted funds are in deficit as a result of the deficit on the LGPS Pension Scheme above.

Unrestricted funds can be used for any purpose at the discretion of the Academy Trust.

15 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	882	882
Current assets	231	264	-	495
Current liabilities	-	(67)	-	(67)
Pension scheme liability	-	(428)	-	(428)
Total net assets	<u>231</u>	<u>(231)</u>	<u>882</u>	<u>882</u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Analysis of net assets between funds (continued)

Comparative information in respect of the preceding period is as follows:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	874	874
Current assets	216	281	-	497
Current liabilities	-	(79)	-	(79)
Pension scheme liability	-	(432)	-	(432)
Total net assets	<u>216</u>	<u>(230)</u>	<u>874</u>	<u>860</u>

16 Commitments under operating leases

Operating leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £ 000	2017 £ 000
Amounts due within one year	1	1
Amounts due between one and five years	-	1
	<u>1</u>	<u>2</u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

		2018 £ 000	2017 £ 000
Net expenditure		(44)	(5)
Depreciation	6	58	42
Capital grants from DfE and other capital income		(7)	(7)
Interest receivable	5	(1)	(2)
Defined benefit pension scheme cost less contributions payable	21	51	59
Defined benefit pension scheme finance cost	21	11	8
Decrease/(increase) in debtors		27	(31)
Decrease in creditors		(12)	(30)
Net cash provided by Operating Activities		<u>83</u>	<u>34</u>

18 Cash flows from investing activities

	2018 £ 000	2017 £ 000
Dividends, interest and rents from investments	1	2
Purchase of tangible fixed assets	(66)	(63)
Capital funding received from sponsors and others	7	7
Net cash used in investing activities	<u>(58)</u>	<u>(54)</u>

19 Analysis of cash and cash equivalents

	2018 £ 000	2017 £ 000
Cash at bank and in hand	<u>456</u>	<u>431</u>
Total cash and cash equivalents	<u>456</u>	<u>431</u>

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 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 he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

21 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 Durham County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £15,609 (2017 - £14,499) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The 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 by the Department for Education on 9 June 2014.

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

21 Pension and similar obligations (continued)

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 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 TPS in the period amounted to £65,489 (2017 - £65,025). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £75,508 (2017 - £54,400), of which employer's contributions totalled £54,020 (2017 - £39,473) and employees' contributions totalled £21,488 (2017 - £14,927). The agreed contribution rates for future years are 16.8 per cent for employers and 5.5 - 12.5 per cent for employees.

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

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

21 Pension and similar obligations (continued)

Principal actuarial assumptions

	2018 %	2017 %
Rate of increase in salaries	3.50	3.40
Rate of increase for pensions in payment/inflation	2.00	1.90
Discount rate for scheme liabilities	2.80	2.50
Inflation assumptions (CPI)	2.00	1.90
RPI increases	<u>3.10</u>	<u>3.00</u>

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

	2018	2017
Retiring today		
Males retiring today	23.30	23.20
Females retiring today	25.00	24.90
Retiring in 20 years		
Males retiring in 20 years	25.50	25.40
Females retiring in 20 years	<u>27.30</u>	<u>27.20</u>

Sensitivity analysis

	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	1,101	1,039
Discount rate -0.1%	1,160	1,096
Mortality assumption – 1 year increase	1,098	1,035
Mortality assumption – 1 year decrease	1,162	1,099
CPI rate +0.1%	1,150	1,086
CPI rate -0.1%	<u>1,111</u>	<u>1,049</u>

The Academy Trust's share of the assets in the scheme were:

	2018 £ 000	2017 £ 000
Equities	340	312
Corporate bonds	92	55
Government bonds	176	195
Property	48	46
Other	<u>46</u>	<u>27</u>
Total market value of assets	<u>702</u>	<u>635</u>

The actual return on scheme assets was £26,000 (2017 - £148,000).

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

21 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2018 £ 000	2017 £ 000
Current service cost	106	103
Interest income	(16)	(9)
Interest cost	27	17
Total amount recognised in the SOFA	117	111

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

	2018 £ 000	2017 £ 000
At start of period	1,067	838
Current service cost	106	103
Interest cost	27	17
Employee contributions	21	17
Actuarial (gain)/loss	(56)	94
Benefits paid	(35)	(2)
At 31 August	1,130	1,067

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

	2018 £ 000	2017 £ 000
At start of period	635	428
Interest income	16	9
Actuarial gain/(loss)	10	139
Employer contributions	55	44
Employee contributions	21	17
Benefits paid	(35)	(2)
At 31 August	702	635

22 Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

St John's Church of England Academy

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

22 Related party transactions (continued)

Expenditure related party transactions

During the year the Academy made the following related party transactions:

PER Productions

(A connected party by virtue of the proprietor of the business being the son of a governor.)

During the year, the academy received invoices totalling £390 (2017 - £428).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

At the balance sheet date the amount due to PER Productions was £Nil (2017 - £Nil).

St. Aidan's Church of England Academy

(An entity with whom Rev. S Williamson and C A Large are common trustees.)

During the year, the academy received support under a Service Level Agreement from St. Aidan's Church of England Academy at a cost of £450 (2017 - £1,862).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

At the balance sheet date the amount due to St. Aidan's Church of England Academy was £Nil (2017 - £Nil).