

Registered number: 08238194

THE NEWARK ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2013

THE NEWARK ACADEMY
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2013**

Governors

J Allen (appointed 3 November 2012)
K Batty (appointed 14 May 2013)
N Bilton (appointed 3 December 2012)
P Doody (appointed 3 December 2012)
J Glasson (appointed 30 November 2012)
R Hattersley (appointed 5 December 2012)
K Jasper (appointed 1 January 2013)
A Muter (appointed 3 October 2013)
J Pinchbeck (appointed 3 October 2013)
R Repper (appointed 1 September 2013)
J Richardson (appointed 3 December 2012)
D Rollin (appointed 12 February 2013)
E Roassall MBE (appointed 3 October 2012)
M Serna (appointed 3 October 2012)
D Baliol-Key (appointed 3 October 2012, resigned 15 March 2013)
B Maydew (appointed 3 October 2012, resigned 14 May 2013)

Company registered number 08238194

Registered office Lincoln College
Monks Road
Lincoln
Lincolnshire
LN2 5HQ

Company secretary S Bolton

Senior management team

K Jasper, Principal
D Miller, Vice Principal
P Newton, Vice Principal
D Burrows, Assistant Principal
S Truseler, Assistant Principal

Independent auditor BDO LLP
St Hugh's
23 Newport
Lincoln
LN1 3DN

Bankers NatWest
225 High Street
Lincoln
LN2 1AZ

Solicitors Langleys
Olympic House
Doddington Road
Lincoln
LN6 3SE

THE NEWARK ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Newark Academy (the Academy) for the period ended 31 August 2013. The Governors confirm that the annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. Constitution

The Newark Academy began trading as a Charitable Company on 1 November 2012, when The Grove School ceased and was incorporated to The Newark Academy. The Academy 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 governors act as the trustees for the charitable activities of The Newark Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Newark Academy.

b. Method of recruitment and appointment or election of Governors

The Academy currently has 14 governors including the Principal and is required to have a minimum of three and is not subject to a maximum. Sponsor Governors (10) are appointed by Lincoln College Corporation, Parent governors (2) are elected by parents and candidates must be parents at the time of their election. Staff governors (2) are elected by staff at the Academy. All governors (except the Principal) are appointed for four years and may be re-elected or re-appointed.

c. Policies and procedures adopted for the induction and training of Governors

All governors are provided with access to policies, procedures, minutes, budgets, plans and other documents which they need to fulfil their role. Any induction required is tailored specifically to the needs of the individual.

d. Organisational structure

The Governors are responsible for setting general policy, adopting an annual plan and budget ensuring funding is spent in line with the funding agreement and working within any restrictions. Expenditure is monitored by reports to the Finance Committee and Full Governing Body. The Governors make major decisions in relation to expenditure and capital. There are two main committees – Finance and Audit.

The senior leadership team 2012/13 comprised a Principal, plus the two Vice Principals and the two Assistant Principals. The senior leadership team, which have been appointed during the year in order to take the Academy forward, manage the control of the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Principal is the Accounting Officer. Other leaders in the school including Heads of Department, Support Staff managers and the Community Learning Administrator are responsible for the authorisation of spending within agreed budgets. All limits on expenditure are set in the Financial Regulations and these also show time frames relating to when the Principal or Governors must be made aware of proposed expenditure. The regulations also indicate when the Academy needs to obtain three quotes or conduct a formal tender process.

e. Connected organisations, including related party relationships

Lincoln College is the Academy's sole sponsor and member. Some Governors of the Academy are also Governors of Lincoln College. During the period Lincoln College provided a range of strategic corporate resources, including Finance, Human Resources and Payroll and IT Consultancy at arms-length and not for any profit. The value of these services was £125,000.

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

f. Risk management

The Academy has a risk register and the governors have assessed the major risks to which the Academy is exposed and this policy is reviewed annually with risk treatment identified. The Governors have ensured appropriate control measures are in place to minimise risk and the Audit Committee receives a report from the Risk Management committee at all their meetings. There are policies for recruitment, bullying, school visits and policies related to facilities, health and safety. Where significant risk remains the Academy has ensured adequate insurance cover.

g. Governors' indemnities

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

h. Principal activities

The principal objects and activity of the charitable company is the operation of The Newark Academy are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy"); and to promote for the benefit of the inhabitants of Newark and the surrounding area 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 for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The main objectives of The Newark Academy during the period ended 31 August 2013 are summarised below:

- to drive to continually bring out the best in everyone: to discover the best in everyone, to expect the best from everyone, and to support all to achieve their personal best.
- for all students to enjoy making exceptional progress in a caring, safe and inclusive environment where success for all is celebrated.
- to ensure every student is equipped with the values, skills and qualifications to make informed, lifelong, moral and economic contributions to a modern, technology reliant local, national and global society.
- for everyone to regard The Newark Academy as being central to the community it serves, and that the views of all contribute to its continued improvement, development and success.
- for everyone to be proud to be associated with The Newark Academy and carry on sharing their lifelong love of learning from generation to generation.

Objectives and Activities

a. Objects and aims

As set out in our Funding Agreement and Articles of Association the Academy Trust's Object is specifically restricted to advance for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. This includes providing educational facilities and services to all students of all ages and the wider community for public benefit.

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

b. Objectives, strategies and activities

We at the Newark Academy strive to be the very best we can be, at the heart of the community we serve. We will become renowned for delivering excellence and challenge for all, equipping every student with a wide range of qualifications and skills as well as the ability and agility to be successful in all areas of their lives.

The Key Performance Indicators for 2013 – 2014:

- 70% achieve 5 A*-C including English and Maths; above national average LOP Maths & English.
- 85% of lessons judged good or better. 25% outstanding.
- 96% attendance average across Years 7 – 13.

Achievement of Students - Outcomes:

- A. Ensure that all students make at least expected progress in English and Maths.
- B. Vulnerable groups make better than expected progress.
- C. All students' aspirations and expectations are raised.
- D. High achievers make better than expected progress.

Key Performance Indicators

- By July 2014 all groups are making at least expected progress and the majority of students are making above expected progress. Progress is judged as good across the Academy.
- August 2014 70% of students achieve 5 A*- C including English and Maths; English expected progress is at least 80% and Maths expected progress is at least 80%.
- Pupil Premium students make or exceed expected progress.

Quality of Teaching - Outcomes

- A. Improve quality of learning and teaching so majority of lessons are good or better.
- B. Relevant professional impacted learning in place.
- C. Core skills delivered effectively across the curriculum.
- D. Short, medium and long term planning meets the needs of all.

Key Performance Indicators

- 85% of lessons graded as good and outstanding
- 25% of lessons graded as outstanding
- Clear systems for monitoring in place
- Support/Push mechanisms in place for staff
- Teachers, staff and parents view learning and teaching in the academy as good

Behaviour, Attendance and Safety of Students - Outcomes

- A. Pastoral system meets the needs of all.
- B. Improve attendance and punctuality.
- C. Develop engagement and behaviour for learning.
- D. Develop student leadership and responsibilities across the school.

Key Performance Indicators

- Attendance 96%, PA <5%.
- Following the introduction of behaviour policy, call outs will reduce so that by term 3, there will be a maximum of 15 call outs per week.
- Staff and students view behaviour in the Academy as good.
- By July 2014 the ratio of positive to negative behaviour count is 15:1.

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

Leadership and Management - Outcomes

- A. Clarity in structure, right people in right roles.
- B. Appraisal structure fully in place for all.
- C. All leaders empowered, highly effective and accountable.
- D. Develop student leadership and responsibilities across the school.

Key Performance Indicators

- 5 GCSE A*- C including English and Mathematics is 70% or above.
- 100% of students achieve at least 5 A*- G grades.
- Progress of Pupil premium students meets or exceeds expectations.
- Uptake in Y7 & Y12 significantly increases, +20% or more.

The Wider Community (Social, Moral, Spiritual, Cultural experience) - Outcomes

- A. Students show pride in The Newark Academy.
- B. Students understand their future pathways.
- C. The ethos of the academy is supported by students, staff, parents and providers; local business, local schools, HE.
- D. TNA becomes the first choice school for the area.

Key Performance Indicators

- Staff and students clear on SMSC definition – evidence across school
- Elements of SMSC seen in 80% of lessons
- Students provided with opportunities to engage with local businesses
- Local community actively engage with the school

c. Public benefit

The Governors have given careful consideration to the Charity Commission's general guidance on public benefit and have complied with the duty bestowed on them.

Achievements and performance

a. Going concern

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

b. Key financial performance indicators

Robust systems are in place to accurately and regularly report the Academy's financial position to its senior managers and to Governors. Focus is placed on a number of Key Financial Performance Indicators that have performed strongly in the accounting period including:

- Operating position, with a focus on achieving budget(s)
- Relationship of Payroll costs compared to Total Income
- Liquidity, including Cash at Bank and the level of Current Assets compared to Current Liabilities
- Level of Borrowing (currently Nil)
- Performance against established targets for the timely collection of debts and the payment of creditors

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

c. Review of activities

In December 2012 staff predicted that the Year 11 cohort would achieve 44% GCSE equivalent 5A* - C including English and Mathematics, with current achievement standing at 26.3 %. English results were at 34% and predicting 53%, Mathematics were at 38% predicting 55%. In January forensic analysis was carried out on the cohort and 24 students were highlighted who should be achieving 5 GCSE equivalent A*-C grades but who were significantly underachieving and in need of intensive intervention. Mentoring and subject booster sessions were put in place for Mathematics and English, with additional qualifications offered, for example in Science. The students were made 'high profile' with all staff with more regular data collection, standardising and moderation, and regular meetings with parents and students. Agendas for staff meetings were focussed on learning and teaching and what more could be offered in and out of lessons to improve outcomes for all students.

By May 2013 predictions for the Y11 cohort had improved significantly to 56% GCSE 5A* - C including English and Mathematics, English were predicting 62.2% and Mathematics 60%. The drive to improve outcomes continued throughout the exam period with afterschool revision classes and breakfast sessions prior to morning exams, 1:1 tutoring for some students and all of this contributed to the final result of 56% GCSE equivalent 5A* - C including English and Mathematics, 12% above December's prediction, 29% above January's achievement.

Financial review

a. Financial and risk management objectives and policies

The Academy has a risk register which highlights potential risks. Along with the risk being identified, controls are put in place to minimise the risk and any on-going treatment or action is identified. The risk plan is reviewed annually by Governors and monitored by the Academy management team.

b. Principal risks and uncertainties

The Senior Leadership Team has established a robust process for identifying and managing risk that is regularly reported to Governors. A Risk Register is maintained that details a wide range of potential risks the Academy is exposed to, with additional control measures in place to manage those risks deemed more significant. All areas of risk have a sponsor drawn from the college management team. Key risks kept under review include:

- Student achievement
- Student recruitment
- Safeguarding
- Health and Safety
- Financial performance

c. Reserves policy

The Governors review the reserve levels of the Academy annually. The review includes nature of income and expenditure with the need to match income with commitments. The Governors have determined an appropriate level of reserves to cover capital expenditure and unexpected emergencies. The Academy's current level of free reserves is £647,474.

The Governors are also aware of Academy's liability in relation to Local Government Pensions which showed a deficit of £1,123,000 at 31 August 2013. This is being addressed by means of increased employer contributions.

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

d. Principal funding

Most of the Academy's income is obtained from the DfE, the use of which is restricted to particular purposes. The income received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown in the restricted funds in the Statement of Financial Activities.

e. Investments policy

The Academy's investment policy is set out in the Financial Regulations (812) and states that investments must only be made in risk-averse, ethical funds. There were no funds invested at 31 August 2013.

Plans for the future

a. Future developments

The Governors intend to consolidate on the successful first period as an Academy. In particular our intention is to:

- Continue to work closely with all stakeholders to develop plans for the DfE-approved new school build, scheduled for 2014/15.
- Build on the excellent early progress made to improve academic achievement.
- Build management capacity now that the Academy's new Senior Leadership Team is in post.
- Build Governor-capacity by continuing to develop the skills and knowledge of the Governing body, whilst ensuring that succession planning is in place.
- Continue to embed the positive culture established early on, forming the bedrock of the transition from the former Grove School to The Newark Academy.
- Continue to foster partnerships to increase recruitment at Year 7 and to improve progression pathways.

Funds held as custodian

None.

Members' liability

The liability of the members of the Academy is limited. 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.

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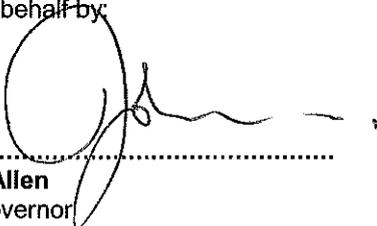
GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

Provision of information to auditor

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the members of the governing body on 20 December 2013 and signed on its behalf by:


.....
J Allen
Governor

THE NEWARK ACADEMY
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GOVERNANCE STATEMENT

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that The Newark 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 governing body has delegated the day-to-day responsibility to the Principal, as Accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Newark Academy and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the governors' responsibilities statement. The governing body has formally met 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
J Allen	4	4
K Batty	1	1
N Bilton	2	3
P Doody	4	4
J Glasson	3	3
R Hattersley	3	3
K Jasper	4	4
A Muter	4	4
J Pinchbeck	2	4
R Repper	0	0
J Richardson	3	3
D Rollin	2	2
E Roassall MBE	4	4
M Serna	4	4
D Baliol-Key	1	2
B Maydew	1	3

The **Audit Committee** is a sub-committee of the main governing body. Its purpose is to ensure that robust internal control exists within the Academy by providing the primary interface between the Governing Body and the Academy's external auditors and Responsible Officer. The Committee works closely with the Academy's Finance Services Provider on the preparation and finalisation of the Academy's Annual Report and Financial Statements and makes recommendations to the Governing Body for the acceptance, or otherwise, of such draft Financial Statements. The Audit Committee met 2 times during the period. Attendance at meetings of the Audit Committee was as follows:

Governor	Meetings attended	Out of a possible
N Bilton	2	2
J Glasson	2	2
R Hattersley	0	1
A Muter	2	2
D Rollin	1	1

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GOVERNANCE STATEMENT (continued)

The **Finance Committee** is a sub-committee of the main governing body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis. This sub-committee also met 2 times during the year.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J Allen	2	2
P Doody	2	2
K Jasper	1	2
J Pinchbeck	0	1
J Richardson	0	1
E Roassall	1	1
M Serna	1	2

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 The Newark Academy for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

The Academy'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 governing body;
- regular reviews by the 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 (as set purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Duncan Toplis as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

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GOVERNANCE STATEMENT (continued)

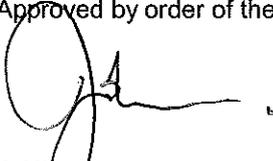
Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 20 December 2013 and signed on their behalf, by:


J Allen
Governor


K Jasper
Accounting officer

THE NEWARK ACADEMY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting officer of The Newark Academy I have considered my responsibility to notify the Academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy governing body are able to identify any material irregular or improper use of funds by the Academy, or material non compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



K Jasper
Accounting officer

Date: 20 December 2013

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GOVERNORS' RESPONSIBILITIES STATEMENT

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

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

In preparing these financial statements the directors are required to:

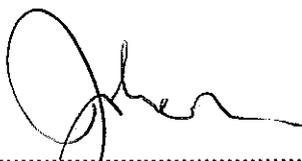
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material 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 Academy will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Academies Accounts Direction 2013. They are also responsible for safeguarding the assets of the Academy 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 Academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Academy'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 board of trustees on 10 December 2013 and signed on its behalf by:



.....
J Allen
for and on behalf of the board of governors
Date: 20 December 2013

THE NEWARK ACADEMY
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NEWARK ACADEMY

We have audited the financial statements of The Newark Academy ("the Academy") for the period ended 31 August 2013 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. 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) and the Academies Accounts Direction 2013 issued by the Education Funding Agency ("the EFA").

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the trustees, as a body, in accordance with the Academies Accounts Direction 2013. Our audit work has been undertaken so that we might state to the Academy's members and 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, the Academy's members as a body and the Academy's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the trustees' responsibilities statement, the trustees (who act as governors of The Newark Academy and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2013 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NEWARK ACADEMY

Matters on which we are required to report by exception

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

- adequate and proper accounting records have not been kept in respect of the Academy, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements do not accord with the accounting records; or
- certain disclosures of governor's remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.

BDO UK

Craig Burton (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Lincoln
United Kingdom

20 December 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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

In accordance with the terms of our engagement letter dated 07 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Academy during the period 31 October 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Newark Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy's funding agreement with the Secretary of State for Education dated 01 November 2012 and the Academies Financial Handbook as published by DfES in 2006, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 31 October 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

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 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

BDO LLP

BDO LLP
Lincoln
20 December 2013

THE NEWARK ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	622,248	(697,312)	7,432,000	7,356,936
Activities for generating funds	3	38,833	-	-	38,833
Investment income	4	22	-	-	22
Incoming resources from charitable activities	5	-	4,744,835	-	4,744,835
TOTAL INCOMING RESOURCES		661,103	4,047,523	7,432,000	12,140,626
RESOURCES EXPENDED					
Costs of generating funds:					
Fundraising expenses and other costs	3	13,629	-	-	13,629
Charitable activities	10	-	4,404,969	1,421,448	5,826,417
Governance costs	6	-	10,977	-	10,977
TOTAL RESOURCES EXPENDED	9	13,629	4,415,946	1,421,448	5,851,023
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS					
		647,474	(368,423)	6,010,552	6,289,603
Transfers between Funds	19	-	(25,429)	25,429	-
NET INCOME FOR THE YEAR		647,474	(393,852)	6,035,981	6,289,603
Actuarial gains and losses on defined benefit pension schemes		-	(284,000)	-	(284,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		647,474	(677,852)	6,035,981	6,005,603
Total funds at 1 November 2012		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2013		647,474	(677,852)	6,035,981	6,005,603

All of the Academy's activities derive from acquisitions in the current financial period.

The Statement of Financial Activities includes all gains and losses recognised in the period.

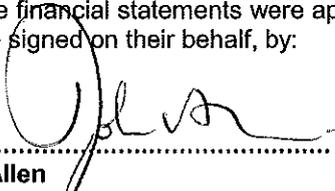
The notes on pages 20 to 37 form part of these financial statements.

THE NEWARK ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08238194

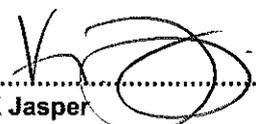
BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £
FIXED ASSETS			
Tangible assets	16		6,035,981
CURRENT ASSETS			
Debtors	17	309,954	
Cash at bank and in hand		1,466,931	
		<u>1,776,885</u>	
CREDITORS: amounts falling due within one year	18	<u>(684,263)</u>	
NET CURRENT ASSETS			<u>1,092,622</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Defined benefit pension scheme liability	25		<u>7,128,603</u> <u>(1,123,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>6,005,603</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	19	445,148	
Restricted fixed asset funds	19	6,035,981	
		<u>6,481,129</u>	
Restricted funds excluding pension liability		6,481,129	
Pension reserve		<u>(1,123,000)</u>	
Total restricted funds			5,358,129
Unrestricted funds	19		<u>647,474</u>
TOTAL FUNDS			<u><u>6,005,603</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 20 December 2013 and are signed on their behalf, by:



J Allen



K Jasper

The notes on pages 20 to 37 form part of these financial statements.

THE NEWARK ACADEMY
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	2013 £
Net cash flow from operating activities	21	1,492,338
Returns on investments and servicing of finance	22	22
Capital expenditure and financial investment	22	(25,429)
INCREASE IN CASH IN THE PERIOD		<u>1,466,931</u>

All of the cash flows are derived from acquisitions in the current financial period.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2013

	2013 £
Increase in cash in the period	1,466,931
MOVEMENT IN NET FUNDS IN THE PERIOD	<u>1,466,931</u>
NET FUNDS AT 31 AUGUST 2013	<u>1,466,931</u>

The notes on pages 20 to 37 form part of these financial statements.

THE NEWARK ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2011/12 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 Company status

The Academy is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

1.3 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.4 Incoming resources

All incoming resources are included in the statement of financial activities when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

THE NEWARK ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds (are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.6 Going concern

The governors 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 Academy to continue as a going concern.

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and are carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	20% straight line
Office equipment	-	25% straight line

The L/Term Leasehold Property relates to the school buildings. There is currently a plan in place to replace the existing school buildings which is expected to culminate in the demolition of these buildings. The timescale for this is estimated to be 5 years, hence a policy of 20% straight line has been applied to the buildings.

THE NEWARK ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Taxation

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

1.10 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy.

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 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 quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

THE NEWARK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.11 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from The Grove School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Newark Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

2. VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Donations	622,248	6,734,688	7,356,936

The donations above include the transfer of assets to the Academy of £7,269,793, as detailed in note 25.

3. TRADING ACTIVITIES

	Unrestricted funds 2013 £	Total funds 2013 £
Charity trading income		
Lettings income	38,833	38,833
Charity trading expenses		
Lettings expenditure	13,629	13,629
Net income from trading activities	25,204	25,204

4. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Bank interest	22	-	22

THE NEWARK ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted funds 2013 £	Total funds 2013 £
Funding for the academy's educational operations	4,744,835	4,744,835
	<u>4,744,835</u>	<u>4,744,835</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2013 £	Total funds 2013 £
DfE/EFA revenue grant		
General Annual Grant (GAG)	4,130,347	4,130,347
Other DfE/EFA Grants	261,374	261,374
Start up grant	268,762	268,762
	<u>4,660,483</u>	<u>4,660,483</u>
Other government grants		
Local Authority Grants	35,123	35,123
	<u>35,123</u>	<u>35,123</u>
Other funding		
SEN Grants	49,229	49,229
	<u>49,229</u>	<u>49,229</u>
	<u>4,744,835</u>	<u>4,744,835</u>

6. GOVERNANCE COSTS

	Restricted funds 2013 £	Total funds 2013 £
Auditor's remuneration	10,977	10,977
	<u>10,977</u>	<u>10,977</u>

THE NEWARK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

7. DIRECT COSTS

	Funding for the academy's educational operations £	Total 2013 £
Net interest on Pension scheme liability (note 15)	30,000	30,000
Technology costs	58,985	58,985
Educational supplies	157,823	157,823
Examination fees	76,704	76,704
Staff development	18,566	18,566
Other direct costs	304,942	304,942
Wages and salaries	2,268,014	2,268,014
National insurance	167,383	167,383
Pension cost	351,236	351,236
	<u>3,433,653</u>	<u>3,433,653</u>

8. SUPPORT COSTS

	Funding for the academy's educational operations £	Total 2013 £
Depreciation	1,421,448	1,421,448
Recruitment and support	8,590	8,590
Maintenance of premises and equipment	47,432	47,432
Cleaning	16,237	16,237
Rent and rates	54,275	54,275
Energy costs	162,315	162,315
Insurance	72,864	72,864
Security and transport	45,606	45,606
Catering	32,822	32,822
Bank interest and charges	616	616
Other support costs	137,727	137,727
Wages and salaries	392,832	392,832
	<u>2,392,764</u>	<u>2,392,764</u>

THE NEWARK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

9. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Other costs 2013 £	Total 2013 £
Fundraising expenses	13,629	-	13,629
Costs of generating funds	13,629	-	13,629
Funding for the academy's educational operations	3,179,465	2,646,952	5,826,417
Governance	-	10,977	10,977
	3,193,094	2,657,929	5,851,023

10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £
Funding for the academy's educational operations	3,433,653	2,392,764	5,826,417

11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2013 £
Depreciation of tangible fixed assets: - owned by the charity	1,421,448
Auditor's remuneration	10,977

During the period, no Governors received any benefits in kind.
During the period, no Governors received any reimbursement of expenses.

THE NEWARK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

12. STAFF COSTS

Staff costs were as follows:

	2013 £
Wages and salaries	2,674,475
Social security costs	167,383
Other pension costs (Note 25)	351,236
	3,193,094
	3,193,094

The average number of persons (including the senior management team) employed by the Academy during the period expressed as full time equivalents was as follows:

	2013 No.
Teachers	105
Administration and support	36
Management	5
	146
	146

The number of employees whose emoluments fell within the following bands was:

	2013 No.
In the band £60,001 - £70,000	1
In the band £70,001 - £80,000	1
	2
	2

13. GOVERNORS' REMUNERATION

During the period retirement benefits were accruing to 3 Governors in respect of defined benefit pension schemes.

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration fell within the following bands:

	2013 £
Karine Jasper, Principal	55,000-60,000
Debra Rollin, Staff governor	25,000-30,000
Janet Glasson, Staff governor	10,000-15,000

THE NEWARK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

14. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2013 was £846.

The cost of this insurance is included in the total insurance cost.

15. NET INTEREST ON PENSION SCHEME LIABILITY

	2013 £
Expected return on pension scheme assets	33,000
Interest on pension scheme liabilities	(63,000)
	(30,000)
	(30,000)

16. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Office equipment £	Total £
Cost			
Additions	-	25,429	25,429
On transfer from The Grove School	7,432,000	-	7,432,000
At 31 August 2013	7,432,000	25,429	7,457,429
Depreciation			
Charge for the period	1,415,800	5,648	1,421,448
At 31 August 2013	1,415,800	5,648	1,421,448
Net book value			
At 31 August 2013	6,016,200	19,781	6,035,981

Included in L/Term Leasehold Property is land of £353,000 which is not depreciated.

THE NEWARK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

17. DEBTORS

	2013 £
Trade debtors	144,402
Other debtors	104,402
Prepayments and accrued income	61,150
	309,954
	309,954

18. CREDITORS:

Amounts falling due within one year

	2013 £
Trade creditors	238,148
Social security and other taxes	59,759
Other creditors	85,048
Accruals and deferred income	301,308
	684,263
	684,263

At the balance sheet date the Academy was holding funds received in advance in relation to Grant funding for the 2013/14 academic year.

	£
Deferred income	
Resources deferred during the year	72,921
	72,921

THE NEWARK ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

19. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Other General funds	-	661,103	(13,629)	-	-	647,474
Restricted funds						
General Annual Grant (GAG)	-	4,130,347	(3,829,810)	-	-	300,537
Other DfE/EFA grants	-	125,108	(98,544)	-	-	26,564
Pupil premium	-	136,267	(106,813)	-	-	29,454
Start up grant	-	268,762	(217,913)	(25,429)	-	25,420
SEN grant	-	49,229	(49,229)	-	-	-
Other grants	-	35,123	-	-	-	35,123
School funds	-	70,373	(46,755)	-	-	23,618
Educational visits	-	28,314	(23,882)	-	-	4,432
Pension reserve	-	(796,000)	(43,000)	-	(284,000)	(1,123,000)
	-	4,047,523	(4,415,946)	(25,429)	(284,000)	(677,852)
Restricted fixed asset funds						
Restricted Fixed Asset Fund	-	7,432,000	(1,421,448)	25,429	-	6,035,981
Total restricted funds	-	11,479,523	(5,837,394)	-	(284,000)	5,358,129
Total of funds	-	12,140,626	(5,851,023)	-	(284,000)	6,005,603

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

General Annual Grant (GAG)

Funds from the Education Funding Agency for the provision of education in line with the funding agreement. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

Other DfE/EFA grants

Other funds provided by the DfE/EFA for particular purposes within the academy's educational operations.

Pupil premium

Funds received for the purposes of providing additional support to pupils who receive free school meals.

Start up grant

Funds received for use on costs related to setting up the Academy.

SEN grant

Funds received specifically for use on pupils with special educational needs.

THE NEWARK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

19. STATEMENT OF FUNDS (continued)

Other grants

Fees received for the payment of exam re-sits.

School funds

Funds generated in relation to specific fundraising projects, charity projects and locker deposits.

Educational visits

Funds generated from students for use on specific educational trips.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. This fund is in deficit given the nature of the liability, however this is not payable immediately.

Transfer

Relates to the transfer of fixed asset additions which have been purchased from restricted funds, to include them into the restricted fixed assets fund.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	661,103	(13,629)	-	-	647,474
Restricted funds	-	4,047,523	(4,415,946)	(25,429)	(284,000)	(677,852)
Restricted fixed asset funds	-	7,432,000	(1,421,448)	25,429	-	6,035,981
	-	12,140,626	(5,851,023)	-	(284,000)	6,005,603

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	6,035,981	6,035,981
Current assets	647,474	1,129,411	-	1,776,885
Creditors due within one year	-	(684,263)	-	(684,263)
Provisions for liabilities and charges	-	(1,123,000)	-	(1,123,000)
	647,474	(677,852)	6,035,981	6,005,603

THE NEWARK ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £
Net incoming resources before revaluations	6,289,603
Returns on investments and servicing of finance	(22)
Exceptional items - transfer from The Grove School	(7,269,793)
Depreciation of tangible fixed assets	1,421,448
Decrease in debtors	323,839
Increase in creditors	684,263
FRS 17 adjustments	43,000
	1,492,338
Net cash inflow from operations	1,492,338

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £
Returns on investments and servicing of finance	
Interest received	22
	22
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(25,429)
	(25,429)

23. ANALYSIS OF CHANGES IN NET DEBT

	1 November 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	-	1,466,931	-	1,466,931
Net funds	-	1,466,931	-	1,466,931
	-	1,466,931	-	1,466,931

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24. CONVERSION TO AN ACADEMY TRUST

On 1 November 2012 The Grove School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Newark Academy from Nottinghamshire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	7,432,000	7,432,000
Other assets	-	24,541	-	24,541
Budget surplus/(deficit) on LA funds	609,252	-	-	609,252
LGPS pension surplus/(deficit)	-	(796,000)	-	(796,000)
	<u>609,252</u>	<u>(771,459)</u>	<u>7,432,000</u>	<u>7,269,793</u>
Net assets/(liabilities)	<u>609,252</u>	<u>(771,459)</u>	<u>7,432,000</u>	<u>7,269,793</u>

25. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £51,073 were payable to the scheme at 31 August 2013 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

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25. PENSION COMMITMENTS (continued)

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ('SCR') is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £148,000, of which employer's contributions totalled £112,000. The agreed contribution rates for future years are 15.7% for employers and 5.7% for employees.

As described in note 24 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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25. PENSION COMMITMENTS (continued)

The amounts recognised in the balance sheet are as follows:

	2013 £
Present value of funded obligations	(2,096,000)
Fair value of scheme assets	973,000
	(1,123,000)
Net liability	(1,123,000)

The amounts recognised in the statement of financial activities are as follows:

	2013 £
Current service cost	(125,000)
Interest on obligation	(63,000)
Expected return on scheme assets	33,000
	(155,000)
Total	(155,000)
Actual return on scheme assets	92,000

Movements in the present value of the defined benefit obligation were as follows:

	2013 £
Opening defined benefit obligation	1,529,000
Current service cost	125,000
Interest cost	63,000
Contributions by scheme participants	36,000
Actuarial Losses	343,000
	2,096,000
Closing defined benefit obligation	2,096,000

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

	2013 £
Opening fair value of scheme assets	733,000
Expected return on assets	33,000
Actuarial gains and (losses)	59,000
Contributions by employer	112,000
Contributions by employees	36,000
	973,000
	973,000

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £284,000.

The Academy expects to contribute £135,000 to its defined benefit pension scheme in 2014.

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25. PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013
Equities	71.00 %
Gilts	9.00 %
Bonds	4.00 %
Property	12.00 %
Cash	2.00 %
Other	2.00 %

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2013
Discount rate for scheme liabilities	4.70 %
Expected return on scheme assets at 31 August	5.70 %
Rate of increase in salaries	5.10 %
Rate of increase for pensions in payment / inflation	2.90 %
Inflation assumption (CPI)	2.90 %

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

	2013
Retiring today	
Males	18.7 years
Females	22.8 years
Retiring in 20 years	
Males	20.7 years
Females	24.6 years

Amounts for the current period are as follows:

Defined benefit pension schemes

	2013
	£
Defined benefit obligation	(2,096,000)
Scheme assets	973,000
	<hr/>
Deficit	(1,123,000)
	<hr/> <hr/>
Experience adjustments on scheme liabilities	(343,000)
Experience adjustments on scheme assets	59,000
	<hr/> <hr/>

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26. OPERATING LEASE COMMITMENTS

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	2013
	£
Expiry date:	
Within 1 year	4,217

27. RELATED PARTY TRANSACTIONS

Lincoln College is the Academy's sole sponsor and member. Some Governors of the Academy are also Governors of Lincoln College. During the period Lincoln College provided a range of strategic corporate resources, including Finance, Human Resources and Payroll and IT Consultancy at arms-length and not for any profit. The value of these services was £125,000.

28. CONTROLLING PARTY

By virtue of its control of the board of governors and in its capacity as sponsor, in the opinion of the governors, Lincoln College is the academy's ultimate controlling party.