

Registered number: 07638979 (England and Wales)

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

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KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

G W Campbell
A S Rodchester
E Varley

Governors

E Varley, Chair
G W Campbell, Vice Chair¹
N Grieveson, Accounting Officer¹
C W Booth¹
S Boughey
D H Ewart¹
A L Gardner (appointed 7 September 2015)
G E Keeler, Staff Governor
L Northgreaves¹
S J J Northgreaves, Staff Governor¹
C T Potter
I Robley
A S Rodchester
D A Shearer, Staff Governor
G Short¹
D Smith¹
H Stevens
T Watson¹
J Whittaker
K A Wilkinson¹
L A Willis

¹ Members of the Finance and Property Committee

Company registered number

07638979

Company name

King James I Academy, Bishop Auckland Limited

Principal and registered office

King James I Academy
South Church Road
Bishop Auckland
Co Durham
DL14 7JZ

Senior management team

N Grieveson, Headteacher
S Whitehead, Deputy Head
D Shearer, Assistant Head
J Longstaff, Assistant Head
M Stead, Assistant Head
R Brown, Assistant Head
J Aitken, Assistant Head

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds Bank plc
21-23 Northgate
Darlington
Co Durham
DL1 1TL

Solicitors

Legal Department
Durham County Council
County Hall
Durham
DH1 5UL

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Bishop Auckland. It has a pupil capacity of 950 and had a roll of 725 in the school census on 19 May 2016.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of King James I Academy to provide education for students of different abilities between the ages of 11 and 19.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with emphasis on media and performing arts.

The main objectives of the academy during the year ended 31 August 2016 are summarised below:

- Be a friendly, welcoming and caring school
- Develop a sense of personal and social responsibility
- Provide opportunities for spiritual, moral, social and cultural education, satisfying the need of and providing equal opportunities for all
- Provide opportunities for all staff to develop their personal expertise, professional skill and to achieve job fulfilment
- Enable every child to achieve their full potential through a broad, balanced and interesting curriculum
- Develop a co-operative working relationship between all children, staff, parents, carers and governors
- Direct the resources of the school to agreed priorities; and
- Encourage and reward pupil achievement and good behaviour

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

King James I Academy aims to provide a creative and inspirational learning experience that encourages young people to achieve their full potential and to become intelligent, responsible, productive and caring adults who are well prepared for the challenges of a world full of opportunities.

"King James I Academy is a learning community in which all ages meet to share and develop their talents and to promote mutual respect for all people; whatever their age, gender, ability, background or beliefs."

The Academy's Development Plan is reviewed annually. The main objectives of the academy during the period 1 September 2015 to 31 August 2016 were as follows

- To realign targets to reflect Attainment 8 / Progress 8 Accountability Measures
- To improve performance through increased challenge, accountability and quality assurance
- To set challenging and achievable targets for all students
- To improve the level of engagement with parents and carers
- To promote improved and consistent literacy and numeracy standards
- To improve primary liaison, outreach and recruitment
- To improve achievement at Key Stages 3, 4 and 5
- To improve the ethos, climate and attitude to learning
- To develop and share best practice across the academy
- To improve the performance ("close the gap") of pupil premium children
- To achieve a Progress 8 target of +0.2 and an Attainment 8 target of B-
- To improve the performance of More Able and Talented Students
- To improve the Quality of Teaching
- To improve the Quality of Learning and Progress
- To improve the Quality of SEN Learning and Progress
- To improve levels of Achievement and Enjoyment
- To recognise and reward high achievement
- To ensure pupil safety
- To improve pupil behaviour
- To promote healthy lifestyles
- To contribute to the wider community
- To improve attendance
- To promote workplace and other skills that will contribute to future economic well being
- To improve the use of assessment to support learning
- To update the curriculum to reflect national changes
- To improve the effectiveness of Leadership
- To improve the leadership and management of teaching and learning
- To increase the effectiveness of the Governing Body in challenging and supporting
- To promote equality of opportunity and tackle discrimination
- To achieve Value for Money
- To improve attainment at Sixth Form
- To improve Quality of provision in the Sixth Form
- To increase the effectiveness of leadership and management in the Sixth Form
- To improve the overall effectiveness of the Sixth Form

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Public benefit

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the governors have considered this guidance in deciding what activities the academy should undertake.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Key financial performance indicators

The key financial performance indicators of the academy trust are as detailed below:

Total Income per pupil	£6,327
Total GAG per pupil	£5,594
GAG/Income ratio	88.4%
Teaching Staff Costs / Total Income	56.9%
Total Staff Cost / Total Income	82.4%
Expenditure per pupil	£6,282
Pupil Teacher ratio	13.9
Level of general reserves	£92,243
General reserve / income ratio	1.86%
General reserve / GAG ratio	2.11%

Notes:

Total Income includes total Grant Income £4,770,000 (note 5), Catering £101,000 (note 4) and Income from Facilities & Services of £84,000 included within Sundry Income.

Pupil numbers of 783 based on October 2015 census.

Teaching staff costs included in direct wages costs of £2,799,000.

Total expenditure excludes expenditure not included in the budget.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Review of activities

Year 11 students achieved excellent results across a broad range of subjects and have helped the school achieve a 20% improvement in our headline 5+ A* to C (including English and Mathematics) figure.

Students have achieved an unamended Progress 8 figure of +0.26 meaning that, on average, students have achieved over a quarter of a grade more, in each subject, than other students nationally, based upon their prior performance. This means that the academy, based upon this measure, is amongst the highest achieving schools in County Durham, with the P8 (Pupil Premium) score of +0.20 placing us in an even more favourable position.

As well as excellent results in English and Mathematics, students have also achieved success in many other academic subjects including Geography, Music, Art, Photography, Drama, Product Design, Computing, Science, PE and RE. Superb results have also been achieved across a range of vocational subjects, including Business, Health and Social Care, Media, Music, Travel and Tourism and Sports Studies.

38% of our Year 11 students have achieved 8 or more A* - C grades, with many of these being achieved at A*/A and Distinction* level.

Sixth form students achieved excellent outcomes in both academic and vocational courses and a record number have gained their first choice places and Universities.

Students have excelled in a broad range of subjects with 67% of students achieving A/A* or Distinction* grades.

Results during the academic year ended 31 August 2016 were as follows:

Achievement Summary (KS3)

L5+ in English	94%
L5+ in Maths	97%
L5+ EM (matched)	93%
L5+ in Science	98%
L6+ in English	56%
L6+ in Maths	67%
L6+ EM (matched)	50%
L6+ in Science	73%
Maths 2 LoP	70%
English 2 LoP	52%
Progress 8 Maths	+0.40
Progress 8 English	+0.15
Progress 8 Science	+0.64

Headline Achievement (KS4)

Attainment 8 Score	4.93
Attainment 8 grade	C-
Progress 8 score	+0.26 (unamended)
5+ A* to C %	65%
5+ A* to C (EM) %	56%
5+A* to G %	99%
Maths A* to C %	73%
English A* to C %	61%
English 3LoP %	75%
English 4LoP %	33%
Maths 3LoP %	68%
Maths 4 LoP %	12%

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GOVERNORS' REPORT (continued)
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Headline Achievement (KS5)

Average Points Score (A' Level) 28.99 points = C Grade
Average Points Score (Academic) 28.84 points = C Grade
Average Points Score (A' Level) 36.41 points = Distinction Grade
Average Points Score (A' Level) 41.96 points = Distinction* Grade
Average Progress (English GCSE Post-16) = +0.33
Average Progress (Maths GCSE Post-16) = +0.03

An Ofsted inspection in April 2015 resulted in a judgement for the overall effectiveness of the school as 'Requires Improvement' despite being awarded 'Good' for Leadership and Management, 'Good' for Behaviour and Safety of Pupils and 'Good' for Sixth Form Provision.

The following were highlighted as strengths within the school:

- The Headteacher has managed well significant changes in staffing, including to senior and middle leadership.
- High quality professional development is rapidly improving teaching and raising achievement strongly in Years 7 – 11.
- Governors are increasingly well informed about the school's performance.
- The effectiveness of the sixth form is good.
- The school's work to keep students safe and secure is good.
- Behaviour around the school is calm and orderly.
- The many visits and extra-curricular experiences, across Years 7 to 11, and in sixth form effectively promotes both students' personal development and their understanding of British values.

FINANCIAL REVIEW

Going concern

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

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GOVERNORS' REPORT (continued)
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Financial risk management objectives and policies

Most of the academy's income is obtained from the Department of Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

In addition the academy receives income for the sale of goods and services. These services mainly include the provision of catering facilities to children and staff and the letting of sports facilities to the public.

During the year ended 31 August 2016, total expenditure of £5,514,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £42,000.

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

At 31 August 2016 the net book value of fixed assets was £14,585,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £2,505,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2016 of £12,205,000 comprising £12,103,000 of restricted funds and £102,000 of unrestricted funds.

Principal risks and uncertainties

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

The Governors have assessed the major risks, to which the academy is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

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

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

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GOVERNORS' REPORT (continued)
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Reserves policy

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held to cover ongoing costs in relation to the running of the academy including catering provisions, school trips, and uniform costs.

The Governors review the reserve levels of the academy annually. The academy reserves policy is to hold enough funds to cover the principal risks facing the academy, but always maintaining a minimum level of reserves that the academy will not fall below. The approach taken is to quantify the key financial risks and ensure that there are enough reserves held to cover these risks. The key risks facing King James include a potential drop in student numbers, changes to the Funding Formula for both pre and post 16 students and the cost of short term sickness cover not covered by sickness insurance. For 2015/16 this amounted to £129,000. The minimum level of reserves is to be set at 2.5% of GAG (currently £109,000).

The academy's current level of free reserves are in surplus by £102,000 and therefore are considered to be below the level of reserves required for the ongoing needs of the academy. An action plan has been implemented to identify sufficient savings to increase the level of free reserves to above the minimum level identified above.

Investments policy

The academy invests surplus funds through term deposits. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Governors of King James I Academy, Bishop Auckland Limited are also the directors of the charitable company for the purpose of company law.

The charitable company is known as King James I Academy.

Details of the Governors 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.

Governors' Indemnities

The academy has purchased insurance to protect governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

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GOVERNORS' REPORT (continued)
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Method of recruitment and appointment or election of Governors

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Head Teacher or any post held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

All Governor vacancies are advertised on the school website. Where the vacancy is for a Parent Governor, a letter is sent to all parents seeking nominations. Parent Governor vacancies are appointed following a ballot process, other Governor vacancies are appointed following an interview process.

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two Governors a year, induction tends to be done informally and is tailored specifically to the individual.

Pay policy for key management personnel

The Headteacher is appointed on a seven point Individual School Range. The Individual School Range is set by the Governing Body and is based on the academy size, and any permanent additional relevant factors as determined within the framework of the School Teachers' Pay and Conditions document. Progression on the Individual School Range is subject to a review of the headteacher's performance set against the annual appraisal review.

All other leadership posts have been assigned a 5 point pay range by the Governing Body. These ranges have been determined from within the indicative leadership scale contained in the School Teacher's Pay and Conditions document and in accordance with setting the pay for the Headteacher. The range for individual posts has been determined according to the duties and responsibilities of the post. Progression on the pay range will be subject to a review of their performance set against the annual appraisal review.

Organisational structure

During the year the academy continued to operate a unified management structure. The structure consists of three levels: the Governors, the Senior Management Team and the Middle Leaders Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting policy, adopting an annual development plan and budget. They monitor academy performance via regular reporting and make major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Senior Management Team consists of the Headteacher, a Deputy Headteacher and five Assistant Headteachers who control the academy at an Executive Level, implementing policies and reporting back to Governors through the various Committees. As an executive group they are responsible for authorising spending within agreed limits and the appointment of staff with support from members of the Governing Body.

The Middle Leaders have both academic and pastoral responsibilities and are responsible for operational decision-making in relation to achievement, teaching and learning, facilities and behaviour management.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Connected organisations, including related party relationships

During the period the academy transacted with one related party. Details of related party transactions are stated in Note 23 to the Financial Statements

PLANS FOR FUTURE PERIODS

Future developments

We are keen to develop our school to help us to achieve our long term vision, and to move away from being defined by our context and its high levels of deprivation. We believe that inspirational learning fosters aspiration and that aspiration promotes achievement. We believe that achievement coupled with creativity and enterprise help young people to escape from the negativity of their surroundings, to have pride in themselves and seeds long term improvements within their community.

Following significant success in Key Stages 4 and 5, our aim is to continuously improve results year on year providing our students with the opportunities to access higher education, apprenticeships or to gain employment. We feel a significant sense of responsibility in relation to the regeneration of Bishop Auckland and take every opportunity to promote enterprise and entrepreneurial opportunities. We are keen to develop Apprenticeships and to use the skills we develop in our young people to help them to access Higher Education and training in ever larger numbers.

2015/16 was the first full academic year in which our students benefited from the state of the art facilities (including new improved sports, arts, ICT and general teaching provision) delivered under the Priority Schools Building Programme Scheme. The final phase of this development is due for completion in 2017 incorporating the development of a number of outdoor sports pitches.

Disclosure of information to auditors

Insofar as the Governors are aware;

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

This report was approved by order of the Board of Governors as the company directors, on 1 December 2016 and signed on its behalf by:



E Varley
Chair

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
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GOVERNANCE STATEMENT

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that King James I Academy, Bishop Auckland Limited 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 Governors has delegated the day-to-day responsibility to the Headteacher, 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 King James I Academy, Bishop Auckland Limited and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors 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 Statement of Governors' Responsibilities. The Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
E Varley, Chair	3	3
G W Campbell, Vice Chair	2	3
N Grieveson, Accounting Officer	3	3
C W Booth	2	3
S Boughey	1	3
D H Ewart	2	3
A L Gardner	2	3
G E Keeler, Staff Governor	2	3
L Northgreaves	1	3
S J J Northgreaves, Staff Governor	2	3
C T Potter	3	3
I Robley	1	3
A S Rodchester	2	3
D A Shearer, Staff Governor	2	3
G Short	3	3
D Smith	2	3
H Stevens	1	3
T Watson	2	3
J Whittaker	2	3
K A Wilkinson	3	3
L A Willis	2	3

During the financial year one new Governor was appointed by members, and five Governors retired by rotation and were subsequently re-appointed. The major challenges faced by Governors during the year included improving the educational results and managing the impact of the Priority Building Schools Programme.

Between October and December 2014 the academy undertook an audit of Governor skills and used this information to align governors with key functional area and governing body committees to ensure that we are making the most appropriate use of Governor's skills. The following outcomes were achieved:

- To improve Governor's awareness of Ofsted expectations in relation to Governance
- To identify Committees and agree appropriate membership
- To identify Governors' skills and experience and how these relate to the role of Committees and to Governors' responsibilities
- To confirm the leadership arrangements for Committees
- To identify the potential sources of evidence which can be used by Governors to inform judgements and actions
- To agree the process for consulting up and agreeing policies
- To identify and promote departmental links

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GOVERNANCE STATEMENT (continued)

Governance has been redefined based upon the Ofsted guidance in order to ensure that clear lines of accountability are defined and to confirm challenge and practice. "Governors are increasingly well informed about the school's performance. They confidently challenge the Headteacher and senior leaders about the school's work and students' achievement" [Ofsted Inspection, April 2015].

The academy is currently (autumn term) undertaking an updated Governor skills audit, and will deliver further governor training based on the outcome of this audit.

The Finance and Property 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. The key issues reviewed by the Finance and Property Committee included agreeing the Medium Term Financial Plan, regularly reviewing the budget, commenting on the academy's Priority Building Schools Programme, reviewing the Statement of Accounts, reviewing the risk register and receiving the auditor's reports. During the period G W Campell, who worked as an accountant prior to retirement, chaired the committee. Attendance at meetings in the year was as follows:

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
G W Campbell	3	3
C Booth	2	3
D H Ewart	2	3
N Grieveson, Accounting Officer	3	3
L Northgreaves	2	3
S J J Northgreaves, Staff Governor	2	3
G Short	2	3
D Smith	3	3
T Watson	1	3
K A Wilkinson	3	3

Review of Value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Improving Educational Results

A 20% improvement in our headline 5+ A* to C (including English and Mathematics) figure has been achieved via the adoption of a number of key strategies including:

- Strengthening, and increasing teaching capacity in core subjects (including the appointment of new and experienced teachers to the English Department in 2015, and increasing the capacity of the Mathematics department from September 2016 via the appointment of two lead practitioners and two NQTs)
- Improving tracking for all Year 10 and 11 students (identifying the completion of coursework and controlled assessments in addition to their knowledge and skills in relation to examinable content)
- Increasing the use of walking talking mock and pre-public examinations
- Early entry for targeted English and Mathematics students (intervention strategy)
- Half termly progress reviews for all departments
- The application of a Red Amber Green (RAG) rating to departments according to the risks in each key stage relative to successful outcomes
- Increased use of data analysis tools to track actual and predicted achievement against interventions (to support targeted intervention)
- The use of internal "forensic" analysis to support student progress interviews considering predicted against actual results

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GOVERNANCE STATEMENT (continued)

Students' achievement in KS5 have continued to improve with over 38% of Year 11 students achieving 8 or more A* - C grades and 67% of students achieving A/A* or Distinction * grades. Strategies for improvement included Intervention, personalised study timetables, tutor support, regular progress reviews, subject interventions sessions, holiday intervention revision lessons etc. "Achievement in the sixth form is good. Given their broadly average starting points in Year 12, the vast majority of students make good progress in most of their academic subjects and attain above average in end of Year 13 A-level standards." [Ofsted Inspection, April 2015]

Intervention has been implemented within the core subjects throughout the academic year and has demonstrated the positive impact of intervention when applied to targeted students. Pupils who undertake intervention activities do so during timetabled, targeted enrichment periods. The pattern within the academic year suggests that intervention is a significant contributor to improved progress amongst those students targeted. Pupils are targeted based on need, and are selected based on rigorous analysis of assessment data.

Achievement for students in receipt of Pupil Premium funding showed significant improvement in 2016. The gap between non Pupil Premium and Pupil Premium students achieving 5 A* - C (including English and Maths) reduced to 17% (25% in 2015). The academy outperformed disadvantage students nationally by 5%.

Financial Governance and Oversight

The Finance and Property Committee approve the annual budget forecast of the academy trust including a review of pupil admissions / forecasts, the medium term financial plan (3 years) and a rolling 12 month cash flow statement to ensure the long term sustainability of the academy and thus that the academy remains a 'going concern'.

On a termly basis the Committee review the budget monitoring reports and updated cash flow forecasts, approve additional expenditure requirements or reductions, and ensure compliance with the academy trust's procurement regulations.

Following the annual audit, the Finance and Property Committee receives and reviews the financial statements and the external auditor's management report prior to forwarding these to the Governing Body for approval.

The Governing Body reviews the work of the Finance and Property Committee prior to ratifying the decisions.

A working party (Budget Working Group) was introduced in November 2015 to approve and monitor actions required to address the short to medium term funding shortfall faced by the academy. The work of this party has included the reviewing of all areas of the budget with a view of reducing costs.

Value for Money and Efficient Use of Resources

The academy strives to focus on value for money and understanding the value of our assets and how they can be used to increase our students' rate of progress. Existing service delivery is proactively challenged and alternative provision is evaluated.

The academy promotes fair competition through quotations and tenders in accordance with its Financial Regulations thus ensuring that goods and service are secured in the most economic, efficient and effective way.

The Headteacher reviews and authorises all invoices on behalf of the academy and regularly challenges these for efficiency and effectiveness. In turn, the Governing Body reviews the functions of the school, challenging how services are provided and setting targets and performance indicators for improvement.

The facilities provided under the Priority Schools Building Programme (PSBP) are anticipated to be significantly more energy efficient. Governors and staff have challenged the EFA and PSBP contractor to ensure the facilities delivered under the PSBP do not lead to an increased premises costs.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Maximising income generation

The academy explores all opportunities to generate additional income including improving catering arrangements, the introduction of a cashless catering system, the use of an online payments system, the hire of academy facilities to the community, offering support to other schools and academies and the submission of appropriate grant applications. All surplus monies are actively managed and invested in term deposits.

Reviewing Controls and Managing Risks

The Finance and Property Committee maintains an oversight of the academy's risk management, value for money framework and governance arrangements.

The academy appointed Clive Owen LLP Chartered Accountants to undertake system and accounting checks and reports these findings back to the Finance and Property Committee.

The Finance and Property Committee consider the strategic risks facing the academy including how these risks are managed via a termly review of the Risk Register.

The Headteacher and Finance Director review budget monitoring reports on a monthly basis addressing any significant variances against budget.

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 King James I Academy, Bishop Auckland Limited for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Governors 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 Board of Governors 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 year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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 Board of Governors;
- regular reviews by the Finance and Property Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities. The external auditors have delivered their work as planned and no material control issues have been identified.

- Testing of payroll systems
- Testing of purchase systems
- Testing of petty cash/expenses procedures
- Testing of control account/bank reconciliations
- Testing of Income systems
- Testing of the Accounting system and management information produced
- Review of governor appointments/resignations and declarations of interest
- Review of gifts and hospitality & honorarium / ex-gratia payments
- Review of information technology strategy
- Review of Fixed Assets
- Review of VAT and Corporation Tax position

On a termly basis the auditor reports to the board of Governors, through Finance and Property committee on the operation of the systems of control and on the discharge of the board of Governors' financial responsibilities. The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

As Accounting Officer, the Headteacher 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 external auditors;
- 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 Finance and Property Committee 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 Governors on 1 December 2016 and signed on their behalf, by:



E Varley
Chair



N Grieveson
Accounting Officer

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of King James I Academy, Bishop Auckland Limited I have considered my responsibility to notify the academy trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



N Grieveson
Accounting Officer

Date: 1 December 2016

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who are also the directors of the charitable company 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

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

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

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

Approved by order of the members of the Board of Governors on 1 December 2016 and signed on its behalf by:



E Varley
Chair

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED

We have audited the financial statements of King James I Academy, Bishop Auckland Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Qualified opinion

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING
JAMES I ACADEMY, BISHOP AUCKLAND LIMITED**

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 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Christopher Beaumont BA (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
1 December 2016

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO KING JAMES I
ACADEMY, BISHOP AUCKLAND LIMITED AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by King James I Academy, Bishop Auckland Limited during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to King James I Academy, Bishop Auckland Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to King James I Academy, Bishop Auckland Limited 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 King James I Academy, Bishop Auckland Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of King James I Academy, Bishop Auckland Limited's accounting officer and the reporting auditors

The Accounting Officer is responsible, under the requirements of King James I Academy, Bishop Auckland Limited's funding agreement with the Secretary of State for Education dated 1 June 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. 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 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 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.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO KING JAMES I
ACADEMY, BISHOP AUCKLAND LIMITED AND THE EDUCATION FUNDING AGENCY (continued)**

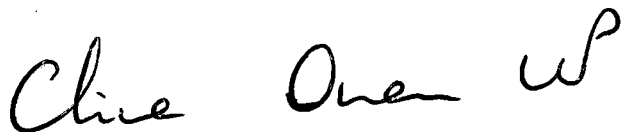
Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy.

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 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in black ink, appearing to read 'Clive Owen' followed by a stylized monogram or initials.

Clive Owen LLP

Reporting Accountant
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

1 December 2016

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants	3	-	-	103	103	10,988
Charitable activities	5	-	4,770	-	4,770	4,671
Other trading activities	4	305	66	-	371	581
TOTAL INCOME		<u>305</u>	<u>4,836</u>	<u>103</u>	<u>5,244</u>	<u>16,240</u>
EXPENDITURE ON:						
Charitable activities		<u>276</u>	<u>4,907</u>	<u>331</u>	<u>5,514</u>	<u>6,416</u>
TOTAL EXPENDITURE	7	<u>276</u>	<u>4,907</u>	<u>331</u>	<u>5,514</u>	<u>6,416</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	15	<u>29</u>	<u>(71)</u>	<u>(228)</u>	<u>(270)</u>	<u>9,824</u>
		-	(4)	4	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		<u>29</u>	<u>(75)</u>	<u>(224)</u>	<u>(270)</u>	<u>9,824</u>
Actuarial gains/(losses) on defined benefit pension schemes	20	<u>-</u>	<u>(1,207)</u>	<u>-</u>	<u>(1,207)</u>	<u>11</u>
NET MOVEMENT IN FUNDS		<u>29</u>	<u>(1,282)</u>	<u>(224)</u>	<u>(1,477)</u>	<u>9,835</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		<u>73</u>	<u>(1,116)</u>	<u>14,725</u>	<u>13,682</u>	<u>3,847</u>
TOTAL FUNDS CARRIED FORWARD		<u>102</u>	<u>(2,398)</u>	<u>14,501</u>	<u>12,205</u>	<u>13,682</u>

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07638979

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	2015 £000
FIXED ASSETS				
Tangible assets	12		14,585	14,830
CURRENT ASSETS				
Debtors	13	173		266
Cash at bank and in hand		154		84
		<u>327</u>		<u>350</u>
CREDITORS: amounts falling due within one year	14	(202)		(262)
NET CURRENT ASSETS			125	88
TOTAL ASSETS LESS CURRENT LIABILITIES			14,710	14,918
Defined benefit pension scheme liability	20		(2,505)	(1,236)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>12,205</u>	<u>13,682</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	15	107		120
Fixed asset funds	15	14,501		14,725
		<u>14,608</u>		<u>14,845</u>
Restricted funds excluding pension liability				
Pension reserve		(2,505)		(1,236)
		<u></u>		<u></u>
Total restricted funds			12,103	13,609
Unrestricted funds	15		102	73
TOTAL FUNDS			<u>12,205</u>	<u>13,682</u>

The financial statements were approved by the Governors, and authorised for issue, on 1 December 2016 and are signed on their behalf, by:



E Varley
Chair

The notes on pages 27 to 45 form part of these financial statements.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	17	65	(201)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(98)	(11,066)
Capital grants from DfE/EFA		18	17
Other capital grants		15	59
Donated fixed assets		70	10,961
Net cash provided by/(used in) investing activities		5	(29)
Change in cash and cash equivalents in the year		70	(230)
Cash and cash equivalents brought forward		84	314
Cash and cash equivalents carried forward		154	84

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

King James I Academy, Bishop Auckland Limited constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of King James I Academy, Bishop Auckland Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of King James I Academy, Bishop Auckland Limited for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

1.2 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 Education Funding Agency 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 and include grants from the Education Funding Agency.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

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

1.4 EXPENDITURE

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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. The Governors 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.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.6 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. 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 Incorporating Income and Expenditure Account 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 Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 Incorporating Income and Expenditure Account.

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

Long term leasehold property	-	straight line over remaining useful economic life
Long term leasehold land	-	straight line over 125 years
Motor vehicles	-	straight line over 5 years
Fixtures and fittings	-	straight line over 10 years
Computer equipment	-	straight line over 3 years

1.7 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.

KING JAMES I ACADEMY, BISHOP AUCKLAND LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.8 DEBTORS

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

1.9 CASH AT BANK AND IN HAND

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

1.10 LIABILITIES AND PROVISIONS

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

1.11 FINANCIAL INSTRUMENTS

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.12 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 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 quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

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

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

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £344,000.

Land and buildings - Land and buildings are held under a 125 year lease from Durham County Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

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2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2 % could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2016.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Other donations	-	5	5	-
Donated fixed assets	-	70	70	10,961
Capital Grants	-	28	28	27
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	103	103	10,988
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £ *NIL* was to unrestricted funds and £10,988,000 was to restricted fixed asset funds

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry income	106	1	107	257
Lettings	56	-	56	26
BALE Centre	-	65	65	97
Staff absence insurance	-	-	-	6
Catering	101	-	101	100
School fund	42	-	42	95
	<hr/>	<hr/>	<hr/>	<hr/>
	305	66	371	581
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from other trading activities, £481,000 was to unrestricted funds and £100,000 was to restricted funds.

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5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	4,382	4,382	4,223
Pupil Premium	-	276	276	318
16-19 Bursary	-	-	-	6
Other DfE/EFA Grants	-	53	53	47
	-	4,711	4,711	4,594
Other government grants				
SEN	-	35	35	45
Other Government Grants	-	16	16	7
	-	51	51	52
Other funding				
Other Grants	-	8	8	25
	-	8	8	25
	-	4,770	4,770	4,671

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £4,671,000 was to restricted funds.

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6. CHARITABLE ACTIVITIES

	2016 £000	2015 £000
DIRECT COSTS		
Wages and salaries	2,783	2,774
National insurance	235	219
Pension cost	393	380
Educational supplies	115	135
Examination fees	102	101
Staff development	10	12
Technology costs	8	7
Other direct costs	101	162
Travel and subsistence	5	5
	<hr/> 3,752 <hr/>	<hr/> 3,795 <hr/>
SUPPORT COSTS		
Wages and salaries	627	787
National insurance	32	27
Pension costs	104	106
Depreciation	343	1,016
Net interest cost on pension scheme	44	41
Recruitment and support	4	10
Maintenance of premises and equipment	68	69
Cleaning	17	18
Rates	58	51
Energy	93	116
Insurance	30	46
Security	4	5
Catering	64	59
Transport	40	34
Occupancy costs	3	4
Technology costs	24	19
Other support costs	161	148
Governance costs	16	20
Rent	30	45
	<hr/> 1,762 <hr/>	<hr/> 2,621 <hr/>
	<hr/> 5,514 <hr/>	<hr/> 6,416 <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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7. EXPENDITURE

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Academy's educational operations:					
Direct costs	3,411	-	341	3,752	3,795
Support costs	763	583	416	1,762	2,621
	<u>4,174</u>	<u>583</u>	<u>757</u>	<u>5,514</u>	<u>6,416</u>

In 2016, of the total expenditure, £276,000 (2015 - £570,000) was to unrestricted funds and £5,238,000 (2015 - £5,846,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	343	1,016
Auditors' remuneration - audit	9	8
Auditors' remuneration - other services	1	4
Operating lease rentals	<u>27</u>	<u>17</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	3,327	3,488
Social security costs	267	246
Operating costs of defined benefit pension schemes	497	486
	<u>4,091</u>	<u>4,220</u>
Supply staff costs	56	29
Staff restructuring costs	27	44
	<u>4,174</u>	<u>4,293</u>

Included in staff restructuring costs are redundancy payments of £24,000 (2015: £44,000) and severance payments of £3,000 (2015: £NIL).

Included in operating costs of defined benefit pensions scheme is a debit of £18,000 relating to the pension deficit actuarial adjustment.

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

	2016 No.	2015 No.
Teaching staff	65	64
Teaching support and technicians	16	17
Premises staff	50	53
Admin staff	19	22
Other staff	8	11
	<u>158</u>	<u>167</u>

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

	2016 No.	2015 No.
In the band £80,001 - £90,000	1	2

All of the above employee's participated in the Teachers Pension Scheme.

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 personal for their services to the academy trust was £442,000 (2015: £516,000)

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10. GOVERNORS' REMUNERATION AND EXPENSES

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

		2016 £000	2015 £000
N Grieveson	Remuneration	80-85	80-85
	Pension contributions paid	10-15	10-15
D A Shearer	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10
G E Keeler	Remuneration	40-45	40-45
	Pension contributions paid	5-10	5-10
S J J Northgreaves	Remuneration	30-35	30-35
	Pension contributions paid	0-5	0-5
A S Rodchester	Remuneration	0	85-90
	Pension contributions paid	0	10-15

During the year, no Governors received any reimbursement of expenses (2015 - £NIL).

11. GOVERNORS' 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 Governors and officers indemnity element from the overall cost of the RPA scheme.

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12. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST					
At 1 September 2015	19,141	62	86	104	19,393
Additions	88	-	10	-	98
Disposals	(4,057)	-	-	(10)	(4,067)
At 31 August 2016	15,172	62	96	94	15,424
DEPRECIATION					
At 1 September 2015	4,436	27	26	74	4,563
Charge for the year	297	10	18	18	343
On disposals	(4,057)	-	-	(10)	(4,067)
At 31 August 2016	676	37	44	82	839
NET BOOK VALUE					
At 31 August 2016	14,496	25	52	12	14,585
At 31 August 2015	14,705	35	60	30	14,830

The trust transactions relating to land and buildings included:

- The disposal of the leasehold on Upper school, Humanities and Demountable 3, which were inherited on conversion from Durham County Council, at a value of £4,057,000. The trust received £NIL proceeds from the disposal.

13. DEBTORS

	2016 £000	2015 £000
Trade debtors	34	89
VAT recoverable	30	28
Prepayments and accrued income	109	149
	<u>173</u>	<u>266</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Trade creditors	42	35
Other taxation and social security	81	75
Other creditors	-	59
Accruals and deferred income	79	93
	<u>202</u>	<u>262</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2016 £000	2015 £000
DEFERRED INCOME		
Deferred income at 1 September 2015	72	76
Resources deferred during the year	65	72
Amounts released from previous years	(72)	(76)
	<u>65</u>	<u>72</u>
Deferred income at 31 August 2016	<u>65</u>	<u>72</u>

Deferred income includes Rates funding which straddle the academic year together with BALE income invoiced in July 2016 for year ended 31 March 2017 and trips monies collected pre year end in respect of post year end trips.

15. STATEMENT OF FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS						
Unrestricted general funds	60	263	(228)	-	-	95
School Fund	13	42	(48)	-	-	7
	<u>73</u>	<u>305</u>	<u>(276)</u>	<u>-</u>	<u>-</u>	<u>102</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	4,382	(4,378)	(4)	-	-
Pupil Premium	-	276	(276)	-	-	-
Other DfE/EFA Grants	-	53	(53)	-	-	-
Other Government Grants	-	51	(51)	-	-	-
Other restricted funds	8	8	(16)	-	-	-
BALE - available reserve	-	65	(63)	-	-	2
BALE - essential reserve	108	-	(5)	-	-	103
Durham youth	4	1	(3)	-	-	2
Pension reserve	(1,236)	-	(62)	-	(1,207)	(2,505)
	<u>(1,116)</u>	<u>4,836</u>	<u>(4,907)</u>	<u>(4)</u>	<u>(1,207)</u>	<u>(2,398)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Legacy assets - land and buildings	3,553	-	(45)	-	-	3,508
PSBS - New Building	10,834	75	(220)	-	-	10,689
Devolved Formula Capital	49	18	(13)	-	-	54
Capital expenditure from GAG	84	-	(31)	4	-	57
Capital expenditure from Unrestricted	147	-	(18)	-	-	129
Other capital grants	58	10	(4)	-	-	64
	<u>14,725</u>	<u>103</u>	<u>(331)</u>	<u>4</u>	<u>-</u>	<u>14,501</u>
Total restricted funds	<u>13,609</u>	<u>4,939</u>	<u>(5,238)</u>	<u>-</u>	<u>(1,207)</u>	<u>12,103</u>
Total of funds	<u>13,682</u>	<u>5,244</u>	<u>(5,514)</u>	<u>-</u>	<u>(1,207)</u>	<u>12,205</u>

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

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

The BALE centre is an inclusion centre used by schools in the Bishop Auckland cluster. King James I Academy recharges its running costs to the other schools.

Other DfE/EFA grants relate to Post 16 bursary and Yr 7 Catch up grant. Post 16 Bursary fund is to be used towards the cost of education of post year 11 students. The year 7 Catch up grant is to be used on costs relating to year 7 pupils.

Pupil Premium is additional funding to be spent as the school sees fit to support disadvantaged children.

Other Government grants consists of SEN funding from Durham County Council and other small grants from Durham County Council. All of the grants are to be used for the provision of special educational needs and other educational costs.

Other restricted income relates to a donation. These are to be used on staffing re Bishop Auckland Theatre Hooligans (BATH).

Durham youth relates to grants received from use on educational costs.

Fixed asset funds represent funding received to pay for assets held by the academy.

Unrestricted funds represents funding received for the academy to use as it sees fit.

A transfer of £4,000 has been made to Capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	84	-	14,501	14,585	14,830
Current assets	24	303	-	327	350
Creditors due within one year	(6)	(196)	-	(202)	(262)
Provisions for liabilities and charges	-	(2,505)	-	(2,505)	(1,236)
	<u>102</u>	<u>(2,398)</u>	<u>14,501</u>	<u>12,205</u>	<u>13,682</u>

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £000	2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(270)	9,824
Adjustment for:		
Depreciation charges	343	1,016
Decrease in debtors	93	76
Decrease in creditors	(60)	(149)
Capital grants from DfE and other capital income	(33)	(76)
Defined benefit pension scheme movement	62	69
Donated fixed assets	(70)	(10,961)
Net cash provided by/(used in) operating activities	<u>65</u>	<u>(201)</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand	154	84
Total	<u>154</u>	<u>84</u>

19. CAPITAL COMMITMENTS

At 31 August 2016 the academy had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	-	16

20. 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

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20. PENSION COMMITMENTS (continued)

(LGPS) for non-teaching staff, which is managed by Durham County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

Teachers' Pension Scheme

Introduction

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

Not less than every four years 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. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £329,000 (2015 - £301,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

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20. PENSION COMMITMENTS (continued)

set out above the information available on the scheme.

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 year ended 31 August 2016 was £200,000 (2015 - £175,000), of which employer's contributions totalled £150,000 (2015 - £121,000) and employees' contributions totalled £50,000 (2015 - £54,000). The agreed contribution rates for future years are 14% for employers and 5.5 - 12.5% 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.

Local Government Pension Scheme

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.60 %
Rate of increase for pensions in payment / inflation	1.90 %	2.10 %
Inflation assumption (CPI)	1.90 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2016	2015
Retiring today		
Males	22.7	22.6
Females	25.2	25.1
Retiring in 20 years		
Males	24.9	24.8
Females	27.5	27.4

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	930	824
Government bonds	689	475
Corporate bonds	181	150
Property	171	102
Cash	157	128
Total market value of assets	2,128	1,679

The actual return on scheme assets was £300,000 (2015 - £(2,000)).

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20. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(166)	(181)
Net interest cost	(44)	(41)
Past service cost	(2)	-
	<hr/>	<hr/>
Total	(212)	(222)
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £000	2015 £000
Opening defined benefit obligation	2,915	2,696
Current service cost	166	181
Interest cost	111	100
Contributions by employees	50	52
Actuarial losses/(gains)	1,440	(72)
Past service costs	2	-
Benefits paid	(51)	(42)
	<hr/>	<hr/>
Closing defined benefit obligation	4,633	2,915
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	1,679	1,518
Interest income	67	59
Actuarial gains and (losses)	233	(61)
Contributions by employer	150	153
Contributions by employees	50	52
Benefits paid	(51)	(42)
	<hr/>	<hr/>
Closing fair value of scheme assets	2,128	1,679
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
AMOUNTS PAYABLE:		
Within one year	26	20
Between one and five years	18	25
	<hr/>	<hr/>
Total	44	45
	<hr/>	<hr/>

22. NET INTEREST COST ON PENSION SCHEME

	2016 £000	2015 £000
Expected return on pension scheme assets	67	59
Interest on pension scheme liabilities	(111)	(100)
	<hr/>	<hr/>
	(44)	(41)
	<hr/>	<hr/>

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

Cre8tive Graphics Limited - a company in which the son-in-law of Mr K A Wilkinson (a Governor of the trust) has a majority interest:

- The trust purchased signwriting from Cre8tive Graphics Limited totalling £867 (2015:£529) during the period. There was no amounts outstanding at 31 August 2016 (2015:£nil)
- The trust made the purchases at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr K A Wilkinson neither participated in, nor influenced
- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2015

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**NOTES TO THE FINANCIAL STATEMENTS
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24. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		3,847	13,682
Total funds reported under FRS 102		<u>3,847</u>	<u>13,682</u>

Reconciliation of net income	Notes	31 August 2015 £000
Net income previously reported under UK GAAP		9,855
Change in recognition of LGPS interest cost	A	(31)
Actuarial gains/(losses) brought above the line	B	11
Net movement in funds reported under FRS 102		<u>9,835</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Change in recognition of LGPS interest cost

Under previous UK GAPP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £31,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount of £31,000

B Actuarial gains/(losses) brought above the line

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.