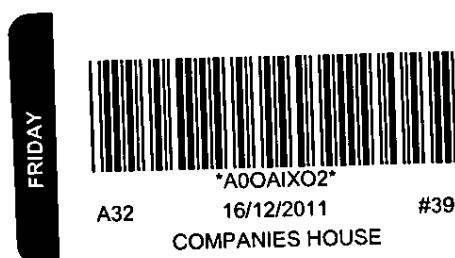


**FORT PITT GRAMMAR SCHOOL ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**Annual Report and Financial Statements**

**Period ended 31<sup>st</sup> August 2011**



**Company Registration Number:**

**07401701 (England and Wales)**

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**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**period ended 31 August 2011**

**1. Reference and Administrative Details**

Accounting Officer	Julia M Bell, Headteacher
Directors	Marion Cogger (Chair) Sylvia Meade Denise Ford Chris Barker Roger Brown (appointed 10/11/11)
Governors	
- LEA	Marion Cogger (Chair)
- Ex officio	Julia M Bell
- Co-opted	Sylvia Meade
- Partnership	Denise Ford
- Parent	Chris Barker
- Co-opted	Roger Brown
- Partnership	David Fensome
- LEA	Min Keating
- Parent	Helen Klimkowicz
- Staff	Chris Spring
Senior Leadership Team	
- Headteacher	Julia M Bell
- Deputy Headteacher	Carol Winn
- Assistant Headteacher	Jools Sewell
- Senior Teacher	Helen Gordon
- Senior Teacher	David Reader
- Business Manager	Steve Maile
- Head of 6 <sup>th</sup> form	Mel Lester
- Advanced Skills Teacher	Joy Martin
- Advanced Skills Teacher	Claire Specht
Principal and Registered Office	Fort Pitt Grammar School Academy Trust Fort Pitt Hill Chatham Kent ME4 6TJ
Company Registration Number	07401701 (England and Wales)
Statutory Auditor	Reeves & Co LLP Statutory Auditor Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	National Westminster Bank Plc 148 High Street Chatham Kent ME4 4DB
Responsible Officer	James Hyde

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**period ended 31 August 2011**

**2 Report of the Directors**

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31<sup>st</sup> August 2011

**2.1 Structure, Governance and Management**

Constitution

Fort Pitt Grammar School Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Directors act as the trustees for the charitable activities of Fort Pitt Grammar School Academy Trust and are also the directors of the Charitable Company for the purposes of company law.

The following Directors and Governors were in office at 31<sup>st</sup> August 2011 and served the Academy throughout the period.

Directors

Marion Cogger  
Sylvia Meade  
Denise Ford  
Chris Barker  
Roger Brown (appointed 10/11/11)

Governors

Julia M Bell  
David Fensome  
Min Keating  
Helen Klimkiewicz  
Chris Spring

The above governors are not directors for the purpose of company law.

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.

**Directors' Indemnities**

There were no qualifying third party indemnity provisions applicable during the period ending 31<sup>st</sup> August 2011.

Principal Activities

The Principal Activity of the Fort Pitt Grammar School Academy Trust is to provide excellent education opportunities to students and to nurture and care for their learning and well being that will serve them during their lives and future careers.

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**period ended 31 August 2011**

Method of Recruitment and Appointment or Election of Governors

The Directors may appoint up to 7 Governors. The Directors may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors. The Headteacher shall be treated for all purposes as being an ex officio Governor.

Subject to Article 57, the Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he or she is elected. The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he or she prefers, by having his or her ballot returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he or she is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies. In appointing a Parent Governor, the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Headteacher).

The Secretary of State has powers to give warning notices to the Governors and should it become necessary to appoint such Additional Governors as he thinks fit.

The term of office for any Governor is 4 years, save that this time limit shall not apply to the Headteacher, subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Governors

The School subscribes to the Medway Governor Training Package and all courses are available to all governors. New governors (none at this time) undergo initial training / mentoring with the Chair of Governors.

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**period ended 31 August 2011**

Organisational Structure

The Directors of the Fort Pitt Grammar School Academy Trust have overall responsibility for academic achievement, setting policy and the running of the Academy, setting strategic direction and managing the overall resources for the delivery of the Academy's aims and objectives

The Governing Body is made up of the Directors, the Headteacher and Governors and has responsibility for setting the Academy's budget and for ensuring the Academy is managed effectively and achieves best value. In order to manage the Academy business and the requirements invested in the Academy Trust by the Secretary of State, the Governing Body is divided into a number of Governor Committees – Finance & General Purposes Committee, the Staffing Committee and the Curriculum Committee

The responsibility for the day to day management of the Academy lies with the Headteacher, the Accounting Officer. The Headteacher is responsible to the Governing Body and Directors for achieving academic excellence and carrying out the Trust policies and procedures. The Headteacher manages the Academy's finances in line with the strategic plans for the Academy and ensures effective controls are in place and best value is secured for the goods and services purchased

The Headteacher devolves the operational management of the Academy to the Senior Leadership Team (SLT), comprising the Headteacher, the Deputy Headteacher, Assistant Headteacher, Senior Teachers and the Business Manager. As the corporate management team for the Academy, SLT are collectively responsible to the Headteacher for the overall management of the school, incorporating teaching and learning and the planning and use of assets and financial resources. Management responsibility is further delegated to Heads of Departments for accounting to SLT and the Headteacher for student and teacher performance

Risk Management

The Directors are responsible for identifying risks faced by the Company, establishing procedures to mitigate these risks, and ensuring that employees are aware of these procedures and of the implications of failing to implement them. They are satisfied that these procedures are consistent with guidelines issued by the Charity Commission

The major strategic risks to which the Academy Trust is exposed are as follows,

- the risk to the school's future viability from market forces (pupils, competitors, staff)
- Changes in management affecting strategic direction
- Grammar Schools - future governments & changes in current government thinking could weaken selective schools
- Government funding - Reduced sixth form funding will jeopardise the viability of many secondary school sixth forms in 2014/15

The above risks together with the risk of fraud, damage to the Academy buildings and other areas of risk have been reviewed by the Governors and procedures are in place for managing the risks

Connected Organisations, including Related Party Relationships

There are no connected organisations or related party relationships to report

Objects and Aims

The Academy Trust's object is specifically restricted to the following, to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carry on, managing and developing the school offering a broad and balanced curriculum. The aim of the Academy Trust is to continue to be an outstanding school and to continue to achieve outstanding performance

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**period ended 31 August 2011**

Objectives, Strategies and Activities

The main objectives for the period have been,

- Continuing to provide academic excellence, to provide an excellent community, to ensure excellent behaviour in an excellent environment
- Continuing to deliver 'best value' for stakeholders
- Successfully making the transition to Academy status

Public Benefit

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the company's objectives and aims and in planning future activities for the year. The Directors consider that the company's aims are demonstrably for the public benefit.

**Achievements and Performance**

The School has achieved its best ever examination results at AS and A2

60%	A* / B – A Level
44%	A / B – AS Level
100%	A* - C – GCSEs (including English and Mats)

The School is over-subscribed

The School has continued its planned building maintenance in a very difficult financial climate

Going Concern

After making appropriate enquiries, the Governing Body 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.

**Financial Review**

The Academy opened on 1<sup>st</sup> November 2010 and under the Academy Regulations took on the liability from the closure of the former school's bank account held with Medway. The closing balances as at 31<sup>st</sup> October 2010 were,

Revenue surplus or (deficit)	(£148k)
Capital surplus or (deficit)	<u>£146k</u>
Balance surplus or (deficit)	(£2k)

The small deficit has been paid to Medway by the Academy following Medway's closedown arrangements.

A new bank account with Nat West was set up prior to the conversion.

The Academy's main income stream comes from the Young People's Learning Agency (YPLA) in the form of recurrent grants for particular purposes. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The remainder of the income is raised via fees and charges for lettings and this income is unrestricted.

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**period ended 31 August 2011**

**Financial Review (continued)**

In addition, the company also receives capital funding from the YPLA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), these 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.

During the period ended 31<sup>st</sup> August 2011, total income including capital income came to £19.96m of which £38.8k was unrestricted income. It must be noted however that the total income makes provision for the repayment to the YPLA in 2011/12 of two amounts totalling £115.3k (£64.1k GAG Grant to be refunded for grant in excess of actual student numbers and £51.2k VAT grant to be repaid for the period April to August 2011 following the retrospective legislation change in respect of academies).

£16.32m of income related to the school building that was donated to the academy by the predecessor school and is included as a donated asset.

The income figure also includes a grant of £9k which relates to Bursary funding for 2011/12. Provision for this grant has been made in the 2010/11 accounts.

Following the VAT legislation change, the Academy will be retrospectively claiming £18.6k from the HMRC for VAT incurred on expenditure for the period April to August 2011 and again provision has been made in the 2010/11 accounts.

Total expenditure for the period ended 31<sup>st</sup> August 2011 came to £4.29m of which £9.1k is unrestricted expenditure relating to the administration costs for lettings. Employee costs of £2.73m represented 64% of total expenditure, Learning and Professional costs accounted for 6% and Property Related cost came to 5% of total expenditure. The expenditure incurred during the period supported the learning objectives of the Academy.

Breaking down the expenditure to a further level, the total spend on teaching, including supply and agency costs came to £1.97m (72% of staff costs) and support staff including cover staff, admin, finance, caretaking and cleaning came to £0.76m (28%).

The staffing costs include redundancy and early pension capitalisation costs of £38.5k following restructuring of the Student Support Team and restructuring of the SLT.

The company's income and expenditure makes provision for depreciation and pension scheme adjustments which are accounting adjustments and are figures that are not included in the income and expenditure funding agreements with the YPLA.

The operating surplus excluding depreciation and pension scheme adjustments for the period ended 31 August 2011 was £16.71m.

**Balance Sheet – Finance Review**

The operating surplus reported above does not take into account the full company accounting arrangements for the Academy's assets (mainly the land and property valuations), asset depreciation and the pension scheme accounting arrangements for support staff who are members of the Kent Local Government Pension Scheme. The balance sheet covers the surplus on the income and expenditure account and makes provision for assets and pension balances or deficits.

The valuation of the land and property included in the balance sheet is £16m.

The actuarial valuation of the KCC pension fund at the 1<sup>st</sup> November 2010 was a net liability of £789k and the actuarial valuation at the period ended 31<sup>st</sup> August 2011 was £726k a movement of £63k in the pension liability for the period. This has been reflected in the balance sheet.



**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**period ended 31 August 2011**

Financial and Risk Management Objectives and Policies

The financial position of the School has improved following the conversion to academy status due to the full-year effect of the staff restructuring plans that had been implemented prior to academy status which has reduced staffing costs. The school income had been reducing year on year due to falling pupil numbers but the Year 7 figures have risen and kept constant over the last 2 years and this is set to continue given the evidence of interest from the recent open evenings and mornings. The volatility of the 6<sup>th</sup> form numbers will remain a risk with the competition for places from local schools.

The future finances are also uncertain with regard to changes in the funding formula and the year on year reduction in 6<sup>th</sup> form funding leading up to 2014-15 when the full effect of the government spending plans are realised. The finances will need to be carefully managed over the intervening period. The restructuring of the Student Support Team and savings made elsewhere will help to reduce our expenditure at a time when income will be further squeezed.

The Academy's capital funds have been reduced by 80% in line with the Government spending plans and the reductions hit schools and academies and particularly our school where we have a range of buildings some dating back to 1850 and we are maintaining and adapting them as resources allow for teaching students in the 21<sup>st</sup> century.

Governors and Directors will continue to review the risks (please refer to the Risk Management document for details) and to manage them sensitively given the prevailing local market. Emphasis will continue on securing best value when purchasing goods and services and letting contracts.

Principal Risks and Uncertainties

These are covered above.

Reserves Policy

The Academy opened on 1<sup>st</sup> November 2010 without any cash reserves from the former school account. The policy for the first year of operation has been to maintain a tight grip on expenditure and to steadily build up a level of cash reserve in the bank that would provide liquidity in terms of paying creditors within the normal credit terms of 30 days. With liabilities such as re-paying the YPLA for VAT and part of the GAG grant monies the first year of operating has been to manage cash-flows to meet expenditure and liabilities and then to review the level of reserves. The YPLA set levels (12% - 2% revenue and 10% capital) of Grant funding that Academies are allowed to carry forward and should unspent grant funds exceed this level then the Academy has to account for the reasons e.g. building up funds for a capital project etc or repay an element of GAG funds.

The level of free reserves i.e. not including restricted funds available for general purposes is £131k.

Investment Policy

The level of reserves will be kept under review by the Directors but given the YPLA funding arrangements, the level of reserves (if generated by YPLA grants) should not be of a size that would warrant investing. However, improved bank interest rates should be obtained where possible when we are able to ring-fence a sum for a limited time.

**Fort Pitt Grammar School Academy Trust**  
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**period ended 31 August 2011**

**Funds held as Custodian Trustee on behalf of others**

The Academy acts as Custodian in respect of two accounts, namely,

- Joan Howard Awards Account
- Fort Pitt Grammar School Chantable Trust

**Joan Howard Awards Account**

Joan Howard was a former teacher of History at this school and her son, as an executor of her estate, bequeathed £1,000 to the school in his mother's name to fund an annual award from the accrued interest to the history student of the year. This activity therefore supports the academy's objectives to recognise student achievement.

**The Fort Pitt Grammar School Chantable Trust (FPGSCT)**

This fund has been in existence for a number of years and it is the amalgamation of the school voluntary fund and an earlier charitable trust account. The FPGSCT is a fund set up for parent donations and other donations that are received for the benefit of the students or improvements to the school that are not budgeted for within the mainstream grant funding.

As a charity, the school benefits from the donations made with regard to the gift aid tax that can be claimed for the donation. Parents are asked to make an annual voluntary contribution of £15.00. The funds for the period ending 31<sup>st</sup> August 2011 stand at £104,478 with the Co-Operative Bank Plc. This account is used for School Voluntary Fund donations and also payments for school trips, Conferences, Books and fundraising. A Nat West account for the original Fort Pitt Chantable Trust has a balance at 31 August 2011 of £21,008. The members of the Chantable Trust Committee meet annually to go through the accounts and approve funding allocations such as meeting the costs of the student planners and paying the maintenance costs of the water machines in the school. This activity therefore supports the academy's objectives to support the welfare of our students.


**Auditor**

In so far as the directors are aware

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

Approved by order of the members of the Directors on 5<sup>th</sup> December 2011 and signed on its behalf by

Signed



**Mrs Marion Cogger**  
**Chair of Governors and Director**

### **3 Statement on Internal Control**

#### **Scope of Responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Fort Pitt Grammar School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Academy Trust for the period ended 31 August 2011 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### **The Risk and Control Framework**

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**period ended 31 August 2011**

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed James Hyde as Responsible Officer ('RO'). Mr Hyde previously worked as an auditor for Medway Council and is currently employed by the Salvation Army in a similar capacity. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The RO will be reporting to the Governing Body during 2012 on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

**Review of Effectiveness**

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

- the work of the external auditor,
- the financial management and governance self assessment process. This process includes a payment review of invoices carried out by SLT and in 2012 Governors of the Finance & General Purposes Committee will be undertaking a similar review
- examining the main areas of expenditure including the staff budgets and reconciling staff pay and carrying out a sample check of pay to contracts
- The current procurement work undertaken by the Academies Principals and Business Managers

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 General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. This arrangement will be enhanced when the RO begins his reviews in 2012.

Approved by order of the members of the Governing Body 5<sup>th</sup> December 2011 and signed on its behalf by



**Marion Cogger**  
**Chair**



**Julia M. Bell**  
**Headteacher**

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**period ended 31 August 2011**

**4 Statement of Directors' Responsibilities**

The Directors (who act as trustees for charitable activities of the Fort Pitt Grammar School Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Young People's Learning Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to

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

The directors 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 directors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the YPLA/DfE have been applied for the purposes intended.

The directors 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 Directors on 5<sup>th</sup> December 2011 and signed on its behalf by



Mrs Marion Cogger, Chair

## **5. Independent Auditor's Report to the members of Fort Pitt Grammar School Academy Trust**

We have audited the financial statements of Fort Pitt Grammar School Academy Trust for the year ended 31 August 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2010/11 issued by the Young People's Learning 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities [set out [on page 12], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

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<sup>3</sup> to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2011, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Fort Pitt Grammar School Academy Trust  
(A company limited by guarantee)  
period ended 31 August 2011

**5 Independent Auditor's Report to the members of Fort Pitt Grammar School Academy Trust**

**Opinion on other matter prescribed by the academy's funding agreement with the Secretary of State for Education**

In our opinion grants made by the Young People's Learning Agency have been applied for the purposes intended

**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

*Reeves & Co LLP*

Peter Manser DChA FCA (Senior Statutory Auditor)

for and on behalf of

Reeves & Co LLP

Statutory Auditor  
Chartered Accountants

Canterbury

Date *6 December 2011*

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Statement of financial activities**

**For the period ended 31 August 2011**

**(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Restricted pension fund 2011 £	Restricted fixed assets funds 2011 £	Restricted general funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income	3	-	16,340,000	121,049	-	16,461,049
Activities for generating funds	4	-	-	12,255	-	12,255
Incoming resources from charitable activities	5	-	45,958	3,386,667	38,801	3,471,426
Other incoming resources		-	-	13,421	-	13,421
<b>Total incoming resources</b>		-	16,385,958	3,533,392	38,801	19,958,151
<b>Resources expended</b>						
Charitable activities	7	26,000	224,074	3,196,644	9,144	3,455,862
Governance costs	11	-	-	40,593	-	40,593
Other resources expended	8	789,000	-	-	-	789,000
<b>Total resources expended</b>	6	815,000	224,074	3,237,237	9,144	4,285,455
Net income before transfers		(815,000)	16,161,884	296,155	29,657	15,672,696
Transfers between Funds		-	7,422	(7,422)	-	-
<b>Net income / (Expenditure) before revaluations</b>		(815,000)	16,169,306	288,733	29,657	15,672,696
Actuarial gains and losses on defined benefit pension schemes		89,000	-	-	-	89,000
<b>Net movement in funds for the year</b>		(726,000)	16,169,306	288,733	29,657	15,761,696
Total funds at 8 October 2010		-	-	-	-	-
<b>Total funds at 31 August 2011</b>		(726,000)	16,169,306	288,733	29,657	15,761,696

All activities relate to continuing operations

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

The notes on pages 18 to 37 form part of these financial statements



**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**  
**Registered number: 07401701**

**Balance sheet**  
**For the period ended 31 August 2011**

	Note	£	2011 £
<b>Fixed assets</b>			
Tangible assets	15		16,123,348
<b>Current assets</b>			
Debtors	16	123,544	
Cash at bank and in hand		605,127	
		<u>728,671</u>	
	17	(364,323)	
<b>Creditors: amounts falling due within one year</b>			<u>364,348</u>
<b>Net current assets</b>			16,487,696
<b>Total assets less current liabilities</b>			
Defined benefit pension scheme liability	23	(726,000)	
<b>Net assets including pension scheme assets/(liabilities)</b>			<u>15,761,696</u>
<b>Funds of the academy</b>			
<b>Restricted funds</b>			
- Fixed asset fund(s)			16,169,306
- General fund(s)	18	168,172	
- School Voluntary Fund		120,561	
- Pension reserve		(726,000)	
<b>Unrestricted funds</b>	18		29,657
- General fund(s)			
			<u>15,761,696</u>

The financial statements were approved by the Directors on 5 December 2011 and signed on their behalf by



**Mrs Marion Cogger**  
**Chair of Governors and Director**

The notes on pages 18 to 37 form part of these financial statements

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Cash flow statement**  
**For the period ended 31 August 2011**

		<b>Period ended 31 August 2011 £</b>
	<b>Note</b>	
Net cash flow from operating activities	20	566,590
Capital expenditure and financial investment		38,536
		<hr/>
<b>Increase in cash in the period</b>		<b>605,126</b>
		<hr/>

**Reconciliation of net cash flow to movement in net funds/debt**  
**For the period ended 31 August 2011**

	<b>Period ended 31 August 2011 £</b>
Increase in cash in the period	605,126
	<hr/>
<b>Movement in net debt in the period</b>	<b>605,126</b>
	<hr/>
<b>Net funds at 31 August 2011</b>	<b>605,126</b>
	<hr/>

The notes on pages 18 to 37 form part of these financial statements

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with donated assets recorded at fair value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, the Academies Accounts Direction issued by the YPLA, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

The academy is a company limited by guarantee. The members of the company are the Directors named on page 2. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the YPLA.

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the academy being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the academy where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

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

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**1. Accounting policies (continued)**

**1.5 Resources expended**

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

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

Charitable activities are costs incurred on the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

**1.6 Going concern**

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**1. Accounting policies (continued)**

**1.7 Tangible fixed assets and depreciation**

The Academy maintains an Asset Management Register (AMR) recording the fixed assets purchased or leased and used on behalf of the Trust. The AMR provides details of the description of the assets, the location, the serial number (where appropriate), the cost of the asset when purchased, the date of acquisition and the expected useful economic life of the asset.

Tangible fixed assets acquired since the Academy was established are included in the accounts and shown on the balance at cost and depreciated over their expected economic life. The depreciation is charged to the restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). Assets of a value of £1,000 and above may be capitalised.

Should at any time the Academy enter in to a major construction program, any assets under construction are accounted for at cost based on architects' certificates and other direct costs, incurred as at 31st August of the accounting year in question. These assets are not depreciated until they are brought into use.

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

Land and buildings	-	2% straight line on buildings
Building refurbishments	-	10% straight line
Fixtures & fittings	-	20% straight line
Computer equipment	-	33% straight line

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

**1.8 Donated assets**

The charitable company on becoming an Academy Trust received a transfer of land, buildings and equipment at no consideration previously utilised by the predecessor school.

Fixed assets acquired from the predecessor school are treated as acquired at fair value.

The directors have applied their best endeavour to estimate fair value of the assets for the purpose of the financial statements. The directors estimate the fair value of land and buildings has been informed by valuation advice received from the company's insurers.

Directors estimate of fair values are as follows:

- Land	£5.44m
- Buildings	£10.88m
- Equipment	£20,000

**1.9 Operating leases**

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

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**1 Accounting policies (continued)**

**1 10 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

**1 11 Pensions**

Academy staff are members of one of two pension schemes, both are defined benefit schemes.

**Defined Benefit Schemes**

**Teachers' Pension Schemes**

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

**Local Government Pension Scheme**

Non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

The Academy's share of the LGPS pension scheme asset or liability is shown as a restricted pension reserve fund as the costs of the members of the pension scheme are financed by restricted funding.

Further details of the fund are set out in note 23 of the Financial Statements.

**1.12 Taxation**

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

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**2 General Annual Grant (GAG)**

**Results and Carry Forward for the Year**

	2011 £
GAG brought forward from previous year	-
GAG allocation for current year	3,345,885
<b>Total GAG available to spend</b>	<b>3,345,885</b>
Recurrent expenditure from GAG	(3,199,224)
Fixed assets purchased from GAG	-
<b>GAG carried forward to next year</b>	<b>146,661</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation of current year)	(401,506)
12% rule breached if result is positive	(254,845)
	(no breach)

**3 Voluntary income**

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £
Assets transferred from predecessor school	16,340,000	-	16,340,000
School voluntary fund	121,048	-	121,048
	<u>16,461,048</u>	<u>-</u>	<u>16,461,048</u>

**4. Fundraising income**

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £
Fundraising	12,255	-	12,255
	<u>12,255</u>	<u>-</u>	<u>12,255</u>

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**5 Incoming resources from charitable activities**

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £
General Annual Grant (GAG) (note 2)	3,345,885	-	3,345,885
Additional Income	15,236	-	15,236
School Trips	6,275	-	6,275
Sales	45,958	-	45,958
Lettings income	-	22,861	22,861
Other DfE Grants	-	15,940	15,940
Capital Grant	12,711	-	12,711
Other Government Grants	6,560	-	6,560
	<u>3,432,625</u>	<u>38,801</u>	<u>3,471,426</u>

**6 Analysis of resources expended by expenditure type**

	Staff costs 2011 £	Depreciation 2011 £	Other costs 2011 £	Total 2011 £
Direct costs	2,727,507	224,074	504,281	3,455,862
Governance	-	-	40,593	40,593
Other resources expended	-	-	789,000	789,000
	<u>2,727,507</u>	<u>224,074</u>	<u>1,333,874</u>	<u>4,285,455</u>

**7. Analysis of resources expended by activities**

	Activities undertaken directly 2011 £	Support costs 2011 £	Total 2011 £
Direct costs	<u>2,543,408</u>	<u>912,454</u>	<u>3,455,862</u>

**8 Other resources expended**

	Restricted funds 2011 £	Total funds 2011 £
Inherited deficit on defined pension scheme from predecessor school	<u>789,000</u>	<u>789,000</u>



**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**9 Direct costs**

	Activities £	Total 2011 £
FRS17 pension finance cost	26,000	26,000
Books and Educational Equipment	51,551	51,551
Exam Fees	83,332	83,332
School Meals	14,567	14,567
School Trips	14,787	14,787
Purchases for Re-Sale	5,347	5,347
Wages and salaries	1,731,279	1,731,279
National insurance	166,932	166,932
Pension cost	449,613	449,613
	<u>2,543,408</u>	<u>2,543,408</u>

**10. Support costs**

	Activities £	Total 2011 £
Repairs and maintenance	62,437	62,437
Rates and water	21,071	21,071
Light and heat	82,618	82,618
Premises expenses	724	724
Transport costs	5,479	5,479
Postage and stationery	26,338	26,338
Hospitality	3,632	3,632
Telephone and fax	2,683	2,683
Bank charges	696	696
Advertising and marketing	1,592	1,592
Sundry expenses	15,632	15,632
IT Costs	72,672	72,672
Staff Training and Development	3,261	3,261
Charity expenses	9,862	9,862
Wages and salaries	379,683	379,683
Depreciation	224,074	224,074
	<u>912,454</u>	<u>912,454</u>

**11. Governance costs**

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £
Governance Auditors' remuneration	8,000	-	8,000
Legal and professional	32,593	-	32,593
	<u>40,593</u>	<u>-</u>	<u>40,593</u>

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**12 Net income**

This is stated after charging

	<b>Period ended 31 August 2011 £</b>
Depreciation of tangible fixed assets	
- owned by the charity	<b>224,074</b>
Governance Auditors' remuneration	<b>8,000</b>
Governance Internal audit costs	<b>-</b>
	<hr/>

During the period, no Directors received any remuneration  
During the period, no Directors received any benefits in kind  
During the period, no Directors received any reimbursement of expenses

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**13. Staff costs**

Staff costs were as follows

	Period ended 31 August 2011 £
Wages and salaries	2,110,963
Social security costs	166,932
Pension costs	449,613
	<hr/> 2,727,508 <hr/>

The average monthly number of employees during the period was as follows

	Period ended 31 August 2011 No
Direct Teaching	45
Support and Admin	31
Cleaning	4
	<hr/> 80 <hr/>

The number of higher paid employees was

	Period ended 31 August 2011 No.
In the band £60,001 - £70,000	2
In the band £90,001 - £100,000	1
	<hr/> 3 <hr/>

The above employees participated in the Teachers' Pension Scheme During the period ended 31 August 2011, pension contributions for these staff amounted to £27,074

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**14 Other finance income**

	Period ended 31 August 2011 £
Expected return on pension scheme assets	40,000
Interest on pension scheme liabilities	(66,000)
	<u>(26,000)</u>

**15 Tangible fixed assets**

	Freehold property £	Equipment £	Total £
<b>Cost/Fair value</b>			
At 8 October 2010	-	-	-
Additions	16,320,000	27,422	16,347,422
At 31 August 2011	<u>16,320,000</u>	<u>27,422</u>	<u>16,347,422</u>
<b>Depreciation</b>			
At 8 October 2010	-	-	-
Charge for the period	217,600	6,474	224,074
At 31 August 2011	<u>217,600</u>	<u>6,474</u>	<u>224,074</u>
<b>Net book value</b>			
At 31 August 2011	<u>16,102,400</u>	<u>20,948</u>	<u>16,123,348</u>

Included in Freehold property is freehold land at £5,440,000 which is not depreciated

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**16 Debtors**

	2011 £
Trade debtors	1,656
Prepayments and accrued income	121,888
	<hr/> 123,544 <hr/>

**17 Creditors:**  
**Amounts falling due within one year**

	2011 £
Social security and other taxes	61,664
Other creditors	13,558
Accruals and deferred income	289,101
	<hr/> 364,323 <hr/>

**Fort Pitt Grammar School Academy Trust**  
(A company limited by guarantee)

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**18 Statement of funds**

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
General funds	-	38,801	(9,144)	-	-	29,657
<b>Total unrestricted</b>	-	38,801	(9,144)	-	-	29,657
<b>Restricted funds</b>						
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	3,345,885	(3,191,802)	(7,422)	-	146,661
Other DfE Grants	-	15,236	-	-	-	15,236
Other Government	-	6,275	-	-	-	6,275
School Voluntary funds	-	165,996	(45,435)	-	-	120,561
	-	3,533,392	(3,237,237)	(7,422)	-	288,733
<b>Restricted fixed asset fund</b>						
DfE capital grants	-	45,958	(2,474)	7,422	-	50,906
Assets inherited from predecessor school	-	16,340,000	(221,600)	-	-	16,118,400
	-	16,385,958	(224,074)	7,422	-	16,169,306
<b>Pension reserve</b>						
Pension reserve	-	-	(815,000)	-	89,000	(726,000)
	-	-	(815,000)	-	89,000	(726,000)
<b>Total restricted funds</b>	-	19,919,350	(4,276,311)	-	89,000	15,732,039
<b>Total of funds</b>	-	19,958,151	(4,285,455)	-	89,000	15,761,696

The pension reserve expenditure includes £789,000 which is the inherited deficit on defined benefit pension scheme from the predecessor school

**Notes**

I) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy but any balance over 2% must be used for capital purposes.

II) Other DfE Grants consists of the 16 - 19 Bursary Fund. This should be used to pay guaranteed bursaries of £1,200 to those young people in a vulnerable group, discretionary bursaries to other young people as deemed appropriate by the provider.

III) Other Government Grants consists of the Pupil Premium. This funding is to be used for those pupils from low income families who need it the most, in order to support schools in the work they do to raise attainment.

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2011**

**18 Statement of funds (continued)**

**Summary of funds**

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Unrestricted funds	-	38,801	(9,144)	-	-	29,657
Restricted funds	-	19,919,350	(4,276,311)	-	89,000	15,732,039
	<u>-</u>	<u>19,958,151</u>	<u>(4,285,455)</u>	<u>-</u>	<u>89,000</u>	<u>15,761,696</u>

**19 Analysis of net assets between funds**

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £
Tangible fixed assets	16,123,348	-	16,123,348
Current assets	699,014	29,657	728,671
Creditors due within one year	(364,323)	-	(364,323)
Provisions for liabilities and charges	(726,000)	-	(726,000)
	<u>15,732,039</u>	<u>29,657</u>	<u>15,761,696</u>

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**20 Net cash flow from operations**

	Period ended 31 August 2011 £
Net incoming resources before revaluations	15,672,695
Pension deficit transfer	789,000
Transfer of property on conversion to Academy	(16,340,000)
Depreciation of tangible fixed assets	224,074
Capital grants from DfE/YPLA	(45,958)
Increase in debtors	(123,544)
Increase in creditors	364,323
FRS17 pension finance cost	26,000
	<hr/>
<b>Net cash inflow from operations</b>	<b>566,590</b> <hr/>

	Period ended 31 August 2011 £
<b>Capital expenditure and financial investment</b>	
Tangible fixed asset additions	(7,422)
Capital grants from DfE/YPLA	45,958
	<hr/>
<b>Net cash inflow capital expenditure</b>	<b>38,536</b> <hr/>

**21. Analysis of changes in funds**

	8 October 2010 £	Cash flow £	Other non-cash changes £	31 August 2011 £
Cash at bank and in hand	-	605,126	-	605,126
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net funds</b>	<b>-</b>	<b>605,126</b>	<b>-</b>	<b>605,126</b>
	<hr/>	<hr/>	<hr/>	<hr/>



**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**22. Contingent liabilities**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds for the purpose of its charitable activities or to repay the Secretary of State for Education the same proportion of the original cost met by Secretary of the State

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- a) the value at the time of the Academy's site and premises and other assets held for the purpose of the Academy and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**23 Pension commitments**

The academy's employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County Council

**Teachers' Pension Scheme (TPS)**

Under the definitions set out in FRS17, Retirement Benefits, the TPS scheme is classed as a multi-employer pension scheme. The academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The Teachers' Pension Scheme (TPS) is a statutory, contributory defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pension Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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

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

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service.

Secondly a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**23. Pension commitments (continued)**

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

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

A copy of the GA's 2004 valuation can be found on the Department for Education website.

**Local Government Pension Scheme (LGPS)**

The academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefit scheme, with the assets held in separate governor administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The following information is based upon a full actuarial valuation of the fund as at 31 August 2011 by a qualified independent actuary.

	<b>Period ended 31 August 2011 £</b>
Present value of funded obligations	<b>(1,546,000)</b>
Fair value of scheme assets	<b>820,000</b>
Net liability	<b><u>(726,000)</u></b>

**Fort Pitt Grammar School Academy Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the period ended 31 August 2011**

**23. Pension commitments (continued)**

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

	Period ended 31 August 2011 £
Current service cost	(99,000)
Interest on obligation	(66,000)
Expected return on scheme assets	40,000
	<hr/>
Total	(125,000)
	<hr/>
Actual return on scheme assets	11,000
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Changes in the present value of the defined benefit obligation are as follows

	Period ended 31 August 2011 £
Current service cost	99,000
Interest cost	66,000
Contributions by scheme participants	28,000
Actuarial Gains	(117,000)
Liabilities assumed in a business combination	1,470,000
	<hr/>
Closing defined benefit obligation	1,546,000
	<hr/>

the actuarial gains and losses for the current year are recognised in the statement of financial activities  
The cumulative amount of actuarial gains and losses recognised in the statement of activities since conversion to an Academy Trust is a £89,000 gain

Changes in the fair value of scheme assets are as follows

	Period ended 31 August 2011 £
Expected return	40,000
Actuarial gains and (losses)	(28,000)
Contributions by employer	99,000
Contributions by scheme participants	28,000
Assets acquired in a business combination	681,000
	<hr/>
	820,000
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**Fort Pitt Grammar School Academy Trust**  
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**Notes to the financial statements**  
**For the period ended 31 August 2011**

**23. Pension commitments (continued)**

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

	2011
Equities	73.00 %
Gilts	1.00 %
Other Bonds	14.00 %
Property	9.00 %
Cash	3.00 %

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

	2011
Discount rate at 31 August	5.40 %
Expected return on scheme assets at 31 August	6.40 %
Future salary increases	4.90 %
Future pension increases	2.60 %
RPI increases	3.40 %
CPI increases	2.60 %

Amounts for the current period are as follows

Defined benefit pension schemes

	2011 £
Defined benefit obligation	(1,546,000)
Scheme assets	820,000
Deficit	(726,000)
Experience adjustments on scheme assets	(28,000)

**24. Operating lease commitments**

At 31 August 2011 the academy had annual commitments under non-cancellable operating leases as follows

	Other 2011 £
<b>Expiry date</b>	
Within 1 year	21,011
Between 2 and 5 years	24,934

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**Notes to the financial statements**  
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**25 Related party transactions**

All third party transactions are approved by the Headteacher in accordance with her delegated powers or approved by the Board of Governors, whichever is appropriate

During the year there were no related party transactions. There were also no balances outstanding at the year end