

**Registered number: 07401701**

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

**Directors' report and financial statements**

**For the year ended 31 August 2015**

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

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**Fort Pitt Grammar School Academy Trust**  
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**Directors' report**  
**For the year ended 31 August 2015**

The Fort Pitt Academy Trust merged with The Thomas Aveling School on the 1st September, 2015. The details of the trustees and directors are as follows;

Chair: Marion Cogger  
Michael Bailey (appointed 1 September 2015)  
Roger Brown  
Terry Brown (appointed 1 September 2015)  
Denise Ford  
Helen Klimkowicz (appointed 1 September 2015)  
Wendy Nye (appointed 1 September 2015)  
Darren Small (appointed 1 September 2015)  
Timothy Watts (appointed 1 September 2015)

In 2014-15, two trustees and directors of the FPGSAT resigned – Mrs Sylvia Meade who resigned as a director on 18 November 2014 and Mr Christopher Barker, who resigned as a director on 31 August 2015.

The membership of the Trust Schools' are detailed below;

**Fort Pitt Grammar School – Advisory Board**

Chair: Marion Cogger  
Carol Winn, Headteacher (retired August 2015)  
Selina Dhesy  
Dr Richard Hopkins  
Alison Jeffreys  
Helen Klimowicz  
Sian Murphy  
Pete Sears  
Chris Spring  
Martin Stanford  
Tim Watts  
Martina White  
Scott Wildman

**The Robert Napier School – Advisory Board**

Chair: Christopher Barker  
Fiona Miller, Headteacher (left March 2015)  
Andy Minchin, Headteacher (appointed April 2015)  
Sue Balneaves  
Barbara Fincham  
Jane Dunnett  
Margaret Kenny  
Rev Will Grady  
Carol Wrate  
Maria Kirby  
Richard Smeed  
Paul Chaplin  
Lynton Sharp  
Wendy Purdy (appointed March 2015)

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**Phoenix Junior Academy – Advisory Board**

Chair: Denise Ford

Alyson Smith, Headteacher (removed from office in August 2015)

Roger Brown

Zoe Barkham

Laura Doyle

Mel Harris

Andrew Ost

Sarah Phillipson

Verity Rock

Sam Wady

Steve Quenby

**Management Structure:**

The 2014-15 academic year was a year of changes for the trust schools with all three Headteachers leaving their post during or at the end of the year. The management structure of the trust and the trust schools is set out as follows;

**FPGSAT:**

Julia Bell, Executive Principal and Accounting Officer

**Fort Pitt Grammar School:**

Carol Winn, Headteacher (retired August 2015)

Mr Nick Watkiss was appointed Headteacher on the 1st September 2015.

Andrew Ost, Deputy Headteacher

Helen Gordon, Assistant Headteacher

David Reader, Assistant Headteacher

Mel Lester, Head of 6th Form (left August 2015)

**The Robert Napier School:**

Fiona Miller, Headteacher (left March 2015)

Andy Minchin, Headteacher (appointed April 2015)

Steve Quenby, Deputy Headteacher

Matt Worrell, Deputy Headteacher

Rob Leadbetter, Head of 6th Form

Jane Lusinski, Assistant Headteacher (left October 14)

Gary Hollingsbee, Assistant Headteacher

David Tuffin, Assistant Headteacher

**Phoenix Junior School:**

Alyson Smith, Headteacher (left August 2015)

Pete Sear, Deputy Headteacher (appointed Head of School on 1st September 2015)

Maria Kirby, Deputy Headteacher

**Trust Managers:**

Steve Maile, Trust Business Manager

Sue Bowers, Trust HR Manager

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**Register of Business Interests:**

At the start of each meeting, trustees and board members are asked to declare any business interests in respect of the operation of the trust and the trust schools. There are no members who have a business interest who can either influence decisions or who is involved in the supply of goods or services to the schools and trust.

**Company registered number**

07401701

**Principal and registered office**

Fort Pitt Grammar School  
Academy Trust  
Fort Pitt Hill  
Chatham  
Kent  
ME4 6TJ

**Accounting officer**

Julia M Bell, Executive Principal

**Responsible officer**

James Hyde

**Independent auditors**

Kreston Reeves 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

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

The Trustees (who are the directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Fort Pitt Grammar School Academy Trust (the academy) for the year ended 31 August 2015. The Directors confirm that the annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**a. Constitution**

The academy is a charitable company limited by guarantee and was set up by a Memorandum of Association on 6 October 2010.

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 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.

During the year the Academy Trust has operated three schools; Fort Pitt Grammar School which the Academy Trust has operated since its conversion to Academy status on 6 October 2010, and The Robert Napier School and Phoenix Junior Academy which the Academy Trust has operated since 1 September 2012.

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.

**b. Method of recruitment and appointment or election of Directors**

The Directors may appoint up to 10 Board Members for the Advisory Board of each school. The Directors may appoint Staff Board Members through such process as they may determine, provided that the total number of Board Members (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Board Members. The Headteacher shall be treated for all purposes as being ex officio Board Member.

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

The arrangements made for the election of a Parent Board Member 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 Board Member is required to be filled by election, the Advisory Board 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.

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**b. Method of recruitment and appointment or election of Directors (continued)**

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

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

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

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

**c. Policies and procedures adopted for the induction and training of Directors**

The School subscribes to the Medway Governor Training Package and all courses are available to all board members. New board members undergo initial training / mentoring with the Chair of the Advisory Board.

**d. 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 Trust Schools, setting strategic direction and managing the overall resources for the delivery of the Academy's aims and objectives. The Trust Schools incorporates Fort Pitt Grammar School, the Robert Napier School and Phoenix Junior Academy.

Julia Bell, Executive Principal, has overall management responsibility for the Trust and is accountable to the Directors. The Trust has overall responsibility for setting the Academy's budgets and for ensuring the Trust Schools are managed effectively and achieve best value. The Directors and the Executive Principal devolve the day to day management of each school to an Advisory Board and Headteacher. A Director of the Trust is chair of each Advisory Board.

The Headteachers of Fort Pitt Grammar School, the Robert Napier School and Phoenix Junior Academy are accountable to the Executive Principal, their school's Advisory Board and Directors for raising performance, achieving academic excellence and carrying out the Trust policies and procedures. The Headteachers manage their schools' finances in line with the strategic plans for the Trust and ensure effective controls are in place and best value is secured for the goods and services purchased.

The Headteachers of the Trust schools are supported in the management of the school by the senior management team. The Headteachers and senior management teams are collectively responsible to the Executive Principal for the overall management of the Trust schools, 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 the senior management team and the Headteacher for student and teacher performance.

During the 2014/15 accounting year, the Trustees of the FPGSAT and the Trustees of the Thomas Aveling School Trust have met with a view to merging both trusts. The philosophy and ethos of both trusts are broadly similar and the Trustees and Directors of the FPGSAT have agreed to merge with the Thomas Aveling Trust on the 1st September 2015. This will further strengthen the Trust Schools.

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**e. Connected organisations, including related party relationships**

There are no connected organisations or related party relationships to report.

**f. 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.
- The Medway UTC in Gillingham may continue to draw pupils away from the Robert Napier School.
- Government funding – further reduction in sixth form funding will jeopardise the viability of many secondary school sixth forms and the changes in the national funding formula has meant year on year reductions in 6th form funding levels per capita.

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

The merging of the FPGSAT with the TA Trust on the 1st September 2015 will strengthen the four schools within the wider merged trust and it will strengthen our ability to manage the overall available resources for the education of our pupils.

Financial controls will be further strengthened in 2015 / 2016 with the internal controls on selected invoices being undertaken by SLT at all four schools and by members of the Advisory Boards. It is acknowledged that the Responsible Officer (RO) role and reporting to trustees has not developed during 2014/15 and due to the shortcomings of the current arrangements, the newly merged trust will incorporate the necessary internal audit controls.

**Objectives and Activities**

**a. 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 for Fort Pitt Grammar School to continue to be an outstanding school and to support the Robert Napier School and Phoenix Junior Academy to raise attainment and achieve higher standards of performance. The decision to merge with the Thomas Aveling Trust will strengthen the Trust schools.



**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**b. Objectives, strategies and activities**

The main objectives for the period have been;

- Further consolidation of the Robert Napier School and Phoenix Junior Academy within the Fort Pitt Grammar School Academy Trust.
- Continuing to provide academic excellence, to provide an excellent community, to ensure excellent behaviour and an excellent environment.
- Continuing to deliver 'best value' for stakeholders.

**c. 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.

**Strategic report**

**Achievements and performance**

**a. Going concern**

After making appropriate enquiries, the Directors have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. The merging of the trust with the Thomas Aveling Trust will increase the resource base and strengthen our market position. The news that EFA are providing £3.99m funding to the Fort Pitt Grammar School for a new Science building in 2016/17 indicates the future investment by EFA and the DfE in the Trust. 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.

**b. Review of activities**

**Fort Pitt Grammar School**

The school continues to achieve excellent examination results. At A Level there was a pass rate of 99% A-E with 55% of these grades at A\*, A or B and 23% at A\*-A.

At GCSE 99% of pupils achieved 5 A\*-C GCSEs including English and Maths with 36.75% at A\*-A.

**The Robert Napier School**

In 2015, the school results dropped to 27% 5 A\*-C including English and Maths. While there was a strong performance in English, bucking the general downward trend, there was a significant underperformance in Maths due to difficulties in quality recruitment in this area. The School's Sixth Form results were static but with very strong progression to University recorded. The school has since undergone a change of leadership and has completed a significant restructuring of all leadership responsibilities under the new Headteacher. Standards are being driven up rapidly as identified in the July 2015 HMI monitoring visit.

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**(b) Review of activities (continued)**

**Phoenix Junior Academy**

Teacher assessment reported 54% of the pupils achieving Level 4. The school's SATs results were annulled following malpractice by the previous Headteacher. The Trust undertook a thorough investigation at the request of the STA and as a result, the previous Headteacher was dismissed in August 2015.

Using teacher assessment which was very strictly moderated and standardised, shows an improvement over 3 years 29, 41, 54. However, had the test results not been annulled, the Trust expected the children to have achieved over the government's floor target.

**Financial review**

**a. Financial and risk management objectives and policies**

**Fort Pitt Grammar School**

It is good to report that Year 7 pupil numbers have remained buoyant for the last four years and Sixth form numbers have increased by 32% since September 2013. However, the financial position of the School has weakened during the financial year with the further use of reserves supporting the revenue budgets. Although income from EFA had increased in 2014/15, pressures on staffing and running costs have caused overspends. Due to the lagged funding arrangements, the school has supported the Sixth form growth in-year by using its own resources which has contributed to the financial pressures managing the school's budgets. A strong business case was made to EFA in 2014/2015 requesting extra funding but this was turned down, following an appeal. Had this been successful, the school would have received between £100k-200k extra funding which would have changed the complexion of the finances.

Although extra Sixth form funding was received by the school in 2014/15, this related to the 2013/14 pupil numbers and the extent of the increase was reduced by the further 3% per capita funding reduction due to the changes in the national funding formula. Attracting larger Sixth form numbers will stabilise the school's finances in the longer term but a large injection of students, in-year can place pressure on the staffing and running expenses budgets.

The short and mid-term financial strategy is a mixed economy of controlling expenditure, carefully planning staff resources and the need to make savings to replenish the reserves. The medium and longer term financial plans incorporate continued financial constraint, which mirrors the national economic picture, with a net increase in Sixth form funding through increasing pupil numbers.

The school has recently been informed by EFA that the replacement of the Science building can go ahead in 2016. The Science and the Sixth form buildings are housed in 'time limited' buildings and the £3.9m CIF grant is a very much welcome contribution by EFA to the improvement of the School.

**The Robert Napier School**

The financial position for the period ending 31 August 2015 remains buoyant. Revenue reserves that accrued in recent years have been invested in building and maintenance projects to support the recent building developments and improve the learning environment. Part of the reserves have been used to support the 2014/15 income reduction that relates to the reduction in student numbers. The Headteacher has reduced budgets in 2015/16 with the longer term aim of balancing income and expenditure. It is pleasing to report that since the new Headteacher has been in post there has been a positive increase in numbers of students applying to the school which is helping to increase income.

The HMI inspection on the 11th March 2015 found the school to be taking positive action and inspectors during their July follow-up visit reported standards were rapidly increasing.

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**(a) Financial and risk management objectives and policies (continued)**

**Phoenix Junior Academy**

The financial position of the school remains very healthy. Since joining the Trust in 2012, Phoenix have achieved year on year increases in their balances and this money will continue to be used creatively to enhance the learning environment and improve standards.

This can be seen in the creative ways teaching is delivered with pupils regularly being taught at Fort Pitt as well as teachers from Fort Pitt visiting and teaching the children at Phoenix. This has helped to forge and maintain links between the Trust schools and exposed these young pupils to subject experts in a subject specific environment.

A high proportion of pupils from deprived backgrounds are being supported by the school. The increasing Pupil Premium money is particularly welcome for those students from poorer family backgrounds that will benefit from the targeted investment. The financial strategy for the school is to keep a close eye on the budgets and to invest in supporting the pupils to achieve and enjoy learning. The pupils and staff are to be applauded in the way they have continued their learning and improving standards alongside the building development work. Their support has been an excellent example and they are now reaping the benefit of the first class learning environment which will only help to drive up standards.

In February 2015 there was a DfE monitoring visit. This involved scrutiny of data, learning walks and interviews, and Phoenix was found to be making progress towards many of the previous targets. In September 2015 there was a further DfE inspection. The outcome was positive, highlighting positive changes that had happened from the previous report and the impact these had had.

In March 2015 Phoenix had a one day Ofsted Section 8 inspection which concentrated on behaviour, one of the previous inspection action points. The academy was found to have taken effective action to improve behaviour and secure consistently positive attitudes to learning.

**Trust Position**

The overall finances for the Trust remains healthy although a cautionary note on the expenditure pressures facing Fort Pitt and the planned reduction in student numbers at the Robert Napier School which are carefully being managed. The Trust is also able to control the allocation of central funds to meet priorities which are kept under constant review.

The Schools' Advisory Board Members and the Directors will continue to review the risks.

**b. Reserves policy**

The level of reserves will be kept under review by the Directors and investment options will be presented to the Trust Directors in 2016.

The level of free reserves i.e. not including restricted funds available for general purposes is £34k (2014 £63k). The reserves are to be used to offset any changes in the funding for sixth form students and any changes in the mainstream funding. In addition there are building works to be undertaken at Robert Napier School as part of the programme to improve the environment but these will only be carried out when finances allow. The standard number at The Robert Napier School is being reduced over time, the site is too congested and therefore money is reserved to ensure these changes can be undertaken with no disruption to the education of the students.

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**c. Investments policy**

The Directors endeavour to optimise investment by earning interest on its bank deposits whilst maintaining instant access to funds.

An overnight transfer facility has been operating with the bank where balances above £10k in the school's general account are transferred to an interest earning account. Should a large payment go through the general account then the money is transferred back from the interest earning account. A review of this arrangement will be carried out together with a review of alternative deposit / savings accounts that will optimise the balances.

**Plans for future periods**

**a. Future developments**

The Fort Pitt Grammar School Academy Trust will continue to share excellent teaching and learning support across the Trust schools to provide students with the best possible education.

The Trust will continue to maximise opportunities for funding through the EFA Conditions Improvement Fund (CIF) to remove asbestos in the roof voids at Fort Pitt and at the Robert Napier School, to improve security (fencing, lighting, CCTV) across all schools and to replace the windows to the main building of the Robert Napier School. Sports funding grant opportunities will be examined to develop the facilities for the benefit of the schools and the local communities.

**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 Charitable 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 Charitable 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.

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**Funds held as custodian (continued)**

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 31st August 2015 stand at £97,926 (2014: £73,281) 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 NatWest account for the original Fort Pitt Charitable Trust has a balance at 31 August 2015 of £94,386 (2014: £94,256). The members of the Charitable 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.

**Employee Involvement**

Staff are represented on the Advisory Boards and they have contributed to the management of the schools and have raised issues on behalf of colleagues. Staff are involved in various working groups and committees.

The Trust pay policy for teachers' links closely with the expected teacher performance standards and this will continue to drive student learning and attainment levels. Staff at all levels are involved on the performance of the trust schools and the important role they play in developing, engaging and influencing student learning and future career opportunities.

Senior leadership teams, faculty heads and heads of departments are informed of the cost drivers, budgetary implications and the wider economic outlook influencing the schools' performance.

**Disabled employees**

The trust's recruitment policy and procedures provide equal opportunities for prospective employees applying for trust posts and applicants are treated on their ability and skills for carrying out the work.

Staff with any form of disability are fully supported and treated fairly by the trust schools' and we work closely with staff to provide flexibility in changing the work environment or hours of working to support staff wherever this is appropriate.

The trust schools' provide training opportunities, career development and promote staff on the basis of their skills and their abilities to carry out the work, regardless of any disability.

**Environmental reporting**

The Trust seeks to reduce the carbon footprint and minimise the impact on the environment from its day to day activities. The trust schools' have radically improved the health and safety conditions for students and staff over the last three years and the schools will continue to ensure their health and well-being. The trust have fully complied with all applications and regulations.

**Fort Pitt Grammar School Academy Trust**  
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**Directors' report (continued)**  
**For the year ended 31 August 2015**

**Disclosure of information to auditors**

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

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

This report, incorporating the strategic report, was approved by order of the board of trustees, as the company directors, on 1 December 2015 and signed on the board's behalf by:



**Marion Cogger, Chair**  
Director and Governor

**Fort Pitt Grammar School Academy Trust**  
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**Governance Statement**

**Scope of Responsibility**

As Directors, we acknowledge we have overall responsibility for ensuring that 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 board of trustees has delegated the day-to-day responsibility to the Executive Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Fort Pitt Grammar School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Directors' report and in the directors' responsibilities statement. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Director	Meetings attended	Out of a possible
Marion Cogger, Chair	3	3
Sylvia Meade (resigned 18 November 2014)	1	1
Denise Ford	3	3
Chris Barker (resigned 31 August 2015)	3	3
Roger Brown	2	3

**Governance reviews:**

The Trustees' and Directors' main attention during 2014/15 has focused on the discussions with the Thomas Aveling Trust with a view to merging both trusts. The review of governance was carried out as part of this agenda and the decision to merge with the Thomas Aveling Trust was agreed by the Directors with both Trusts merging on the 1st September 2015. During the 2014/15 accounting year, two Directors resigned their positions and their replacements have taken office from the 1st September 2015 to align with the newly merged academy trust, which now has nine directors.

The trust meetings are structured to cover the audit committee role. The trustees are very aware that the trust schools receive over £13m in total income, the main source being from the Education Funding Agency and their responsibilities for ensuring this money is invested in the students learning and well-being.

**Review of Value for Money**

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered improved value for money during the year and some examples of this are; renegotiating energy prices, retendering for the supply of photocopiers at Fort Pitt funded through operational leasing arrangements, introducing new leased photocopiers to some departments at the Robert Napier School to reduce expensive printer toners, moving broadband provider at the Robert Napier School and deploying teaching staff resources across the trust schools.

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**Governance Statement (continued)**

**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 Fort Pitt Grammar School Academy Trust for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Advisory Boards 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 Accounting Officer and the Board of Trustees has considered the inherent risks for the trust which is responsible and accountable to all stakeholders for spending over £13m of public money. The trustees are mindful that over £10m or around 80% of funds is invested in staffing and staff related costs. It therefore has prioritised this area for the greatest scrutiny. The trustees are aware that the Responsible Officer could not devote the required time across the trust schools and the role and arrangements are being considered by the newly merged trust.

As the main priority is to ensure teachers and support staff; the greatest resource that influences both learning and achievement and nurtures the well-being of all pupils is effectively managed, Trustees through the Accounting Officer, Headteachers and senior management have carried out the following;

- The audit of teaching staff undertaken to meet the timetable needs.
- Close monitoring of data and performance linked to performance management and pay.
- Managing sickness and capability referring staff to occupational health where appropriate.
- HR controls on recruitment and pay and conditions.
- Strong financial controls on the payroll process with a minimum of two staff involved in the checking of pay, overtime and expenses.
- Testing of payroll systems.
- Structural reviews to ensure the correct levels of staff.
- Regular internal reviews of invoices.



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

**Governance Statement (continued)**

**Review of Effectiveness**

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


- the work of the external auditors;
- the work of the Responsible Officer;
- the internal auditing of payments by management teams;
- the monthly scrutiny arrangements of the payroll systems and staff pay;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Advisory Boards and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 1 December 2015 and signed on its behalf, by:



**Marion Cogger**  
Chair of Trustees



**Julia M Bell**  
Accounting Officer

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

**Statement on Regularity, Propriety and Compliance**

As accounting officer of Fort Pitt Grammar School Academy Trust I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2014).

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



**Julia M Bell**  
Accounting Officer

Date: 1 December 2015

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

**Directors' responsibilities statement**  
**For the year ended 31 August 2015**

The Directors (who act as trustees for charitable activities of Fort Pitt Grammar School Academy Trust) are responsible for preparing the Directors' report (including the strategic 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 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 of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/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 board of trustees on 1 December 2015 and signed on its behalf by:



**Marion Cogger, Chair**  
Director and Governor

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

**Independent auditors' 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 2015 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 Academies Accounts Direction 2014 to 2015 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 Directors and auditors**

As explained more fully in the directors' responsibilities statement, the Directors (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 Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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.

**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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

In our opinion the information given in the Directors' report, incorporating the strategic 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)**

**Independent auditors' report to the members of Fort Pitt Grammar School Academy Trust**

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

*Kreston Reeves LLP*

Peter Manser FCA DChA (senior statutory auditor)

for and on behalf of

**Kreston Reeves LLP**

Statutory Auditor  
Chartered Accountants

Canterbury  
2 December 2015

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

**Independent reporting accountants' assurance report on regularity to Fort Pitt Grammar School Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 17 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fort Pitt Grammar School Academy Trust during the year 1 September 2014 to 31 August 2015 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 Fort Pitt Grammar School Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Fort Pitt Grammar School Academy Trust and 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 Fort Pitt Grammar School Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Fort Pitt Grammar School Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Fort Pitt Grammar School Academy Trust's funding agreement with the Secretary of State for Education dated 10 October 2010, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by 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.

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

**Independent reporting accountants' assurance report on regularity to Fort Pitt Grammar School Academy Trust and the Education Funding Agency (continued)**

**Work undertaken**

The work undertaken to draw to our conclusion includes:

- Reviewed the evidence used to support the Accounting Officer's sign off of the regularity statement
- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Ensured that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Governing Body minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with

**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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Kreston Reeves LLP*

**Kreston Reeves LLP**

Statutory Auditor  
Chartered Accountants

2 December 2015

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

**Statement of financial activities**  
**(incorporating income and expenditure account and statement of total recognised gains and losses)**  
**For the year ended 31 August 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Activities for generating funds	2	42	88,358	-	88,400	68,340
Investment income	3	10,450	-	-	10,450	17,550
Incoming resources from charitable activities	4	224,059	12,830,292	50,727	13,105,078	15,833,329
<b>Total incoming resources</b>		<b>234,551</b>	<b>12,918,650</b>	<b>50,727</b>	<b>13,203,928</b>	<b>15,919,219</b>
<b>Resources expended</b>						
Charitable activities		263,561	13,280,551	751,842	14,295,954	13,924,105
Governance costs	8	-	26,952	-	26,952	29,805
<b>Total resources expended</b>	5, 7	<b>263,561</b>	<b>13,307,503</b>	<b>751,842</b>	<b>14,322,906</b>	<b>13,953,910</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>(29,010)</b>	<b>(388,853)</b>	<b>(701,115)</b>	<b>(1,118,978)</b>	<b>1,965,309</b>
Transfers between Funds	18	-	(476,186)	476,186	-	-
<b>Net income / (expenditure) for the year</b>		<b>(29,010)</b>	<b>(865,039)</b>	<b>(224,929)</b>	<b>(1,118,978)</b>	<b>1,965,309</b>
Actuarial gains and losses on defined benefit pension schemes		-	6,000	-	6,000	107,000
<b>Net movement in funds for the year</b>		<b>(29,010)</b>	<b>(859,039)</b>	<b>(224,929)</b>	<b>(1,112,978)</b>	<b>2,072,309</b>
Total funds at 1 September 2014		62,895	(1,172,685)	31,382,733	30,272,943	28,200,634
<b>Total funds at 31 August 2015</b>		<b>33,885</b>	<b>(2,031,724)</b>	<b>31,157,804</b>	<b>29,159,965</b>	<b>30,272,943</b>

All activities relate to continuing operations.

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

The notes on pages 25 to 43 form part of these financial statements.



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

**Balance sheet**  
**As at 31 August 2015**

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	15		<b>31,157,804</b>		31,411,713
<b>Current assets</b>					
Debtors	16	<b>563,635</b>		836,336	
Cash at bank and in hand		<b>1,778,888</b>		1,996,106	
		<b>2,342,523</b>		<b>2,832,442</b>	
<b>Creditors:</b> amounts falling due within one year	17	<b>(769,362)</b>		<b>(688,212)</b>	
<b>Net current assets</b>			<b>1,573,161</b>		2,144,230
<b>Total assets less current liabilities</b>			<b>32,730,965</b>		33,555,943
Defined benefit pension scheme liability	23		<b>(3,571,000)</b>		<b>(3,283,000)</b>
<b>Net assets including pension scheme liability</b>			<b>29,159,965</b>		<b>30,272,943</b>
<b>Funds of the academy</b>					
Restricted funds:					
Restricted funds	18	<b>1,539,276</b>		2,110,315	
Restricted fixed asset funds	18	<b>31,157,804</b>		31,382,733	
Restricted funds excluding pension liability		<b>32,697,080</b>		33,493,048	
Pension reserve		<b>(3,571,000)</b>		<b>(3,283,000)</b>	
Total restricted funds			<b>29,126,080</b>		30,210,048
Unrestricted funds	18		<b>33,885</b>		62,895
<b>Total funds</b>			<b>29,159,965</b>		<b>30,272,943</b>

The financial statements were approved by the Directors, and authorised for issue, on 1 December 2015 and are signed on their behalf, by:



**Marion Cogger**  
Chair of Directors

The notes on pages 25 to 43 form part of these financial statements.

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

**Cash flow statement**  
**For the year ended 31 August 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
Net cash flow from operating activities	20	<b>156,144</b>	216,679
Returns on investments and servicing of finance	21	<b>10,450</b>	17,550
Capital expenditure and financial investment	21	<b>(383,812)</b>	(866,760)
<b>Decrease in cash in the year</b>		<b><u>(217,218)</u></b>	<b><u>(632,531)</u></b>

**Reconciliation of net cash flow to movement in net funds**  
**For the year ended 31 August 2015**

	<b>2015 £</b>	<b>2014 £</b>
Decrease in cash in the year	<b>(217,218)</b>	(632,531)
<b>Movement in net funds in the year</b>	<b>(217,218)</b>	(632,531)
Net funds at 1 September 2014	<b>1,996,106</b>	2,628,637
<b>Net funds at 31 August 2015</b>	<b><u>1,778,888</u></b>	<b><u>1,996,106</u></b>

The notes on pages 25 to 43 form part of these financial statements.

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

**Notes to the financial statements**  
**For the year ended 31 August 2015**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Going concern**

The Directors 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 Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

**1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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 Resources expended**

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

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

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

All resources expended are inclusive of irrecoverable VAT.

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

**Notes to the financial statements**  
**For the year ended 31 August 2015**

**1. Accounting policies (continued)**

**1.5 Tangible fixed assets and depreciation**

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.

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

Should at any time the Academy enter in to a major construction programme, any assets under construction are accounted for at cost based on architects' certificates and other direct costs, incurred as at 31 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:

Buildings	-	2% straight line
Property improvements	-	2% straight line, in accordance with depreciation on buildings
Fixtures and 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.

**1.6 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 Directors.

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency.

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

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

**Notes to the financial statements**  
**For the year ended 31 August 2015**

**1. Accounting policies (continued)**

**1.7 Operating leases**

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

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

**1.8 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 quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**1.9 Taxation**

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

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

**Notes to the financial statements**  
**For the year ended 31 August 2015**

**2. Activities for generating funds**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Fundraising	-	69,802	69,802	14,625
Sundry income	-	18,556	18,556	20,455
Catering income	42	-	42	33,260
	<u>42</u>	<u>88,358</u>	<u>88,400</u>	<u>68,340</u>

**3. Investment income**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest received	10,450	-	10,450	17,550

**4. Incoming resources from charitable activities**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA Grants	-	12,536,761	12,536,761	12,785,800
Other Government Grants	-	129,526	129,526	186,238
Capital Grants	-	50,727	50,727	2,502,640
Lettings Income	25,090	-	25,090	30,832
Additional Income	198,969	-	198,969	146,904
School Trips	-	153,300	153,300	173,748
Sales	-	10,705	10,705	7,167
	<u>224,059</u>	<u>12,881,019</u>	<u>13,105,078</u>	<u>15,833,329</u>

**Funding for Academy's educational operations**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	11,715,185	11,715,185	11,791,687
Other DfE/EFA Grants	-	821,576	821,576	994,113
	<u>-</u>	<u>12,536,761</u>	<u>12,536,761</u>	<u>12,785,800</u>

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

**Notes to the financial statements**  
**For the year ended 31 August 2015**

**5. Resources expended**

	<b>Staff costs</b>	<b>Non Pay</b>	<b>Expenditure</b>	<b>Total</b>	<b>Total</b>
	<b>2015</b>	<b>Depreciation</b>	<b>Other costs</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Direct costs	9,248,980	-	1,102,549	10,351,529	10,045,211
Support costs	1,690,698	688,448	1,565,279	3,944,425	3,878,894
	<u>10,939,678</u>	<u>688,448</u>	<u>2,667,828</u>	<u>14,295,954</u>	<u>13,924,105</u>
<b>Charitable activities</b>	<b>10,939,678</b>	<b>688,448</b>	<b>2,667,828</b>	<b>14,295,954</b>	<b>13,924,105</b>
	<u>-</u>	<u>-</u>	<u>26,952</u>	<u>26,952</u>	<u>29,805</u>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>26,952</b>	<b>26,952</b>	<b>29,805</b>
	<u>10,939,678</u>	<u>688,448</u>	<u>2,694,780</u>	<u>14,322,906</u>	<u>13,953,910</u>
	<u><u>10,939,678</u></u>	<u><u>688,448</u></u>	<u><u>2,694,780</u></u>	<u><u>14,322,906</u></u>	<u><u>13,953,910</u></u>

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**Notes to the financial statements**  
**For the year ended 31 August 2015**

**6. Charitable activities**

	<b>Total funds 2015 £</b>	<b>Total funds 2014 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	7,419,743	7,263,216
National insurance	534,623	506,418
Pension cost	1,005,766	852,007
Books and Educational Equipment	395,627	413,761
Exam Fees	205,653	206,259
Professional Fees - Curriculum	140,188	98,168
School Meals	155,075	157,046
School Trips	168,758	170,662
Purchases for Re-Sale	7,227	7,687
Agency costs	288,850	343,436
	<u>10,321,510</u>	<u>10,018,660</u>
<b>Support costs - educational operations</b>		
Wages and salaries	1,093,268	1,068,939
National insurance	87,796	94,967
Pension cost	509,634	467,798
Depreciation	688,448	667,038
FRS17 pension finance cost (note 14)	47,000	114,000
Maintenance of Premises and Equipment	277,702	301,478
Rates and Water	65,019	96,207
Light and Heat	233,927	226,720
Insurance	105,444	82,273
Transport Costs	32,164	49,527
Printing, Postage and Stationery	122,287	107,818
Hospitality	11,420	10,026
Personnel and payroll	72,479	41,590
Telephone and Fax	20,682	19,976
Advertising and marketing	108,309	55,976
Sundry Expenses	47,723	63,458
Computer Costs	212,958	214,160
Training and Development	38,926	41,683
Capital Expenditure	63,394	28,057
Trust Expenses	38,663	7,761
Charity Expenses	8,838	7,306
Professional fees	58,344	112,136
	<u>3,944,425</u>	<u>3,878,894</u>
	<u><u>14,265,935</u></u>	<u><u>13,897,554</u></u>



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**For the year ended 31 August 2015**

**7. Grants to individuals**

	<b>Number</b>	<b>Total 2015 £</b>	<b>Number</b>	<b>Total 2014 £</b>
Bursaries	<b>26</b>	<b>30,019</b>	<b>20</b>	<b>26,551</b>

**8. Governance costs**

	<b>Total funds 2015 £</b>	<b>Total funds 2014 £</b>
Auditors' remuneration	<b>19,000</b>	19,000
Auditors' remuneration - non-audit	<b>270</b>	6,250
Auditors' remuneration - other audit costs	<b>2,945</b>	2,915
Professional and specialist fees	<b>4,737</b>	1,640
	<b>26,952</b>	<b>29,805</b>

**9. Net incoming / (outgoing) resources**

This is stated after charging:

	<b>2015 £</b>	<b>2014 £</b>
Depreciation of tangible fixed assets: - owned by the charity	<b>688,448</b>	<b>667,038</b>

During the year, no Directors received any remuneration (2014 - £Nil).

During the year, no Directors received any benefits in kind (2014 - £Nil).

During the year, no Directors received any reimbursement of expenses (2014 - £Nil).

**10. Auditors' remuneration**

	<b>2015 £</b>	<b>2014 £</b>
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	<b>19,000</b>	19,000
Fees payable to the academy's auditor and its associates in respect of:		
All other non-audit services not included above	<b>3,215</b>	<b>9,165</b>

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**Notes to the financial statements**  
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**11. Staff**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	8,513,010	8,332,155
Social security costs	622,419	601,385
Other pension costs (Note 23)	1,515,399	1,319,805
	<u>10,650,828</u>	<u>10,253,345</u>
Supply teacher costs	288,850	343,436
	<u><u>10,939,678</u></u>	<u><u>10,596,781</u></u>

**b. Staff numbers**

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teaching Staff	135	136
Support and Admin Staff	136	122
Management	17	17
	<u>288</u>	<u>275</u>

**c. Higher paid staff**

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

	2015 No.	2014 No.
In the band £60,001 - £70,000	4	4
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	0	1

Four of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these employees amounted to £37,773 (2014: £50,580). One of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £12,683 (2014: £12,813).

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**Notes to the financial statements**  
**For the year ended 31 August 2015**

**12. Trustees' remuneration and expenses**

The Executive Principal only receives remuneration in respect of services provided in undertaking the role of Executive Principal, and not in respect of her services as Trustee. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	2015 £	2014 £
Julia M Bell, Executive Principal - Remuneration	60,000-65,000	60,000-65,000
Julia M Bell, Executive Principal - Employers Pension Contributions	5,000-10,000	5,000-10,000

During the year, no Trustees received any benefits in kind (2014 - £94).

During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

**13. Directors' and officers' insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,135 (2014 - £1,070). The cost of this insurance is included in the total insurance cost.

**14. Pension finance costs**

	2015 £	2014 £
Expected return on pension scheme assets	248,000	187,000
Interest on pension scheme liabilities	(295,000)	(301,000)
	<u>(47,000)</u>	<u>(114,000)</u>

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**Notes to the financial statements**  
**For the year ended 31 August 2015**

**15. Tangible fixed assets**

	Land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2014	32,569,055	157,991	207,971	32,935,017
Additions	388,414	5,812	40,313	434,539
At 31 August 2015	32,957,469	163,803	248,284	33,369,556
<b>Depreciation</b>				
At 1 September 2014	1,379,286	53,349	90,669	1,523,304
Charge for the year	576,356	32,762	79,330	688,448
At 31 August 2015	1,955,642	86,111	169,999	2,211,752
<b>Net book value</b>				
At 31 August 2015	31,001,827	77,692	78,285	31,157,804
At 31 August 2014	31,189,769	104,642	117,302	31,411,713

Included in land and buildings is freehold land at valuation of £4,139,497 (2014: £4,139,497), which is not depreciated.

**16. Debtors**

	2015 £	2014 £
Trade debtors	90,731	78,088
Other debtors	67,506	154,828
Prepayments and accrued income	405,398	603,420
	563,635	836,336

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**Notes to the financial statements**  
**For the year ended 31 August 2015**

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

	2015 £	2014 £
Trade creditors	219,779	116,566
Other taxation and social security	181,990	184,825
Other creditors	124,376	122,325
Accruals and deferred income	243,217	264,496
	<u>769,362</u>	<u>688,212</u>

**Deferred income**

Deferred income at 1 September 2014	89,065
Resources deferred during the year	128,638
Amounts released from previous years	<u>(89,065)</u>
Deferred income at 31 August 2015	<u>128,638</u>

The deferred income above relates to monies received in advance of school trips taking place in 2015/16.

The deferred income in the prior year related to monies received in advance of school trips taking place in 2014/15.

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**Notes to the financial statements**  
**For the year ended 31 August 2015**

**18. Statement of funds**

	<b>Brought Forward £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
<b>Unrestricted funds</b>						
General Funds	62,895	234,551	(263,561)	-	-	33,885
<b>Restricted funds</b>						
General Annual Grant (GAG)	1,333,119	11,715,185	(11,388,526)	(938,186)	-	721,592
Other DfE Grants	372,548	821,576	(878,182)	-	-	315,942
Other Government Grants	213,766	129,526	(90,492)	-	-	252,800
School Voluntary Funds	190,882	252,363	(194,303)	-	-	248,942
Pension reserve	(3,283,000)	-	(756,000)	462,000	6,000	(3,571,000)
	<u>(1,172,685)</u>	<u>12,918,650</u>	<u>(13,307,503)</u>	<u>(476,186)</u>	<u>6,000</u>	<u>(2,031,724)</u>
<b>Restricted fixed asset funds</b>						
Assets Inherited from Predecessor School	26,909,802	-	(491,191)	-	-	26,418,611
DfE Capital Grants	4,472,931	50,727	(260,651)	-	-	4,263,007
Capital expenditure from GAG	-	-	-	476,186	-	476,186
	<u>31,382,733</u>	<u>50,727</u>	<u>(751,842)</u>	<u>476,186</u>	<u>-</u>	<u>31,157,804</u>
Total restricted funds	<u>30,210,048</u>	<u>12,969,377</u>	<u>(14,059,345)</u>	<u>-</u>	<u>6,000</u>	<u>29,126,080</u>
Total of funds	<u>30,272,943</u>	<u>13,203,928</u>	<u>(14,322,906)</u>	<u>-</u>	<u>6,000</u>	<u>29,159,965</u>

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

The General Annual Grant must be used for the normal running costs of the Academy.

Other DfE/EFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

Other Government Grants consists of all other non DfE/EFA grants. This funding is to be used for the specific purpose as set out in the grant's funding agreement.

The Assets Inherited from Predecessor School fund represents the leasehold land and buildings which were donated upon conversion to academy status including depreciation to the balance sheet date.

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**Notes to the financial statements**  
**For the year ended 31 August 2015**

**18. Statement of funds (continued)**

DfE/EFA capital grants fund is to provide the academy with its own capital money to address improvements to buildings and other facilities. The balance on the fund represents the value of fixed assets purchase in the financial year including depreciation to the balance sheet date and unspent capital grant money to be spent in the first school term of 2015/16.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

**Analysis of academies by fund balance**

Fund balances at 31 August 2015 were allocated as follows:

	Total £
Fort Pitt Grammar School	54,009
Robert Napier School	1,089,312
Phoenix Junior Academy	429,840
	<hr/>
Total before fixed asset fund and pension reserve	1,573,161
Restricted fixed asset fund	31,157,804
Pension reserve	(3,571,000)
	<hr/> <hr/>
	29,159,965

**Analysis of academies by cost**

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Fort Pitt Grammar School	2,859,363	673,148	264,352	553,435	4,350,298
Robert Napier School	5,438,654	916,639	439,741	1,030,612	7,825,646
Phoenix Junior Academy	950,964	147,911	67,394	292,245	1,458,514
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,248,981	1,737,698	771,487	1,876,292	13,634,458
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Summary of funds**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	62,895	234,551	(263,561)	-	-	33,885
Restricted funds	(1,172,685)	12,918,650	(13,307,503)	(476,186)	6,000	(2,031,724)
Restricted fixed asset funds	31,382,733	50,727	(751,842)	476,186	-	31,157,804
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	30,272,943	13,203,928	(14,322,906)	-	6,000	29,159,965
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**Notes to the financial statements**  
**For the year ended 31 August 2015**

**19. Analysis of net assets between funds**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	31,157,804	31,157,804	31,411,713
Current assets	33,885	2,308,638	-	2,342,523	2,832,442
Creditors due within one year	-	(769,362)	-	(769,362)	(688,212)
Provisions for liabilities and charges	-	(3,571,000)	-	(3,571,000)	(3,283,000)
	<u>33,885</u>	<u>(2,031,724)</u>	<u>31,157,804</u>	<u>29,159,965</u>	<u>30,272,943</u>

**20. Net cash flow from operations**

	2015 £	2014 £
Net incoming resources before revaluations	(1,118,978)	1,965,309
Returns on investments and servicing of finance	(10,450)	(17,550)
Depreciation of tangible fixed assets	688,448	667,038
Capital grants from DfE	(50,727)	(2,460,549)
Decrease/(increase) in debtors	90,610	(201,637)
Increase in creditors	263,241	33,068
FRS 17 adjustments	294,000	231,000
<b>Net cash inflow from operations</b>	<u>156,144</u>	<u>216,679</u>

**21. Analysis of cash flows for headings netted in cash flow statement**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>10,450</u>	<u>17,550</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(434,539)	(3,327,309)
Capital grants from DfE	50,727	2,460,549
<b>Net cash outflow capital expenditure</b>	<u>(383,812)</u>	<u>(866,760)</u>



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**22. Analysis of changes in net funds**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	1,996,106	(217,218)	-	1,778,888
<b>Net funds</b>	<b>1,996,106</b>	<b>(217,218)</b>	<b>-</b>	<b>1,778,888</b>

**23. Pension commitments**

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

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

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

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**23. Pension commitments (continued)**

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

The pension costs paid to TPS in the period amounted to £765,399 (2014: £659,805).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**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 2015 was £602,000, of which employer's contributions totalled £462,000 and employees' contributions totalled £140,000. The agreed contribution rates for future years are 20.1% for employers and 5.5% to 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.

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Expected return at 31 August 2015 %</b>	<b>Fair value at 31 August 2015 £</b>	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>
Equities	6.70	3,057,000	6.70	2,650,000
Gilts	3.00	45,000	3.00	48,000
Other bonds	3.60	494,000	3.60	457,000
Property	5.90	605,000	5.90	396,000
Cash	2.90	117,000	2.90	165,000
Target Return Portfolio	5.90	193,000	5.90	167,000
Total market value of assets		<b>4,511,000</b>		<b>3,883,000</b>
Present value of scheme liabilities		<b>(8,082,000)</b>		<b>(7,166,000)</b>
(Deficit)/surplus in the scheme		<b>(3,571,000)</b>		<b>(3,283,000)</b>

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**Notes to the financial statements**  
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**23. Pension commitments (continued)**

The amounts recognised in the balance sheet are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	<b>(8,082,000)</b>	<b>(7,166,000)</b>
Fair value of scheme assets	<b>4,511,000</b>	<b>3,883,000</b>
	<hr/>	<hr/>
Net liability	<b>(3,571,000)</b>	<b>(3,283,000)</b>
	<hr/>	<hr/>

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

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Current service cost	<b>(709,000)</b>	<b>(546,000)</b>
Interest on obligation	<b>(295,000)</b>	<b>(301,000)</b>
Expected return on scheme assets	<b>248,000</b>	<b>187,000</b>
	<hr/>	<hr/>
Total	<b>(756,000)</b>	<b>(660,000)</b>
	<hr/>	<hr/>
Actual return on scheme assets	<b>97,000</b>	<b>330,000</b>
	<hr/>	<hr/>

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

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	<b>7,166,000</b>	<b>6,096,000</b>
Current service cost	<b>709,000</b>	<b>546,000</b>
Interest cost	<b>295,000</b>	<b>301,000</b>
Contributions by scheme participants	<b>140,000</b>	<b>125,000</b>
Actuarial (Gains)/losses	<b>(157,000)</b>	<b>137,000</b>
Benefits paid	<b>(71,000)</b>	<b>(39,000)</b>
	<hr/>	<hr/>
Closing defined benefit obligation	<b>8,082,000</b>	<b>7,166,000</b>
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**Notes to the financial statements**  
**For the year ended 31 August 2015**

**23. Pension commitments (continued)**

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

	2015 £	2014 £
Opening fair value of scheme assets	3,883,000	2,937,000
Expected return on assets	248,000	187,000
Actuarial gains and (losses)	(151,000)	244,000
Contributions by employer	462,000	429,000
Contributions by employees	140,000	125,000
Benefits paid	(71,000)	(39,000)
	<u>4,511,000</u>	<u>3,883,000</u>

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 financial activities since the adoption of FRS 17 is a £570,000 loss (2014 - £576,000 loss).

The academy expects to contribute £472,000 to its defined benefit pension scheme in 2016.

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

	2015	2014
Equities	68.00 %	69.00 %
Gilts	1.00 %	1.00 %
Other Bonds	11.00 %	12.00 %
Property	13.00 %	10.00 %
Cash	3.00 %	4.00 %
Target Return Portfolio	4.00 %	4.00 %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.70 %
Inflation assumption (RPI)	3.60 %	3.50 %

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

	2015	2014
Retiring today		
Males	22.8	22.7
Females	25.2	25.1
Retiring in 20 years		
Males	25.1	24.9
Females	27.6	27.4

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

**Notes to the financial statements**  
**For the year ended 31 August 2015**

**23. Pension commitments (continued)**

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(8,082,000)	(7,166,000)	(6,096,000)	(2,110,000)
Scheme assets	4,511,000	3,883,000	2,937,000	1,058,000
Deficit	<u>(3,571,000)</u>	<u>(3,283,000)</u>	<u>(3,159,000)</u>	<u>(1,052,000)</u>
Experience adjustments on scheme liabilities	-	306,000	-	-
Experience adjustments on scheme assets	<u>(151,000)</u>	<u>244,000</u>	<u>234,000</u>	<u>46,000</u>

**24. Operating lease commitments**

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
<b>Expiry date:</b>		
Within 1 year	-	22,489
Between 2 and 5 years	<u>68,271</u>	<u>58,460</u>

**25. 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 a directors 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.

**26. Post balance sheet events**

During the 2014/15 accounting year, the Trustees of the FPGSAT and the Trustees of the Thomas Aveling School Trust met with a view to merging both trusts. The philosophy and ethos of both trusts are broadly similar and the Trustees and Directors of the FPGSAT have agreed to merge. On 1 September 2015 the Academy merged with The Thomas Aveling School.

**27. Controlling party**

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the Board of Directors. There is no ultimate controlling party.