

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017



NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

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NICHOLAS POSTGATE ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

Canon M E Bayldon
F J Campbell
Monsignor G Dasey
RT Rev T P Draine, Bishop of Middlesbrough

Directors

F J Campbell, Chair¹
E J Nicholls, Vice Chair
Canon M E Bayldon (resigned 6 February 2017)¹
M Campbell¹
P Clifford (resigned 1 September 2016)
A Coulson
B Coulston¹
J Craven (resigned 6 December 2016)
S Dunn (appointed 20 February 2017, resigned 1 September 2017)¹
C M Garvey (appointed 28 November 2016)
S K Geaves, Head teacher & Accounting Officer¹
M E Henry (resigned 31 December 2016)
A D Montague (resigned 4 October 2016)¹
K Sill (appointed 20 February 2017)
S Smith (appointed 13 October 2016)¹
P M Strudwick
A G Toward¹
Father D L Turnham (appointed 4 October 2016)¹
N A Woodhouse¹

¹ Member of Resource and Audit Committee

Company registered number

09203984

Company name

Nicholas Postgate Academy Trust

Principal and registered office

C/O St Bede's Primary Catholic Voluntary Academy
Redcar Road
Marske by the Sea
Redcar
Cleveland
TS11 6AE

NICHOLAS POSTGATE ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Company secretary

Prima Secretary Limited

Accounting Officer

S K Geaves

Senior management team

S Conway, Deputy Head Teacher
A Coulson, Head Teacher
S K Geaves, Head Teacher
M E Henry, Head Teacher (resigned December 2016)
K Sill, Head Teacher (appointed February 2017)
P M Strudwick, Head Teacher
A Toward, Head Teacher

Independent auditors

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

Bankers

Lloyds Bank plc
83 - 85 Linthorpe Road
Middlesbrough
TS1 5BU

Solicitors

Womble Bond Dickinson LLP
St Anns Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Directors' Report, and a Directors' report under company law.

The academy trust operates 4 primary and 1 secondary academies in the Redcar and East Cleveland area. Its academies have a combined pupil capacity excluding nursery of 1,800 and had a roll of 1,684 in the school census on October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of Nicholas Postgate Academy trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Nicholas Postgate Academy Trust.

Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Directors' indemnities

The academy trust has split arrangement and has purchased RPA insurance and Zurich insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business. Further details are provided in note 11.

Method of recruitment and appointment or election of Directors

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

Policies and procedures adopted for the induction and training of Directors

The trust has appointed Avec Partnership as providers of Governor Support Services to the trust and a training and support package, including half-termly induction meetings for new Governors and Directors, has been developed to help support new appointments on the requirements and responsibilities of their roles. The half-termly modules cover the following topics during the first 12 months of appointment: Role of a local Governor and Trustee in a multi academy trust, setting the vision and strategic direction, holding the Head Teacher to account, making best use of resources, understanding data and Ofsted's expectation of governance. The Board of Directors and each Local Management Board (LMB) is also supported to undertake an annual skills' audit with an analysis of responses to ensure that boards have the necessary skills to support effective governance. The audit is also used to inform the recruitment of new Directors and local Governors to the board and LMBs by ensuring that boards at both levels are clear about any skills gaps when looking to make new appointments. New appointments are also supported through the Diocese of Middlesbrough's own training programme for new Foundation Governors.

NICHOLAS POSTGATE ACADEMY TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

During the year the trust continued to operate a unified management structure. The structure consists of 2 levels: the Directors and the Head Teachers Group. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at the correct levels.

The Directors consists of the Board and associated sub Committees. They approve the strategic direction and objectives of the trust and monitor progress against these objectives.

The Multi Academy Trust (MAT) Group consists of Head Teachers. Where required the Head of Finance & Corporate Services will be involved. They are responsible for the day to day running of the trust and for setting general policy and direction of the academy .

One of the Head Teachers, Mr Simon Geaves, has assumed the role of the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The pay setting for key personnel follows national banding guidance which is based on the size of the school and number of pupils for Head Teachers. This determines the salary range. In year decisions are supported by reference to the academy trust pay policy and increases are based on the achievement of performance criteria which is assessed in year. The approval to award increases is approved by the Pay and Performance Sub Committee which gives due regards to consistency of approach.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of Nicholas Postgate Academy Trust to provide education for students of different abilities between the ages of 3 and 19. The academy trust vision is one of spiritual enlightenment promoting and preserving the Catholic Ethos. The academy trust inspires to academic excellence allowing all young people to achieve their full potential.

In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' which is part of the wider "master funding agreement " approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy trust, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the academy trust during the year ended 31 August 2017 are summarised below:

- Ensure that the attainment and progress of learners in all of our schools is above the national average.
- Ensure that best practice is shared across all of our schools and that every teacher aspires to be outstanding.
- Ensure collaboration between all of our schools and also with the teaching alliance work with other schools to ensure excellent transition and support for literacy and numeracy.
- Develop pupils spiritual,moral,social and cultural development and keep pupils safe.
- Ensure leadership and management is strong.
- Ensure our premises continue to be fit for purpose.

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities

The academy trust's main objectives are encompassed in the trust's Improvement Priorities. To this end the objectives and the strategies used to achieve them include:

- Sharing of good practice and internal and external standards reviews.
- Subject leaders sharing good practice and work across academies.
- Focus on transition for pupils moving from key stage 2 to key stage 3.
- Termly review of attendance and behaviour data.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 3 and 19.

Public benefit

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

As a charity the academy trust makes best use of its skills, expertise and links to the local community. The academies carry out fundraising events to raise money for local, national and international charities and support local foodbanks.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Key performance indicators

Results

The exam results for primaries for 2016/17 showed that all primary schools within the academy trust revealed above average scores for reading, GPS and maths. All primaries were above the average floor limit with the range being between 70 and 92%.

The above standard scores for reading, writing and maths were also in the 16% to 20% range.

Attendance

The average attendance across primaries was 96.4%.

Within the year secondary academy attendance was 93.79% with 5.51 of authorised absence.

The Trust had 4 S48 inspections in year. The outcome is that of the 5 academies, 2 are outstanding on RE and 3 are good.

Two academies also had Ofsted visits in the year and St Paulinus retained its Good status. St Joseph's moved from Requires Improvement to Outstanding.

NICHOLAS POSTGATE ACADEMY TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

ACHIEVEMENTS AND PERFORMANCE (continued)

Going concern

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

FINANCIAL REVIEW

Most of the academy's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

The academy trust receives additional funds from activities such as provision of after school and breakfast clubs, from minibus provision, minor amounts from lettings and also fees for supporting Teacher Training students.

In addition to academies within the trust there is also the Landmark Teaching Alliance which attracts national teaching grants, membership fees and support to assist schools within the Alliance.

During the year ended 31 August 2017, total expenditure of £9,896,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £171,000.

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

At 31 August 2017 the net book value of fixed assets was £2,390,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £1,575,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2017 of £1,852,000 comprising £941,000 of restricted funds and £911,000 of unrestricted funds.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW (continued)

Reserves policy

The academy trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as pupil premium, P E Grants, Teaching school grants.
- To cover ongoing costs in relation to the running of the academy trust including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £650,000.

This is considered sufficient to cover one months operational costs.

The trust's current level of unrestricted reserves is £911,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy trust. The Directors will continue to ensure future budgeting and financial planning allows for the build up of the free reserves.

Investment Policy

The academy trust invests surplus funds through low risk short term bank investments. Interest rates are reviewed prior to each investment.

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA, pressures on SEN and inflationary cost increases.

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

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

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

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PLANS FOR FUTURE PERIODS

The academy trust uses Orovia budget planning software tool and has developed a 5 year projected budget plan as resource allocations are changing. This plan will allow the academy trust to plan and resolve any potential funding gaps.

The academy trust is part of a wider review of Multi Academy Trusts within the Diocese of Middlesbrough and structure plans are under evaluation. The trust will participate fully and positively in any such plans.

In addition the academy trust will continue to:

- Develop excellent academic standards and share best practice in teaching and learning.
- Monitor Strategic Governance and develop skills of the Board of Directors and Sub Committees.
- Continue to embed the strong Catholic ethos and teaching across academies.

Disclosure of information to auditors

Insofar as the Directors are aware:

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

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 11 December 2017 and signed on its behalf by:



F J Campbell
Chair of Directors

NICHOLAS POSTGATE ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Nicholas Postgate 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 Directors has delegated the day-to-day responsibility to the S K Geaves, Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Nicholas Postgate Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors 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 Statement of Directors' Responsibilities. The Board of Directors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
F J Campbell, Chair	4	4
E J Nicholls, Vice Chair	4	4
Canon M E Bayldon	1	2
M Campbell	4	4
A Coulson	4	4
B Coulston	4	4
J Craven	1	1
S Dunn	1	2
C M Garvey	3	4
S K Geaves, Head Teacher & Accounting Officer	3	4
M E Henry	1	2
A D Montague	1	1
K Sill	2	2
S Smith	3	3
P M Strudwick	4	4
A G Toward	3	4
Father D L Turnham	2	3
N A Woodhouse	1	4

The academy trust continued to do an annual review of Board of Directors skills and carried out an in year appraisal of its effectiveness and areas to improve and develop upon. This exercise was used when committee membership was reviewed in year.

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GOVERNANCE STATEMENT (continued)

The Resource and Audit Committee is a sub-committee of the main Board of Directors. This is a merger of the former Finance Committee and Audit Committee. Its purpose is to support the academy trust Board of Directors in ensuring sound management of the academy trusts finances, staffing and resources including proper planning, monitoring and probity.

This included in year:

- Safeguarding assets
- Overseeing financial planning and approving annual budgets and carrying out monitoring of spend
- Approving procurement decisions
- Reviewing and approving relevant policies
- Approving capital bids
- Gain assurance that the academy trusts risk management, controls and governance arrangements are adequate and effective
- Review internal and external audit reports in year
- Monitor and ensure all audit recommendations are implemented

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
B Coulston	4	4
Canon M E Bayldon	2	2
F J Campbell, Chair	4	4
M Campbell	3	4
S Dunn	0	2
S K Geaves, Head teacher & Accounting Officer	4	4
A D Montague	1	1
S Smith	1	2
A G Toward	2	2
Father D Turnham	1	2

Review of Value for Money

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

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

- Financial Governance and oversight.
- Regular monitoring by the Board Of Directors and the Resource and Audit Committee.
- Looking at benchmarked data to determine areas where costs are high and where service procurement will be looked at in year.
- Moving payroll providers in year to deliver joint HR and payroll savings.
- Reviewing external professional support and obtaining reduced costs.

NICHOLAS POSTGATE ACADEMY TRUST
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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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Nicholas Postgate Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

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

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

The external auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of governor appointments/resignations and declarations of interest;
- Review of gifts and hospitality & honorarium/ex-gratia payments;
- Review of information technology strategy;
- Review of fixed assets;
- Review of VAT and Corporation tax position

On a termly basis auditors report to the Board of Directors through the Resource and Audit Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

No material control issues have arisen as a result of the work of the external auditor.

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GOVERNANCE STATEMENT (continued)

Review of Effectiveness

As Accounting Officer, S K Geaves, Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the external auditor 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 Directors on 11 December 2017 and signed on their behalf, by:


F J Campbell
Chair of Directors


S K Geaves
Accounting Officer

NICHOLAS POSTGATE ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Nicholas Postgate Academy Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust Board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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 Directors and ESFA.



S K Geaves, Head teacher
Accounting Officer

11 December 2017

NICHOLAS POSTGATE ACADEMY TRUST
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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Directors (who act as Governors of Nicholas Postgate Academy Trust and are also the Trustees of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills 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 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 DfE/ESFA 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 Directors on 11 December 2017 and signed on its behalf by:



F J Campbell
Chair of Directors

NICHOLAS POSTGATE ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NICHOLAS POSTGATE ACADEMY TRUST**

Opinion

We have audited the financial statements of Nicholas Postgate Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

NICHOLAS POSTGATE ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NICHOLAS POSTGATE ACADEMY TRUST**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Directors' Responsibilities, the Directors (who are also the directors of the academy trust 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the academy trust's or to cease operations, or have no realistic alternative but to do so.

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NICHOLAS POSTGATE ACADEMY TRUST**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



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

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
11 December 2017

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NICHOLAS
POSTGATE ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Nicholas Postgate Academy Trust during the year 1 September 2016 to 31 August 2017 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 Nicholas Postgate Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Nicholas Postgate Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Nicholas Postgate Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Nicholas Postgate Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Nicholas Postgate Academy Trust's funding agreement with the Secretary of State for Education dated 29 September 2014, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NICHOLAS POSTGATE ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)


Approach (continued)

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

11 December 2017

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
INCOME FROM:						
Donations and capital grants:						
Voluntary income - transfer from local authority on conversion	2	-	-	-	-	598
Other donations and capital grants	2	28	-	63	91	167
Charitable activities:	5					
Funding for the academy trust's educational operations		-	8,899	-	8,899	8,859
Teaching schools		-	63	-	63	62
Other trading activities	3	606	-	-	606	595
Investments	4	1	-	-	1	2
TOTAL INCOME		635	8,962	63	9,660	10,283
EXPENDITURE ON:						
Charitable activities:						
Academy trust educational operations		455	9,249	128	9,832	9,606
Teaching schools		-	64	-	64	98
TOTAL EXPENDITURE	7	455	9,313	128	9,896	9,704
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		180	(351)	(65)	(236)	579
Transfers between Funds	18	-	(69)	69	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		180	(420)	4	(236)	579
Actuarial gains/(losses) on defined benefit pension schemes	23	-	2,028	-	2,028	(1,533)
NET MOVEMENT IN FUNDS		180	1,608	4	1,792	(954)
RECONCILIATION OF FUNDS:						
Total funds brought forward		731	(3,058)	2,387	60	1,014
TOTAL FUNDS CARRIED FORWARD		911	(1,450)	2,391	1,852	60

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09203984

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	£000	2016 £000
FIXED ASSETS					
Intangible assets	13		-		6
Tangible assets	14		2,390		2,424
			<u>2,390</u>		<u>2,430</u>
CURRENT ASSETS					
Debtors	15	308		239	
- Cash at bank and in hand		1,506		1,467	
		<u>1,814</u>		<u>1,706</u>	
CREDITORS: amounts falling due within one year	16	(711)		(701)	
NET CURRENT ASSETS			<u>1,103</u>		<u>1,005</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,493</u>		<u>3,435</u>
CREDITORS: amounts falling due after more than one year	17		(66)		(90)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>3,427</u>		<u>3,345</u>
Defined benefit pension scheme liability	23		(1,575)		(3,285)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>1,852</u></u>		<u><u>60</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	125		227	
Restricted fixed asset funds	18	2,391		2,387	
		<u></u>		<u></u>	
Restricted income funds excluding pension liability		2,516		2,614	
Pension reserve		(1,575)		(3,285)	
		<u></u>		<u></u>	
Total restricted income funds			941		(671)
Unrestricted income funds	18		911		731
TOTAL FUNDS			<u><u>1,852</u></u>		<u><u>60</u></u>

The financial statements on pages 20 to 47 were approved by the Directors, and authorised for issue, on 11 December 2017 and are signed on their behalf, by:



F J Campbell
Chair of Directors

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	81	260
Cash flows from investing activities:			
Dividends, interest and rents from investments		1	2
Purchase of tangible fixed assets		(88)	(304)
Capital grants from DfE/ESFA		63	142
Net cash used in investing activities		(24)	(160)
Cash flows from financing activities:			
Repayments of borrowings		(18)	(18)
Receipt of endowment		-	508
Net cash (used in)/provided by financing activities		(18)	490
Change in cash and cash equivalents in the year		39	590
Cash and cash equivalents brought forward		1,467	877
Cash and cash equivalents carried forward	21	1,506	1,467

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Nicholas Postgate Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the funders.

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Expenditure on charitable activities are costs incurred on the academy trust's educational operations, including support costs and those costs relating to the governance of the academy trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 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 trust to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 Intangible fixed assets and amortisation

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Computer Software	-	3 years straight line
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NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold land	-	125 years straight line
Long-term leasehold property	-	25 - 50 years straight line
Motor vehicles	-	4 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years 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 incorporating Income and Expenditure Account.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the bank.

1.10 Taxation

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

1.11 Debtors

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

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.15 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation and amortisation – Depreciation and amortisation is calculated so as to write off the cost of a tangible or intangible asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation and amortisations accounting policies. The value of depreciation and amortisation charge during the year was £128,000.

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

The academy trust operated five academies. Two of those are PFI schools and having reviewed the contracts the Directors have concluded that the risks and rewards do not reside with the academy trust and therefore have been excluded from the financial statements.

The other three academy buildings are owned by the Diocese of Middlesbrough. The academy trust occupies the buildings under a mere licence. The licence delegates aspects of the management of the buildings to the academy trust for the time being, but does vest any rights over the buildings to the academy trust. Having considered the factual matrix under which the academy trust is occupying the buildings the Directors have concluded that the value of the buildings on transfer occupied by the academy trust will not be recognised on the balance sheet of the academy trust. Any additions will be treated as leasehold improvements and depreciated over their economic life.

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Voluntary income - transfer from local authority on conversion	-	-	-	-	598
Donations	28	-	-	28	25
Capital Grants	-	-	63	63	142
Subtotal	28	-	63	91	167
	28	-	63	91	765
<i>Total 2016</i>	374	(861)	1,252	765	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Sundry income	271	-	271	320
Lettings income	6	-	6	6
Uniforms income	8	-	8	13
Trip income	108	-	108	144
Staff absence insurance	69	-	69	46
Catering income	62	-	62	66
School transport	82	-	82	-
	606	-	606	595
<i>Total 2016</i>	595	-	595	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank interest	1	-	1	2
<i>Total 2016</i>	2	-	2	

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,822	7,822	7,784
Pupil Premium	-	381	381	377
Other DfE/ESFA grants	-	241	241	199
	<u>-</u>	<u>8,444</u>	<u>8,444</u>	<u>8,360</u>
Other Government grants				
National College for Teaching and Leadership	-	63	63	62
SEN	-	71	71	101
Other Government grants	-	382	382	389
	<u>-</u>	<u>516</u>	<u>516</u>	<u>552</u>
Other funding				
Other grants	-	2	2	9
	<u>-</u>	<u>2</u>	<u>2</u>	<u>9</u>
	<u>-</u>	<u>8,962</u>	<u>8,962</u>	<u>8,921</u>
<i>Total 2016</i>	<u>-</u>	<u>8,921</u>	<u>8,921</u>	

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

6. CHARITABLE ACTIVITIES

	2017 £000	2016 £000
DIRECT COSTS		
Wages and salaries	4,755	4,727
National insurance	437	357
Pension cost	992	827
Educational supplies	254	274
Examination fees	48	44
Staff development	34	36
Technology costs	33	22
Other direct costs	137	206
Recruitment and support	13	11
	<hr/> 6,703 <hr/>	<hr/> 6,504 <hr/>
SUPPORT COSTS		
Wages and salaries	639	640
National insurance	40	36
Pension costs	79	75
Depreciation and amortisation	128	102
Net interest cost on pension scheme	64	56
Technology costs	143	81
Recruitment and support	3	6
Maintenance of premises and equipment	1,084	1,125
Cleaning	45	45
Rates	67	70
Energy	28	33
Insurance	97	58
Security	1	2
Transport	143	23
Catering	184	218
Occupancy costs	16	14
Other support costs	366	486
Governance costs	66	130
	<hr/> 3,193 <hr/>	<hr/> 3,200 <hr/>
	<hr/> <hr/> 9,896 <hr/> <hr/>	<hr/> <hr/> 9,704 <hr/> <hr/>

NICHOLAS POSTGATE ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. EXPENDITURE

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Activities:					
Direct costs	6,184	-	519	6,703	6,504
Support costs	758	1,334	1,101	3,193	3,200
	<u>6,942</u>	<u>1,334</u>	<u>1,620</u>	<u>9,896</u>	<u>9,704</u>
<i>Total 2016</i>	<u>6,662</u>	<u>1,423</u>	<u>1,619</u>	<u>9,704</u>	

In 2017 of the total expenditure, £455,000 (2016: 515,000) was to unrestricted funds and £9,441,000 (2016: £9,189,000) was to restricted funds.

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

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £000	2016 £000
Depreciation and amortisation of fixed assets:		
- owned by the charity	128	102
Auditors' remuneration - audit	11	11
Auditors' remuneration - other services	3	9
Operating lease rentals	<u>28</u>	<u>24</u>

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	5,172	5,019
Social security costs	477	393
Operating costs of defined benefit pension schemes	1,071	902
	<u>6,720</u>	<u>6,314</u>
Apprenticeship levy	4	-
Supply staff costs	213	340
Staff restructuring costs	5	8
	<u>6,942</u>	<u>6,662</u>

Included within operating costs of defined benefit pension schemes is £254,000 (2016: £119,000) in respect of movements in the LGPS deficit, and £nil (2016: £10,000) in respect of Teaching Alliance pension costs shown elsewhere in resources expended.

Staff restructuring costs comprise:

	2017 £000	2016 £000
Redundancy payments	1	8
Severance payments	4	-
	<u>5</u>	<u>8</u>

Included in staff restructuring costs is one non-statutory/non-contracted severance payment totalling £4,000 (2016: £nil).

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

	2017 No.	2016 No.
Teachers	105	104
Administration and support	129	132
Management	6	6
	<u>240</u>	<u>242</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1

The key management personnel of the academy trust comprise the head teachers of the academies within the trust. The total amount of employee benefits (including employer national insurance, employer pension contributions) received by key management personnel for their services to the academy trust was £467,000 (2016: £401,000).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. CENTRAL SERVICES

The academy trust has provided the following central services to its academies during the year:

- Human Resources
- Administration Support Services
- Educational Support Services

The academy trust charges for these services on the following basis:

- pupil numbers.

The actual amounts charged during the year were as follows:

	2017 £000	2016 £000
St Bede's Voluntary Catholic Primary Academy	36	25
St Paulinus Voluntary Catholic Primary Academy	20	21
St Joseph's Voluntary Catholic Primary Academy	18	21
Sacred Heart Secondary Catholic Voluntary Academy	69	65
St Benedict's Catholic Primary School	47	46
Nicholas Postgate Trust	66	67
	<hr/>	<hr/>
Total	256	245
	<hr/>	<hr/>

11. DIRECTORS' AND OFFICERS' INSURANCE

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

In accordance with normal commercial practice two academies have 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 2017 was £500 (2016 - £500).

NICHOLAS POSTGATE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

12. DIRECTORS' REMUNERATION AND EXPENSES

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

		2017 £000	2016 £000
P Strudwick	Remuneration	70-75	70-75
	Pension contributions paid	10-15	10-15
M E Henry	Remuneration	20-25	60-65
	Pension contributions paid	0-5	10-15
A G Toward	Remuneration	60-65	60-65
	Pension contributions paid	10-15	5-10
A Coulson	Remuneration	55-60	35-40
	Pension contributions paid	5-10	5-10
S K Geaves	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10
K Sill	Remuneration	30-35	-
	Pension contributions paid	5-10	-
K M Siedle	Remuneration	-	20-25
	Pension contributions paid	-	5-10

During the year, Directors received reimbursement of expenses totalling £399 (2016 - £507).

13. INTANGIBLE FIXED ASSETS

	Software £000
Cost	
At 1 September 2016 and 31 August 2017	20
Amortisation	
At 1 September 2016	14
Charge for the year	6
At 31 August 2017	20
Carrying amount	
At 31 August 2017	-
At 31 August 2016	6

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 September 2016	2,258	2	107	179	2,546
Additions	16	-	40	32	88
At 31 August 2017	2,274	2	147	211	2,634
Depreciation					
At 1 September 2016	35	1	23	63	122
Charge for the year	29	1	27	65	122
At 31 August 2017	64	2	50	128	244
Net book value					
At 31 August 2017	2,210	-	97	83	2,390
At 31 August 2016	2,223	1	84	116	2,424

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FOR THE YEAR ENDED 31 AUGUST 2017

15. DEBTORS

	2017 £000	2016 £000
Trade debtors	6	14
VAT repayable	151	70
Prepayments and accrued income	151	155
	<u>308</u>	<u>239</u>

16. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Other loans	16	17
Trade creditors	203	130
Other taxation and social security	119	116
Other creditors	108	102
Accruals and deferred income	265	336
	<u>711</u>	<u>701</u>

	2017 £000	2016 £000
Deferred income		
Deferred income at 1 September 2016	169	89
Resources deferred during the year	208	169
Amounts released from previous years	(169)	(89)
Deferred income at 31 August 2017	<u>208</u>	<u>169</u>

Deferred income relates to universal infant free school meals, rates relief and trip income that straddle the academic year end and Teaching Alliance fees.

17. CREDITORS: Amounts falling due after more than one year

	2017 £000	2016 £000
Other loans	<u>66</u>	<u>90</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. CREDITORS: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £000	2016 £000
Repayable by instalments	22	33

Included within other loans are loans of £77,000 to St. Paulinus Primary Catholic Voluntary Academy and £5,000 to St Josephs Primary Catholic Voluntary Academy from the Diocese of Middlesbrough which are provided on the following terms:

St. Paulinus Primary Catholic Voluntary Academy

Period of loan

9 years

Interest

3% p.a. on balances - waived

Repayment terms

annual equal repayments

St Josephs Primary Catholic Voluntary Academy

Period of loan

4 years

Interest

3% p.a. on balances - waived

Repayment terms

annual equal repayments

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds						
General reserves	542	365	(221)	-	-	686
Private school funds	131	158	(164)	-	-	125
Teaching school	58	93	(70)	-	-	81
PFI reserve	-	19	-	-	-	19
	<u>731</u>	<u>635</u>	<u>(455)</u>	<u>-</u>	<u>-</u>	<u>911</u>
Restricted funds						
General Annual Grant (GAG)	106	7,822	(7,859)	(69)	-	-
Pupil Premium	77	381	(370)	-	-	88
National College for Teaching and Leadership	29	63	(64)	-	-	28
Other DfE/ESFA grants	15	241	(247)	-	-	9
SEN funding	-	71	(71)	-	-	-
Other Government grants	-	382	(382)	-	-	-
Other grants	-	2	(2)	-	-	-
Pension reserve	(3,285)	-	(318)	-	2,028	(1,575)
	<u>(3,058)</u>	<u>8,962</u>	<u>(9,313)</u>	<u>(69)</u>	<u>2,028</u>	<u>(1,450)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	472	44	(27)	-	-	489
Capital expenditure from GAG	44	-	(20)	69	-	93
Private sector capital sponsorship	14	-	(1)	-	-	13
Inherited on conversion	1,799	-	(75)	-	-	1,724
Unrestricted fixed assets	58	-	(4)	-	-	54
Big lottery	-	19	(1)	-	-	18
	<u>2,387</u>	<u>63</u>	<u>(128)</u>	<u>69</u>	<u>-</u>	<u>2,391</u>
Total restricted funds	<u>(671)</u>	<u>9,025</u>	<u>(9,441)</u>	<u>-</u>	<u>2,028</u>	<u>941</u>
Total of funds	<u>60</u>	<u>9,660</u>	<u>(9,896)</u>	<u>-</u>	<u>2,028</u>	<u>1,852</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
Unrestricted funds						
General reserves	226	532	(216)	-	-	542
Private school funds	22	260	(151)	-	-	131
Teaching school	27	179	(148)	-	-	58
Unrestricted fixed asset funds	60	-	-	(60)	-	-
	<u>335</u>	<u>971</u>	<u>(515)</u>	<u>(60)</u>	<u>-</u>	<u>731</u>
Restricted funds						
General Annual Grant (GAG)	-	7,784	(7,679)	1	-	106
Pupil Premium	-	427	(358)	8	-	77
National College for Teaching and Leadership	65	62	(98)	-	-	29
Other DfE/ESFA grants	-	212	(197)	-	-	15
SEN funding	-	101	(101)	-	-	-
Other Government grants	-	470	(470)	-	-	-
Other grants	-	9	(9)	-	-	-
Pension reserve	(572)	(1,005)	(175)	-	(1,533)	(3,285)
	<u>(507)</u>	<u>8,060</u>	<u>(9,087)</u>	<u>9</u>	<u>(1,533)</u>	<u>(3,058)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	309	174	(11)	-	-	472
Capital expenditure from GAG	75	-	(13)	(18)	-	44
Private sector capital sponsorship	2	4	(1)	9	-	14
Inherited on conversion	800	1,074	(75)	-	-	1,799
Unrestricted fixed assets	-	-	(2)	60	-	58
	<u>1,186</u>	<u>1,252</u>	<u>(102)</u>	<u>51</u>	<u>-</u>	<u>2,387</u>
Total restricted funds	<u>679</u>	<u>9,312</u>	<u>(9,189)</u>	<u>60</u>	<u>(1,533)</u>	<u>(671)</u>
Total of funds	<u>1,014</u>	<u>10,283</u>	<u>(9,704)</u>	<u>-</u>	<u>(1,533)</u>	<u>60</u>

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS (continued)

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

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

Pupil Premium is additional funding to be spent as the academy trust sees fit to support deprived students. NCTL Teaching School funding is restricted grants received from the National College for Leadership and Teaching. Other DfE/ESFA grants relates to universal infant free school meals, rates relief and PE sports grant.

SEN funding is funding to provide additional support to qualifying pupils. Other Government grants relates to early years funding, two year old income and SEN received from the council.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 23.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds includes income from trips, catering, before and after school club, teaching alliance and other income. Relevant costs have been allocated accordingly.

Transfers represent monies transfered from revenue to fund the purchase of fixed assets and to cover loan repayments in the year.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
St Bede's Voluntary Catholic Primary Academy	165	124
St Paulinus Voluntary Catholic Primary Academy	192	203
St Joseph's Voluntary Catholic Primary Academy	78	86
Sacred Heart Secondary Catholic Academy	306	351
St Benedict's Primary Catholic Voluntary Academy	249	181
Nicholas Postgate Trust	46	13
Total before fixed asset fund and pension reserve	1,036	958
Restricted fixed asset fund	2,391	2,387
Pension reserve	(1,575)	(3,285)
Total	1,852	60

NICHOLAS POSTGATE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2017 £000	Total 2016 £000
St Bede's Voluntary Catholic Primary Academy	629	85	23	353	1,090	1,212
St Paulinus Voluntary Catholic Primary Academy	654	93	50	230	1,027	1,023
St Joseph's Voluntary Catholic Primary Academy	609	110	33	171	923	1,016
Scared Heart Secondary Catholic Academy	2,872	314	86	1,203	4,475	4,468
St Benedict's Primary Catholic Voluntary Academy	1,166	90	62	492	1,810	1,854
Nicholas Postage Trust	254	66	-	123	443	29
	<u>6,184</u>	<u>758</u>	<u>254</u>	<u>2,572</u>	<u>9,768</u>	<u>9,602</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	2,390	2,390
Current assets	911	820	83	1,814
Creditors due within one year	-	(695)	(16)	(711)
Creditors due in more than one year	-	-	(66)	(66)
Provisions for liabilities and charges	-	(1,575)	-	(1,575)
	<u>911</u>	<u>(1,450)</u>	<u>2,391</u>	<u>1,852</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016 £000	2016 £000	2016 £000	2016 £000
Intangible fixed assets	-	-	6	6
Tangible fixed assets	-	-	2,424	2,424
Current assets	731	911	64	1,706
Creditors due within one year	-	(684)	(17)	(701)
Creditors due in more than one year	-	-	(90)	(90)
Provisions for liabilities and charges	-	(3,285)	-	(3,285)
	<u>731</u>	<u>(3,058)</u>	<u>2,387</u>	<u>60</u>

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

	2017 £000	2016 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(236)	579
Adjustment for:		
Depreciation and amortisation charges	128	102
Cash inherited on conversion	-	(508)
Assets inherited on conversion	-	(1,074)
Dividends, interest and rents from investments	(1)	(2)
Increase in debtors	(69)	(93)
Increase in creditors	4	218
Capital grants from DfE and other capital income	(63)	(142)
Defined benefit pension scheme obligation inherited	-	1,005
Defined benefit pension scheme cost less contributions payable	254	119
Defined benefit pension scheme finance cost	64	56
Net cash provided by operating activities	<u>81</u>	<u>260</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash in hand	1,506	1,467
Total	<u>1,506</u>	<u>1,467</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. CAPITAL COMMITMENTS

At 31 August 2017 the academy trust had capital commitments as follows:

	2017 £000	2016 £000
Contracted for but not provided in these financial statements	-	9

23. PENSION COMMITMENTS

The academy trust'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 Middlesbrough Borough Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £106,000 were payable to the schemes at 31 August 2017 (2016 - 101,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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23. PENSION COMMITMENTS (continued)

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £617,000 (2016 - £602,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has 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 2017 was £278,000 (2016 - £267,000), of which employer's contributions totalled £200,000 (2016 - £191,000) and employees' contributions totalled £78,000 (2016 - £76,000). The agreed contribution rates for future years are 14.6% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.00 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2017	2016
Retiring today		
Males	22.8	23.1
Females	24.9	25.6
Retiring in 20 years		
Males	25.0	25.3
Females	27.2	28.0

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2017 £000	At 31 August 2016 £000
Discount rate +0.1%	4,741	5,105
Discount rate -0.1%	4,963	5,337
Mortality assumption - 1 year increase	4,706	5,056
Mortality assumption - 1 year decrease	4,997	5,385
CPI rate +0.1%	4,920	5,292
CPI rate -0.1%	4,783	5,149

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	2,591	1,651
Property	210	142
Government bonds	-	15
Corporate bonds	3	15
Cash and other liquid assets	420	112
Other	52	-
Total market value of assets	3,276	1,935

The actual return on scheme assets was £1,134,000 (2016 - £249,000).

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

	2017 £000	2016 £000
Current service cost	(454)	(310)
Interest income	41	59
Interest cost	(105)	(115)
Total	(518)	(366)

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

	2017 £000	2016 £000
Opening defined benefit obligation	5,220	1,238
Upon conversion	-	1,752
Current service cost	454	310
Interest cost	105	115
Employee contributions	78	76
Actuarial (gains)/losses	(935)	1,723
Benefits paid	(71)	6
Closing defined benefit obligation	4,851	5,220

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

	2017 £000	2016 £000
Opening fair value of scheme assets	1,935	666
Upon conversion	-	747
Interest income	41	59
Actuarial gains	1,093	190
Employer contributions	200	191
Employee contributions	78	76
Benefits paid	(71)	6
	<hr/>	<hr/>
Closing fair value of scheme assets	3,276	1,935
	<hr/>	<hr/>

24. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Amounts payable:		
Within one year	25	22
Between one and five years	24	38
	<hr/>	<hr/>
Total	49	60
	<hr/>	<hr/>

25. NET FINANCE COST ON PENSION SCHEME

	2017 £000	2016 £000
Interest income on pension scheme assets	41	59
Interest on pension scheme liabilities	(105)	(115)
	<hr/>	<hr/>
	(64)	(56)
	<hr/>	<hr/>

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain Directors' remuneration and expenses already disclosed in note 12.