

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016
FOR

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)



McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

FORT PITT THOMAS AVELING ACADEMIES
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

MEMBERS

Marion Cogger
Terry Brown
Roger Brown
Denise Ford
Helen Klimkowicz
Wendy Rogers
Darren Small
Timothy Watts

TRUSTEES

Marion Cogger (Chair)
Terry Brown (Vice Chair)
Roger Brown
Denise Ford
Helen Klimkowicz
Wendy Rogers
Darren Small
Timothy Watts
Michael Bailey (resigned 4.1.16)
Paul Jackson (Executive Head Teacher and Accounting Officer)
Julia Bell (Executive Head Teacher and Accounting Officer) (resigned 31.12.15)

Fort Pitt Grammar School – Local Governing Board

Marion Cogger	Chair
Nick Watkiss	Head Teacher
Selina Dhesy	
Richard Hopkins	
Mirella Lombardo	
Sian Murphy	
Nicky Archer	
Helen Klimkowicz	
Martin Stanford	
Timothy Watts	
Dr Scott Wildman	(resigned March 2016)
Alison Jeffreys	
Chris Spring	

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Thomas Aveling School – Local Governing Board

Terry Brown	(resigned as Chair 31.8.16)
Darren Small	Chair (appointed 1.9.16)
Paul Jackson	Head Teacher
Gill Clarke	
Raffaella Rosina	
Andrew Waters	
Tony Luff	
Antonina Paneva	(resigned)
Helen Curston	
Lee Kyriacou	
David Travallion	
Wendy Nye	

The Robert Napier School – Advisory Board

Terry Brown	Chair
Carol Wrate	Vice Chair
Andy Minchin	Head Teacher
Barbara Fincham	
Jane Dunnett	
Maria Kirby	
Mike Baker	
Syreeta Martin	
Paul Chaplin	
Miguel Martins	
Patricia Emerick	

Phoenix Junior Academy – Advisory Board

Denise Ford	Chair
Roger Brown	Vice Chair
Pete Sears	Head Teacher
Mel Harris	
Samantha Wady	
Laura Doyle	
Verity Rock	
Steve Quenby	
Andrew Ost	
Sarah Phillipson	
Lee Preston	
Carol Winn	
Kim Parnell	

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REGISTERED OFFICE

Fort Pitt Hill
CHATHAM
Kent
ME4 7TJ

REGISTERED COMPANY NUMBER 07401701 (England and Wales)

AUDITORS

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

BANKERS

National Westminster Bank Plc
148 High Street
CHATHAM
Kent
ME4 4DB

Lloyds TSB
142 – 146 High Street
CHATHAM
Kent
ME4 4DQ

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Member Schools

Fort Pitt Grammar School
Thomas Aveling School
The Robert Napier School
Phoenix Junior School

Other Addresses

Fort Pitt Grammar School
Fort Pitt Hill
Chatham
ME4 6TJ

Thomas Aveling School
Arethusa Road
Rochester
ME1 2UW

The Robert Napier School
Third Avenue
Gillingham
ME7 2LX

Phoenix Junior School
Glencoe Road
Chatham
ME4 5QD

Websites

www.fortpitt.medway.sch.uk

www.thomasaveling.co.uk

www.robertnapier.org.uk

www.phoenixjuniors.co.uk

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees who are also directors of the academy trust for the purposes of the Companies Act 2006, present their report with the financial statements of the academy trust for the year ended 31 August 2016. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

The Fort Pitt Thomas Aveling Academies operate one Junior and three Secondary Academies.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academies 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 academies trust. The charitable company is known as Fort Pitt Thomas Aveling Academies.

Members' liability

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

Trustees' Indemnities

Subject to the provision of the Companies Act 2006, the Trust intends to maintain trustees' and officers' liability insurance which gives appropriate cover for any liability incurred or legal action brought against them in connection with their acting in their capacity as directors of the Trust.

Principal activities

The principal activity of the Fort Pitt Thomas Aveling Academies (FPTA) is to provide excellent education opportunities to students and pupils, to nurture and care for their learning and well-being that will serve them during their lives and future careers. To support this aim, the FPTA academies have managed the four schools in the 2015/16 accounting year to ensure academic excellence and resources are managed and spent in line with DfE and EFA academy policies and financial regulations.

Method of recruitment and appointment or election of new trustees

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

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

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

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

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REPORT OF THE TRUSTEES
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STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust subscribes to the Medway Governor Training Package and all courses and induction programmes are available to Trustees and Governors.

Organisational structure

The Directors of the Fort Pitt Thomas Aveling Academies, incorporating: Fort Pitt Grammar School, The Thomas Aveling School, The Robert Napier School and Phoenix Junior Academy, have overall responsibility for academic achievement, setting policy and the running of the Trust Schools, setting strategic direction and managing the overall resources for the delivery of the Academy's aims and objectives.

Paul Jackson, Executive Head Teacher, has overall management responsibility for the Trust and is accountable to the Directors. The Trust has overall responsibility for setting the Academy's budgets and for ensuring the Trust Schools are managed effectively and achieve best value. The Directors and the Executive Head Teacher devolve the day to day management of each school to the Local Governing Board and Head teacher. A Director of the Trust is chair of each school's Local Governing Board.

The Trust's organisational structure will be changing in 2017. The Members and Directors will be separated with new Members being appointed to sit above the Trustees/Directors. This will further improve the level of scrutiny and independence. Directors will continue to maintain the strategic vision for the trust with significant responsibility delegated to Local Governing Boards but Members will take on overall responsibility for the Trust.

The Head teachers of Fort Pitt Grammar School, The Thomas Aveling School, The Robert Napier School and Phoenix Junior Academy are accountable to the Executive Head Teacher, their School's Local Governing Board and the Trustees for raising performance, achieving academic excellence and carrying out the Trust policies and procedures. The Head teachers manage their schools' finances in line with the strategic plans for the Trust and ensure effective controls are in place and securing best value for the goods and services purchased.

The Head teachers of the Trust schools are supported in the management of the school by their senior leadership teams. The Head teachers and senior leadership teams are collectively responsible to the Executive Head Teacher for the overall management of the Trust Schools, incorporating teaching and learning and the planning and use of assets and financial resources. Management responsibility is further delegated to Heads of Departments for accounting to the senior leadership teams and the Head teachers for student and teacher performance.

During the 2015/16 accounting year, the Trustees have focused on harmonising the strategic aims and direction of the newly formed Trust, following the merger of the Fort Pitt Grammar School Academy Trust and The Thomas Aveling Academy Trust. It has also focused on harmonising the respective policies and procedures and for ensuring improvements in teaching and learning across the Trust schools. In addition, the Executive Head Teacher and Trustees have been meeting with Balfour Juniors as part of the plans for Balfour to join the Trust in January 2017. This will increase the Trust to five schools and this addition will further strengthen Fort Pitt Thomas Aveling Academies.

Arrangements for setting pay and remuneration of key management personnel are in made accordance with the Trust main pay policy

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STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Organisational structure - continued

Connected Organisations, including Related Party Relationships

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

OBJECTIVES AND ACTIVITIES

Objects and aims

The Fort Pitt Thomas Aveling Academies' aims are specifically restricted to the following: to advance education for the public benefit in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the Trust schools offering a broad and balanced curriculum. The aim of the Fort Pitt Thomas Aveling Academies is to strive to provide outstanding educational opportunities and achievement, raising attainment and achieving high standards of performance.

Objectives, Strategies and Activities

The main objectives for the 2015/16 accounting period have been;

- Consolidation of the schools within the newly merged Fort Pitt Thomas Aveling Academies
- Continuing to aim the available resources to achieve academic excellence
- Achieving a school environment that provides an excellent community
- To ensure excellent behaviour
- Continuing to deliver 'best value' for stakeholders

Public benefit

The Trust confirm that it has referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Social investments

The Directors recognise that equal opportunities are an integral part of good practice within the workplace. The Trust aims to establish equality of opportunity in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

The Trust supports the involvement of the wider community within the school community by establishing strong links with neighbours, local churches, clubs and organisations.

Disabled Persons

The Trust aims to ensure provision for disabled students and staff. Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all ground floor areas to the Trust buildings. Where appropriate, lifts have been installed to facilitate wheelchair and disabled access to the upper (or lower) levels of the buildings. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

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REPORT OF THE TRUSTEES
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STRATEGIC REPORT

Achievement and performance

Nationally, education funding and the future of academies is fuelling a debate that will continue well into 2017. The government had planned legislation in 2016 to bring all state schools within the academy framework by 2020 but now it has changed its policy and is encouraging all schools to convert by 2020. Behind their thinking is that the academy programme will drive up educational standards and they aim to ensure that all children attend at least a good, if not an outstanding school. Funding though will be a main driver to support the growth in pupils staying on at school and meeting the increase of children coming through schools. Where there are strong pulls on the public spending purse strings, the allocation and use of resources will be key to the Government's aims. The economic climate is also a challenging one, affecting government revenue and the period of austerity is set to continue well into 2020. Fairer funding for schools will also be introduced between 2017-2020 with resulting winners and losers. These are testing times and further changes to the curriculum will challenge and test educators.

Fort Pitt Grammar School

The school continues to achieve excellent examination results. At A level there was a pass rate of 98% A-E with 50% of these grades at A*- B.

At GCSE level, 96% of pupils achieved 5 A*-C GCSEs including English and Maths with 34% at A*-A

During 2015/16, the school finances have become challenging, following the refusal by the DfE in 2014/15 to support the business case put forward by the school for funding the 23% in-year increase in 6th form numbers. In the absence of extra funding, the school was under pressure to keep within its means which has resulted in a deficit. Management introduced a restructuring plan in April 2016 which resulted in staff redundancies. The cost to the school has initially increased the deficit through redundancy payments and pensions capitalised for two staff. Savings from the downsizing of staff will accrue during 2016/17 and a further increase in 6th form numbers in September 2016 will mean an increase in 6th form funding in 2017/18. Further staff savings are also planned and the school is expected to balance its funds in 2017/18.

The school was awarded £3.99m capital funds in 2016 for a new Science building and following planning approval, work commenced in the Summer with the demolition of the Sixth form block to make way for the new build. Construction of the new building will start in January 2017. Part of the grant income was received in 2015-16 and the balance of the grant will be drawn-down in 2017. It is anticipated that the building will be completed in December 2017.

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STRATEGIC REPORT – continued

Achievement and performance - continued

The Thomas Aveling School

Thomas Aveling posted another year of record breaking grades at KS4 in the Summer. Over 61% of students gained 5+ A*-C grades including English and Maths, a further 2% up on last year's record breaking results. In the new accountability measures, our Progress 8 score was 0.46 – the second highest in Medway and in the top 4% of all schools nationally which shows the fantastic progress students make from when they join us in Year 7 to completing their compulsory education at the end of Year 11.

At A level 100% of students passed their courses with an average overall grade of a C. Academic performance was up slightly on the previous year and vocational achievement down slightly which overall meant a static average points score. Initial calculations indicate that, measured from their starting points, which are high, students make as-expected progress. Although this is satisfactory, Thomas Aveling has made progress at Key Stage 5 a target for improvement this year.

The Academy has performed well during the year in financial terms despite increasing pressures from real-term decreases in funding and other economic and inflationary cost pressures. Further increases in salary costs due to the withdrawal of employer NI relief on pension payments have had a significant impact on the cost of employment to the Academy. Excluding movement on the LGPS provision the Academy reported a net increase in retained funds during the year and employed brought forward general funds in addition to the devolved capital funds for the year in order to provide fixed assets investment during the year.

In order to maintain a favourable balance on funds the Academy regularly reviews expenditure to reduce cost where possible and continues to monitor actual spending patterns against budget. Financial pressures are expected to continue to grow with additional costs expected in the form of the apprenticeship levy and changes to the national curriculum are expected to impact the Academy through increases in the exam related charges.

The school remains popular and is over-subscribed which has helped to provide a firm financial base and expectations of growing the 6th form over the next few years will help to bring further financial stability.

The Robert Napier School

In 2016 the school results rapidly improved with the 5 A*-C score increasing by 9% to 35%. The new Progress 8 measure also put the school in the Average performance category with a score of -0.08 which is a significant improvement and an improvement in the league table of over 1,500 places. The school was inspected in September and received a Requires Improvement grading but with many positives and acknowledgement of the significant improvements the school has made over the last 18 months under the new Head Teacher.

The school's reserves have been used to help fund the reductions in the main school funding in both 2014/15 and 2015/16, following changes in the funding formula and the reducing pupil numbers. Reserves have also been used to improve the school environment and the fabric of the building. The reducing GAG funding income and the continuing expenditure pressures necessitated a restructure in the staff support budgets. This resulted in staff redundancies. The school aims to reduce expenditure to match reducing income levels before planned increases in student numbers will generate greater income in future years.

Phoenix Junior Academy

There was very good news in the Summer 2016 when Phoenix received a 'good' Ofsted inspection following its previous 'Requires Improvement' rating. This was recognition to the management and staff for their hard work in turning around the school. The school had been subject to a fairly intensive monitoring programme with inspection visits by the DfE in February and September 2015 and one day Ofsted Section 8 in March 2015.

The financial position of the school remains very healthy with a good level of balances that will continue to support buildings, the learning environment and further improve standards. A high proportion of pupils are from deprived backgrounds and are being supported through the Pupil Premium monies. The financial strategy for the school is to keep a close eye on the budgets and to invest in supporting the pupils to achieve and enjoy learning.

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REPORT OF THE TRUSTEES
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STRATEGIC REPORT - continued

Trust Finances – Summary 2015/16

Schools have been under increasing pressure to improve teaching and learning and to keep within budget at a time when income levels are falling and cost pressures have increased. Schools have been expected to pay annually for the cost of living pay increases, increases in TP employer's contributions from 14.1% to 16.48%, increases of around 3% in the employers' National Insurance rates, increases of up to 8% for staff on lower pay scales and inflationary increases in goods and services. The schools also have to fund redundancies following staff restructuring from within their own resources.

Maintaining standards during challenging times means Trust management and Head Teachers are having to keep everything under review, to be creative in providing a broad curriculum and to keep costs down.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Academy trust has adequate resources to continue in operational existence for the foreseeable future. The Academy trust has a good pupil base and generally the schools are oversubscribed. The level of overall balances remains healthy and for this reason the Trustees continue 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:

Key financial performance indicators

	31.8.16	31.8.15
Total expenditure on operations per pupil enrolled	£6,465	£6,433
Wages & Salaries as a percentage of DfE/EfA revenue grant	68%	67%
Total Staff costs: (Excluding Supply) per pupil enrolled	£4,752	£4,794
Total staff costs as a percentage of total revenue and other government grants	89%	87%
LGPS deficit per pupil	£3,005	£1,594

Financial review

Reserves policy

The levels of reserves of the Academy Trust and individual Academies are reviewed by the Directors of the Trust on an annual basis, which review incorporates a critical analysis to ensure that income is matched to expenditure commitments and that the nature of reserves held are commensurate with future commitments. The free reserves levels that are permissible to be held have been determined by the Directors of the Trust as necessary to provide sufficient working capital to manage delays in income and receipt of grants, payments of salary commitments and to provide a contingency to manage unexpected emergencies such as urgent repairs and maintenance. In this regard a restricted reserves balance of 5% of annual income is determined by the Directors to be of sufficient level at this time to manage risk against future uncertainties as may arise.

The financial statements show that the aggregate sum of £918,731 was held in restricted reserves by the Academy trust at the year-end 31st August 2016. Current balances held in excess of 5% will be used to support necessary re-structuring of individual Academies that will take place during 2016-17.

At the 31st August 2016 the individual Academies held unrestricted fund values to an aggregate sum of £647,233. These funds are held by the individual Academies to meet their specific needs, to support local development opportunities and form part of the wider Trust reserves.

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REPORT OF THE TRUSTEES
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STRATEGIC REPORT - continued

Financial review - continued

Principal funding sources

The Trust income during the year was primarily obtained in the form of general Aggregate Grant from the EFA and incorporated pre-16 grant funds, post-16 grants and pupil premium funding. These are restricted funds as noted in the SOFA detail and intended to support specific activities of the Trust.

Investment policy

The Directors endeavour to optimise investment by earning interest on the Trust's bank deposits whilst maintaining instant access to funds. In the present financial climate, interest rates are very low, with the Bank of England interest rate currently 0.25 per cent and likely to continue at this rate or reduce further over the 2016/17 accounting period. The investment policy is to carefully manage balances without taking undue risks.

The Trust continues to operate an overnight transfer facility with the banks where balances above £10k in the schools' general accounts are transferred to an interest earning account. Should a large payment go through the general account then the money is transferred back from the interest earning account to cover it.

The Trust will be reviewing its bank arrangements and investment policy in 2017. Three of the Trust Schools bank with Nat West and one school banks with Lloyds. In addition, two other banks serve the school voluntary funds in two schools (Co Op and Santander). Banking services provided to the Trust schools will be tendered and investment options provided to the Trustees.

Principal risks and uncertainties

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

The major strategic risks to which the Fort Pitt Thomas Aveling Academies is exposed are as follows;

- The risk to the school's future viability from market forces (pupils, competitors, staff)
- Changes in management, affecting strategic direction
- Major fraud, both internally and externally
- Policy changes introduced by the DfE
- Further reduction in 6th form funding will jeopardise the viability of many secondary school 6th forms
- Changes in the national funding formula with the introduction of 'fairer funding'

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

The merging of the FPGSAT and TAS on the 1st September 2015 has strengthened the four schools now within the Fort Pitt Thomas Aveling Academies through the ability to manage the overall available resources for the education of the Trust pupils. With Balfour Junior School joining the trust in January, this addition will further strengthen the trust and secure our place within Medway as a leading academy trust.

Financial controls have been strengthened in 2015/16 to mitigate the principal risks. Through our auditors, two six monthly reports on the schools' financial controls and procedures have been provided and recommendations made to improve the controls even further will be implemented as part of the management action.

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REPORT OF THE TRUSTEES
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STRATEGIC REPORT - continued

Future plans

Balfour Juniors will be joining the trust in January 2017. The plans for the enlarged trust will be to ensure that policy procedures are consistent across the trust schools and for contracts and purchasing arrangements to be further harmonised.

Phoenix Junior Academy are applying to the DfE to become an all through Infant/Junior School. This is in response to the local demand for primary school places and this move will help to ensure consistent high teaching standards for young children attending Phoenix. Should approval be given, the first intake will be in September 2018.

The trust core management functions covering finance, HR and procurement will be further reviewed for best value to ensure economies of scale are achieved for the benefit of the trust schools.

FUNDS HELD AS CUSTODIAN FOR OTHERS

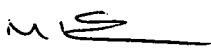
The Academy holds no funds as custodian trustee on behalf of others. During the year covered by this report neither the Academy Trust nor its trustees held any funds as a custodian trustee on behalf of any other charitable organisation.

AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 13 December 2016 and signed on the board's behalf by:



.....
Marion Cogger - Chair of Trustees

FORT PITT THOMAS AVELING ACADEMIES
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Fort Pitt Thomas Aveling Academies (A Company Limited by Guarantee) 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 of loss.

The board of the trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Fort Pitt Thomas Aveling Academies and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the directors' responsibilities statement. The Trustees have met 6 times during the year. Attendance by the Trustees has been as follows;

	Attended	Out of a possible
Director Meetings		
Marion Cogger, Chair	6	6
Terry Brown, Vice Chair*	6	6
Roger Brown	5	6
Denise Ford	5	6
Helen Klimkowicz	6	6
Wendy Rogers	6	6
Darren Small	5	6
Timothy Watts	2	6

During the 2015/16 accounting year, one director (Vice Chair) resigned in January 2016 (attended 2 meetings), leaving eight directors managing the trust.

*Terry Brown took over as Vice Chair on the 24th February 2016.

Governance Reviews

Following the merger of the Fort Pitt Grammar School Academy Trust with the Thomas Aveling School in September 2015, the FPTA trustees have focused on establishing the governance structure at each of the trust schools and harmonising the policy and procedures. It was considered important for a link to be established between the Board of Trustees and the Local Governing Boards for the individual schools by appointing Chairs to the school boards who are directors of the Company. This was to ensure consistency and strong controls. The trustees have also overseen the finances of the trust schools and supported the Executive Head Teacher and Head Teachers to restructure staffing to align expenditure to budgets.

The trust meetings are structured to fulfil the audit committee role. The Trustees are very aware that the trust schools receive over £18m income, the main source being the Education Funding Agency. In accounting for this income the directors are fully committed to their responsibilities for ensuring this money is invested in the students' learning and well-being.

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Review of Value for Money

As Accounting Officer, the Executive Head Teacher has responsibility for ensuring the FPTA Academies delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider society outcomes achieved in return for the taxpayer resources received. The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer has delivered improved value for money during the year and some examples of this are: renegotiating energy prices, retendering accounting and audit services, transferring the payrolls at the Thomas Aveling School, the Robert Napier School and Phoenix Junior Academy to a preferred provider that was used by Fort Pitt, to provide new telephony services at three of the trust schools and to tender for accounting software designed for MATs.

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 on-going 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 Fort Pitt Thomas Aveling Academies (A Company Limited by Guarantee) for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees 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 trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

The Risk and Control Framework - continued

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed McCabe Ford Williams, the external auditor, to perform additional checks on behalf of the Trust. In particular, the checks carried out in the period included the testing and review of:

- payroll and personnel systems;
- purchase processing systems and tendering procedures;
- completeness of EFA income;
- completeness of other income;
- sales processing and debtors ledger;
- balance sheet control accounts;
- expense claims; and
- petty cash reconciliations.

On a Six monthly basis, the Financial Director reports to the Board of Trustees concerning the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The Board of Trustees confirms that the internal reviewer function has been fully delivered in line with the EFA's requirements and that no material internal control issues were identified during those visits.

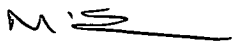
Review of Effectiveness

As accounting officer, Mr Paul Jackson has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

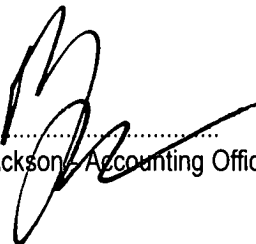
- the work of the internal reviewer;
- the work of the external auditor; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Committee, RO, Academy's 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 trustees on 13 December 2016 and signed on its behalf by:



.....
Marion Cogger - Chair of Trustees



.....
Mr P Jackson - Accounting Officer

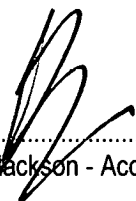
FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Fort Pitt Thomas Aveling Academies (A Company Limited by Guarantee) I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



.....
Mr P Jackson - Accounting Officer

Date: 13 December 2016

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

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

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

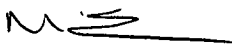
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the board of trustees on 13 December 2016 and signed on its behalf by:



.....
Marion Cogger - Chair of Trustees

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements of Fort Pitt Thomas Aveling Academies for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page seventeen, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

McCabe Ford Williams

Liam McHugh FCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 13 December 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 April 2016 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fort Pitt Thomas Aveling Academies during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Fort Pitt Thomas Aveling Academies' accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Fort Pitt Thomas Aveling Academies' funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the responsible officer during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between Greenacre Academy and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
AND THE EDUCATION FUNDING AGENCY

Approach - continued

- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period

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

McCabe Ford Williams

McCabe Ford Williams
Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 13 December 2016

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

				31.8.16	31.8.15
		Unrestricted fund	Restricted funds	Restricted fixed asset funds	
	Notes	£	£	£	Total funds
					£
INCOME AND ENDOWMENTS FROM					
Donations and capital grants	3	3,617	79,445	2,054,441	2,137,503
Transfer from another Academy Trust	2	330,339	(1,273,422)	14,810,800	13,867,717
Charitable activities					
Funding for the academy's educational operations	4	-	18,024,121	-	18,024,121
Other trading activities	5	646,486	310,445	-	956,931
Investment income	6	10,654	58	-	10,712
Total		991,096	17,140,647	16,865,241	34,996,984
EXPENDITURE ON					
Raising funds	8	190,356	609,801	-	800,157
Charitable activities					
Academy's educational operations		37,392	19,276,863	1,090,733	20,404,988
Total	7	227,748	19,886,664	1,090,733	21,205,145
NET INCOME/(EXPENDITURE)					
		763,348	(2,746,017)	15,774,508	13,791,839
Transfers between funds	22	(150,000)	22,472	127,528	-
Other recognised gains/(losses)					
Actuarial gains/losses on defined benefit schemes		-	(4,185,000)	-	(4,185,000)
Net movement in funds		613,348	(6,908,545)	15,902,036	9,606,839
RECONCILIATION OF FUNDS					
Total funds brought forward		33,885	(2,031,724)	31,157,804	29,159,965
TOTAL FUNDS CARRIED FORWARD					
		647,233	(8,940,269)	47,059,840	38,766,804
					29,159,965

CONTINUING OPERATIONS

All of the Academy's activities derive from acquisitions during the current financial period and continuing operations during the above two financial periods.

The notes form part of these financial statements

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 07401701)

BALANCE SHEET
AT 31 AUGUST 2016

	Notes	31.8.16 £	31.8.15 £
FIXED ASSETS			
Tangible assets	14	45,294,823	31,157,804
CURRENT ASSETS			
Stocks	15	1,698	-
Debtors	16	225,566	158,237
Prepayments and accrued income		523,345	405,398
Cash at bank and in hand		<u>3,673,658</u>	<u>1,778,888</u>
		4,424,267	2,342,523
CREDITORS			
Amounts falling due within one year	17	(1,082,286)	(769,362)
NET CURRENT ASSETS		<u>3,341,981</u>	<u>1,573,161</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		48,636,804	32,730,965
CREDITORS			
Amounts falling due after more than one year	17	(11,000)	-
PENSION LIABILITY	23	(9,859,000)	(3,571,000)
NET ASSETS		<u>38,766,804</u>	<u>29,159,965</u>
FUNDS	22		
Unrestricted funds		647,233	33,885
Restricted funds		<u>38,119,571</u>	<u>29,126,080</u>
TOTAL FUNDS		<u>38,766,804</u>	<u>29,159,965</u>

The financial statements were approved by the Board of Trustees on 13 December 2016 and were signed on its behalf by:



 - Chair of Trustees

The notes form part of these financial statements

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

		31.08.16	31.08.15
	Notes	£	£
Cash flows from operating activities			
Net cash provided by operating activities	1	309,363	156,144
Cash flows from financing activities	2	(19,950)	-
Cash flows from investing activities	2	1,605,357	(373,362)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		<u>1,894,770</u>	<u>(217,218)</u>
Cash and cash equivalents at 1 September 2015		<u>1,778,888</u>	<u>1,996,106</u>
Cash and cash equivalents at 31 August 2016		3,673,658	1,778,888

The notes form part of these financial statements

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.16 £	31.8.15 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	13,791,839	(1,206,978)
Adjustments for:		
Depreciation (note 14)	1,090,733	688,448
Capital grants from DfE/EFA (note 3)	(2,054,441)	(50,727)
Transfer of fixed assets from Thomas Aveling (note 2)	(14,767,959)	-
Interest received (note 6)	(10,712)	(10,450)
Defined benefit pension scheme obligation inherited	1,581,000	-
Defined benefit pension scheme cost less contributions payable (note 23)	328,000	249,000
Defined benefit pension scheme finance cost (note 23)	194,000	133,000
Loans inherited from Thomas Aveling	41,925	-
(Increase) in stocks	(1,698)	-
(Increase)/decrease in debtors	(185,276)	90,610
Increase/(decrease) in creditors	301,952	263,241
Net cash provided by operating activities	<u>309,363</u>	<u>156,144</u>

2. CASHFLOWS FROM FINANCING ACTIVITIES

	31.8.16 £	31.8.15 £
Repayments of borrowing	(19,950)	-
Cash flows from new borrowing	-	-
Net cash inflow for returns on investments and servicing of finance	<u>(19,950)</u>	<u>-</u>

3. CASHFLOWS FROM INVESTING ACTIVITIES

	31.8.16 £	31.8.15 £
Dividends, interest and rents from investments	10,712	10,450
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(459,796)	(434,539)
Capital grants from DfE/EFA	2,054,441	50,727
Net cash used in investing activities	<u>1,605,357</u>	<u>(373,362)</u>

4. ANALYSIS OF CASH AND CASH EQUIVALENTS

	31.8.16 £	31.8.15 £
Cash in hand and at bank	3,673,658	1,778,888
Notice deposits (less than 3 months)	-	-
	<u>3,673,658</u>	<u>1,778,888</u>

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

First time adoption of FRS 102

These financial statements are the first financial statements of Fort Pitt Thomas Aveling Academies prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of Fort Pitt Thomas Aveling Academies for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS102 and Charities SORP 2015. Reconciliation to previous UK GAAP for the comparative figures are included in note 26.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The academy has a consistent pupil roll and is always over-subscribed. The academy produces its annual budgets with prudent figures for both income and expenditure. For this reason, the trustees continue to adopt the going concern basis in preparing the financial statements.

Income

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

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES - continued

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities 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

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 22.

Other income

Other income including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

FORT PITT THOMAS AVELING ACADEMIES
(PREVIOUSLY FORT PITT GRAMMAR SCHOOL ACADEMY TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES - continued

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. All resources expended are inclusive of irrecoverable VAT.

- **Expenditure on raising funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

Allocation and apportionment of costs

Charitable activities are those costs incurred directly in the provision of education. These are split between direct costs and support costs. Direct costs are those which are attributable to the provision of education and support costs are costs in support of expenditure of the provision of education.

Costs of generating funds are those costs incurred in the provision of activities and services ancillary to the provision of education.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its estimated useful life, as follows:

Buildings	straight line over 50 years
Land	over the term of the lease not depreciated if owned
Furniture and Equipment	straight line over 5 years
Computers	straight line over 3 years
Motor Vehicles	straight line over 5 years
Improvements to Property	straight line over 50 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Stocks

Stocks are valued at the lower of cost and net realisable value, on a first in first out basis, after making due allowance for obsolete and slow moving items.

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.

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1. ACCOUNTING POLICIES - continued

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education and other funders where the asset acquired or created is held for a specific purpose

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

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government 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 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.

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1. ACCOUNTING POLICIES - continued

Property transferred upon conversion to an Academy

Upon becoming an Academy, the company received title to the freehold of the school buildings for no consideration. The freehold property has been valued using the depreciated replacement cost method. This reflects that the asset is specialised and follows the assumptions set out in GN6 of the RICS Professional Standards. The valuation has been undertaken on the Special Assumption of Instant Build, in accordance with the Charity SORP. The property has been brought into the restricted fixed asset fund as a donation within the Statement of Financial Activities.

Critical accounting estimates and areas of judgement

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

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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of freehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of freehold property which relates to land is deemed not to have a finite life and is not depreciated. The element of freehold property which does not relate to land is depreciated on a straight line basis of 50 years, being the estimated useful economic life and it is assumed that the asset has no residual value on the basis of its specialised nature. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

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2. TRANSFER FROM ANOTHER ACADEMY TRUST

On 1 September 2015 The Thomas Aveling School, already a Single Academy Trust, became part of Fort Pitt Thomas Aveling Academies and its assets and liabilities were transferred in for £nil consideration.

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

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets				
Land and buildings			13,216,624	13,216,624
Other tangible fixed assets			1,551,335	1,551,335
Unspent funds			42,841	42,841
Budget surplus on unrestricted funds	330,339			330,339
Budget surplus on restricted funds		307,578		307,578
LGPS pension surplus/(deficit)		(1,581,000)		(1,581,000)
	<u>330,339</u>	<u>(1,273,422)</u>	<u>14,810,800</u>	<u>13,867,717</u>

The above net assets include £894,812 that was transferred as cash.

3. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.16 Total funds £	31.8.15 Total funds £
Donations	3,617	79,445	83,062	-
Grants	<u>-</u>	<u>2,054,441</u>	<u>2,054,441</u>	<u>50,727</u>
	<u>3,617</u>	<u>2,133,886</u>	<u>2,137,503</u>	<u>50,727</u>

Grants received, included in the above, are as follows:

	31.8.16 £	31.8.15 £
Devolved Capital Grant	72,908	50,727
Academies Capital Maintenance Fund	<u>1,981,533</u>	<u>-</u>
	<u>2,054,441</u>	<u>50,727</u>

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4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.16 Total funds £	31.8.15 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	16,865,897	16,865,897	11,715,185
Other DfE/EFA grants	-	981,053	981,053	821,576
	-	17,846,950	17,846,950	12,536,761
Other government grant				
Local Authority grants	-	177,171	177,171	129,526
	-	18,024,121	18,024,121	12,666,287

5. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.16 Total funds £	31.8.15 Total funds £
Trip Income	11,795	192,086	203,881	153,300
Fundraising		16,706	16,706	69,802
Sales	-	-	-	10,705
Other Income	184,309	95,602	279,911	18,556
Hire of facilities	63,480	-	63,480	25,090
Catering income	166,634	-	166,634	42
Additional income	220,268	6,051	226,319	198,969
	646,486	310,445	956,931	476,464

6. INVESTMENTS

	Unrestricted funds £	Restricted funds £	31.8.16 Total funds £	31.8.15 Total funds £
Interest received	10,654	58	10,712	10,450
	10,654	58	10,712	10,450

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7. EXPENDITURE

			31.8.16	31.8.15
	Staff costs	Non-pay expenditure		
	£	Premises £	Total £	Total £
		Other costs £		
Raising funds				
Costs incurred by trading for a fundraising purpose	-	-	800,157	331,060
Charitable activities				
Academies educational operations				
Direct costs	11,040,962	-	12,415,226	10,020,469
Allocated support costs	<u>4,982,671</u>	<u>745,609</u>	<u>7,989,762</u>	<u>4,059,377</u>
	<u>16,023,633</u>	<u>745,609</u>	<u>21,205,145</u>	<u>14,410,906</u>
Net income/(expenditure) is stated after charging/(crediting):			31.8.16	31.8.15
			£	£
Auditors' remuneration			16,000	19,000
Auditors' remuneration for non audit work			2,000	270
Auditors' remuneration – other audit costs			4,500	2,945
Depreciation - owned assets			<u>1,090,733</u>	<u>688,448</u>

8. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	Unrestricted funds	Restricted funds	31.8.16	31.8.15
	£	£	Total funds £	Total funds £
Purchases	16,282	-	16,282	7,227
School meals	174,074	170,767	344,841	155,075
School Trip Costs	-	439,034	<u>439,034</u>	<u>168,758</u>
	<u>190,356</u>	<u>609,801</u>	<u>800,157</u>	<u>331,060</u>

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	31.8.16	31.8.15
	£	£	Total funds £	Total funds £
Direct costs	168	12,415,058	12,415,226	10,020,469
Support costs	<u>37,224</u>	<u>7,952,538</u>	<u>7,989,762</u>	<u>4,059,377</u>
	<u>37,392</u>	<u>20,367,596</u>	<u>20,404,988</u>	<u>14,079,846</u>

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9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	31.8.16	31.8.15
	Total	Total
	£	£
Analysis of support costs		
Support staff costs	4,982,671	1,825,698
Depreciation	1,090,733	688,448
Technology costs	227,560	212,958
Premises costs	745,609	682,092
Other support costs	920,689	623,229
Governance costs	<u>22,500</u>	<u>26,952</u>
Total support costs	<u><u>7,989,762</u></u>	<u><u>4,059,377</u></u>

10. TRUSTEES' REMUNERATION AND BENEFITS

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of the trustees' remuneration, was as follows:

Mr P Jackson (principal)	
Remuneration	£100,000 - £105,000 (2015: not a trustee)
Employer's pension contributions	£15,000 - £20,000 (2015: not a trustee)
Julia M Bell (resigned 31.12.15)	
Remuneration	£20,000 - £25,000 (2015: £60,000 - £65,000)
Employer's pension contributions	£0 - £5,000 (2015: £5,000 - £10,000)

Trustees' expenses

There were trustees' expenses paid for the year ended 31 August 2016 of £48 (2015: £nil).

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11. STAFF COSTS

	31.8.16	31.8.15
	£	£
Wages and salaries	12,192,309	8,513,010
Social security costs	964,501	622,419
Other pension costs	<u>2,307,417</u>	<u>1,603,399</u>
	15,464,227	10,738,828
Supply teacher costs	436,314	288,850
Staff restructuring costs	<u>123,092</u>	<u>-</u>
	<u>16,023,633</u>	<u>11,027,678</u>

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

	31.8.16	31.8.15
Teachers and educational support	199	135
Administration and support	183	136
Management	<u>23</u>	<u>17</u>
	<u>405</u>	<u>288</u>

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

	31.8.16	31.8.15
£60,001 - £70,000	4	4
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£100,001 - £110,000	1	-
£110,000 - £120,000	<u>1</u>	<u>-</u>
	<u>8</u>	<u>5</u>

Seven of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £82,754 (2015: £37,773). One of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £13,062 (2015: £12,683).

The key management personnel of the academy trust comprise the trustees and the senior leadership team made up of the Executive Principal, Head Teachers and finance support staff. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £612,684 (2015: £537,304).

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12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees 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. The cost of this insurance is included in the total insurance cost.

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Restricted fixed asset funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	-	50,727	50,727
Charitable activities				
Funding for the academy's educational operations	-	12,666,287	-	12,666,287
Other trading activities	224,101	252,363	-	476,464
Investment income	10,450	-	-	10,450
Total	234,551	12,918,650	50,727	13,203,928
EXPENDITURE ON				
Raising funds	263,561	67,499	-	331,060
Charitable activities				
Academy's educational operations	-	13,328,004	751,842	14,079,846
Total	263,561	13,395,503	751,842	14,410,906
NET INCOME/(EXPENDITURE)	(29,010)	(476,853)	(701,115)	(1,206,978)
Transfers between funds	-	(476,186)	476,186	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	94,000	-	94,000
Net movement in funds	(29,010)	(859,039)	(224,929)	(1,112,978)
RECONCILIATION OF FUNDS				
Total funds brought forward	62,895	(1,172,685)	31,382,733	30,272,943
TOTAL FUNDS CARRIED FORWARD	33,885	(2,031,724)	31,157,804	29,159,965

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14. TANGIBLE FIXED ASSETS

	Land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2015	32,957,469	163,803	248,284	33,369,556
Additions	<u>13,534,628</u>	<u>1,513,969</u>	<u>179,155</u>	<u>15,227,752</u>
At 31 August 2016	<u>46,492,097</u>	<u>1,677,772</u>	<u>427,439</u>	<u>48,597,308</u>
DEPRECIATION				
At 1 September 2015	1,955,642	86,111	169,999	2,211,752
Charge for year	<u>810,387</u>	<u>132,302</u>	<u>148,044</u>	<u>1,090,733</u>
At 31 August 2016	<u>2,766,029</u>	<u>218,413</u>	<u>318,043</u>	<u>3,302,485</u>
NET BOOK VALUE				
At 31 August 2016	<u>43,726,068</u>	<u>1,459,359</u>	<u>109,396</u>	<u>45,294,823</u>
At 31 August 2015	<u>31,001,827</u>	<u>77,692</u>	<u>78,285</u>	<u>31,157,804</u>

Included in land and buildings is freehold land of £6,289,087 (2015 - £4,139,497)

15. STOCKS

	31.8.16 £	31.8.15 £
Clothing	<u>1,698</u>	<u>-</u>

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16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.16	31.8.15
	£	£
Trade debtors	98,406	90,731
Other debtors	<u>127,160</u>	<u>67,506</u>
	<u>225,566</u>	<u>158,237</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.16	31.8.15
	£	£
Loans	10,975	-
Trade creditors	248,715	219,779
Social security and other taxes	286,066	181,990
Other creditors	138,511	124,376
Accruals and deferred income	<u>398,019</u>	<u>243,217</u>
	<u>1,082,286</u>	<u>769,362</u>

Deferred income

	31.8.16
	£
Deferred income at 1 September 2015	128,638
Resources deferred during the year	-
Amounts released from previous years	<u>(128,638)</u>
Deferred income at 31 August 2016	<u>-</u>

CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.16	31.8.15
	£	£
Other loans (see note 18)	<u>11,000</u>	<u>-</u>

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18. LOANS

An analysis of the maturity of loans is given below:

	31.8.16	31.8.15
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>10,975</u>	<u>-</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>2,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>6,000</u>	<u>-</u>
Amounts falling due in more than five years:		
Other loans more than 5 years	<u>3,000</u>	<u>-</u>

The loans are from Salix and are provided on the following terms. The original loan was for £71,800 and is repayable over a 10 year duration, with six years remaining. Loan repayments of £9,975 in September 2016 and further six monthly repayments of £1,000 from March 2017 will pay off this loan.

19. OPERATING LEASE COMMITMENTS

At 31 August 2016 the academy had annual commitments under non cancellable operating leases as follows:

	31.8.16	31.8.15
	£	£
Other		
Amounts due within one year	50,220	-
Amounts due between one and two years	27,774	-
Amounts due between two and five years	<u>20,396</u>	<u>62,871</u>
	<u>98,390</u>	<u>62,871</u>

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20. MEMBERS' LIABILITY

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

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				31.8.16	31.8.15
	Unrestricted fund	Restricted funds	Restricted fixed asset funds	Total funds	Total funds
	£	£	£	£	£
Fixed assets	-	-	45,294,823	45,294,823	31,157,804
Current assets	647,233	1,872,788	1,904,246	4,424,267	2,342,523
Current liabilities	-	(943,057)	(139,229)	(1,082,286)	(769,362)
Long term liabilities	-	(11,000)	-	(11,000)	-
Pension liability	-	(9,859,000)	-	(9,859,000)	(3,571,000)
	<u>647,233</u>	<u>(8,940,269)</u>	<u>47,059,840</u>	<u>38,766,804</u>	<u>29,159,965</u>

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22. MOVEMENT IN FUNDS

	At 1.9.15 £	Net movement in funds £	Transfers between funds £	At 31.8.16 £
Unrestricted funds				
General fund	33,885	763,348	(150,000)	647,233
Restricted general funds				
General Annual Grant	721,592	(201,748)	32,472	552,316
Other DfE/EFA grants	315,942	(142,389)	-	173,553
Other Government grants	252,800	(229,100)	(10,000)	13,700
Pension reserve	(3,571,000)	(6,288,000)	-	(9,859,000)
School voluntary fund	248,942	(69,780)	-	179,162
	(2,031,724)	(6,931,017)	22,472	(8,940,269)
Restricted fixed asset funds				
Inherited assets	26,418,611	13,880,774	10,000	40,309,385
DfE/EFA capital grants	4,263,007	2,001,437	(66,320)	6,198,124
Capital expenditure from GAG	476,186	(107,703)	183,848	552,331
	31,157,804	15,774,508	127,528	47,059,840
TOTAL FUNDS	<u>29,159,965</u>	<u>9,606,839</u>	<u>-</u>	<u>38,766,804</u>

£150,000 was transferred out of unrestricted general funds to help cover the cost of capital expenditure out of GAG. A further £66,320 was transferred out of DfE/EFA capital grants to fund the capital purchases made out of GAG.

£10,000 was transferred from Other Government Grants to the restricted fixed asset fund as this was used to fund a fixed asset purchase.

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22. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	991,096	(227,748)	-	763,348
Restricted general funds				
General Annual Grant	17,042,489	(17,244,237)	-	(201,748)
Other DfE/EFA grants	1,125,223	(1,267,612)	-	(142,389)
Pension reserve	(1,581,000)	(522,000)	(4,185,000)	(6,288,000)
Other government grants	196,544	(425,644)	-	(229,100)
School voluntary fund	357,391	(427,171)	-	(69,780)
	17,140,647	(19,886,664)	(4,185,000)	(6,931,017)
Restricted fixed asset funds				
Inherited assets	14,767,959	(887,185)	-	13,880,774
DfE/EFA capital grants	2,097,282	(95,845)	-	2,001,437
Capital expenditure from GAG	-	(107,703)	-	(107,703)
	16,865,241	(1,090,733)	-	15,774,508
TOTAL FUNDS	<u>34,996,984</u>	<u>(21,205,145)</u>	<u>(4,185,000)</u>	<u>9,606,839</u>

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

General Annual Grant (GAG)

Funds must be used for the normal running costs of the Academy.

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 2016.

Other restricted general funds

Funding is provided by Government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

Restricted fixed asset funds

Funding is provided by way of Government grants or capital expenditure from the GAG in order to acquire specified fixed assets for use by the Academy in achieving its educational objectives.

A one-off transfer of buildings and other fixed assets previously in use by Fort Pitt Thomas Aveling Academies occurred upon conversion to an Academy.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the Academy.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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22. MOVEMENT IN FUNDS - continued

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	31.8.16 £	31.8.15 £
Fort Pitt Grammar School	(30,065)	54,009
Thomas Aveling School	752,694	-
Robert Napier School	349,455	1,089,312
Phoenix Junior Academy	493,880	429,840
Total before fixed assets and pension reserve	1,565,964	1,573,161
Restricted fixed asset fund	47,059,840	31,157,804
Pension liability	(9,859,000)	(3,571,000)
Total	38,766,804	29,159,965

Analysis of academies by cost

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

	Teaching and educational support costs	Other support staff costs	Educational supplies	Other costs (excluding depreciation)	Total 31.8.16 £	Total 31.8.15 £
	£	£	£	£	£	£
Fort Pitt Grammar School	2,569,950	930,630	232,497	479,384	4,212,461	4,350,298
Thomas Aveling School	3,552,752	1,406,408	181,232	1,026,603	6,166,995	-
Robert Napier School	4,274,527	1,869,025	253,789	1,335,944	7,733,285	7,825,646
Phoenix Junior Academy	643,733	453,608	63,735	318,595	1,479,671	1,458,514
MAT	-	323,000	-	199,000	522,000	88,000
	11,040,962	4,982,671	731,253	3,359,526	20,114,412	13,722,458

Despite the fact there are no central services provided, the pension adjustments are included in the above MAT figure. This is because the actuary provides a consolidated pension report, meaning any adjustments required cannot be reflected against the individual schools within the MAT

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23. PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £nil (2015: £nil) were payable to the schemes at 31 August 2016 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.

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23. PENSION AND SIMILAR OBLIGATIONS
- continued

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £394,665 (2015: £463,943). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. 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 the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £832,000 (2015: £602,000), of which employer's contributions totalled £638,000 and employees' contributions totalled £194,000 (2015: £462,000 and £140,000). The agreed contribution rates for future years are 20.1 per cent for employers and range between 5.5 and 12.5 per cent for employees depending on pensionable pay.

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.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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23. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.16	31.8.15
	£	£
Present value of funded obligations	(17,975,000)	(8,082,000)
Fair value of plan assets	<u>8,116,000</u>	<u>4,511,000</u>
	<u>(9,859,000)</u>	<u>(3,571,000)</u>
Deficit	<u>(9,859,000)</u>	<u>(3,571,000)</u>
Liability	<u>(9,859,000)</u>	<u>(3,571,000)</u>

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

	Defined benefit pension plans	
	31.8.16	31.8.15
	£	£
Current service cost	961,000	709,000
Net interest from net defined benefit asset/liability	194,000	133,000
Administrative expenses	<u>5,000</u>	<u>2,000</u>
	<u>1,160,000</u>	<u>844,000</u>
Actual return on plan assets	<u>968,000</u>	<u>97,000</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actuarial remeasurements for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial remeasurements recognised in the Statement of Financial Activities since the adoption of the relevant pensions accounting is a £4,667,000 loss (2015: £482,000 loss).

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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23. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.16	31.8.15
	£	£
Defined benefit obligation	(8,082,000)	(7,166,000)
Current service cost	(949,000)	(709,000)
Contributions by scheme participants	(194,000)	(140,000)
Interest cost	(466,000)	(295,000)
Changes in financial assumptions	(4,881,000)	157,000
Benefits paid	138,000	71,000
Past service costs	(12,000)	-
Business combinations	(3,529,000)	-
	<u>17,975,000</u>	<u>(8,082,000)</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.16	31.8.15
	£	£
Fair value of scheme assets	4,511,000	3,883,000
Return on assets less interest	696,000	(63,000)
Contributions by employer	638,000	462,000
Contributions by scheme participants	194,000	140,000
Interest on assets	272,000	162,000
Administrative expenses	(5,000)	(2,000)
Benefits paid	(138,000)	(71,000)
Business combinations	<u>1,948,000</u>	-
	<u>8,116,000</u>	<u>4,511,000</u>

The estimated value of employer contributions for the year ending 31 August 2017 is £638,000 (2016: £472,000).

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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23. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	31.8.16	31.8.15
Equities	68%	68%
Gilts	1%	1%
Other bonds	11%	11%
Property	14%	13%
Cash	2%	3%
Target return portfolio	4%	4%

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

	31.8.16	31.8.15
Discount rate	2.2%	4%
Future salary increases	4.1%	4.5%
Future pension increases	2.3%	2.7%
CPI Increases	2.3%	2.7%
RPI Increases	0%	3.6%
Commutation of pension to lump sums	50%	50%

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

	31.8.16	31.8.15
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£ +0.1%	£ 0.0%	£ -0.1%
Adjustment to discount rate			
Present value of total obligation	17,572,000	17,975,000	18,388,000
Projected service cost	1,342,000	1,373,000	1,405,000
Adjustment to mortality age rating assumption	+ 1 year	None	- 1 year
Present value of total obligation	18,448,000	17,975,000	17,514,000
Projected service cost	1,408,000	1,373,000	1,339,000

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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23. PENSION AND SIMILAR OBLIGATIONS
- continued

Amounts for the current and previous period are as follows:

	31.8.16 £	31.8.15 £
Defined benefit pension plans		
Defined benefit obligation	(17,975,000)	(8,082,000)
Fair value of scheme assets	8,116,000	4,511,000
Deficit	(9,859,000)	(3,571,000)
Experience adjustments on scheme assets		(151,000)

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

	Fair value at 31.8.16 £	Fair value at 31.8.15 £
Equities	5,491,000	3,057,000
Gilts	73,000	45,000
Other bonds	867,000	494,000
Property	1,138,000	605,000
Cash	194,000	117,000
Target return portfolio	<u>353,000</u>	<u>193,000</u>
Total market value of assets	8,116,000	4,511,000
Present value of scheme liabilities		
- Funded	<u>(17,975,000)</u>	<u>(8,082,000)</u>
Deficit in the scheme	<u>(9,859,000)</u>	<u>(3,571,000)</u>

24. RELATED PARTY DISCLOSURES

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

25. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In the accounting period ended 31 August 2016 the trust received £46,618 (2015: £30,019) and disbursed £46,618 (2015: £30,019) from the fund. An amount of £nil (2015: £nil) is included in other creditors relating to undistributed funds that is repayable to EFA.

26. FIRST YEAR ADOPTION

These financial statements, for the year ended 31 August 2016, are the first to be prepared in accordance with Financial Reporting Standard 102 (FRS 102). The date of transition is 1 September 2014.

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RECONCILIATION OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants		50,727	-	50,727
Charitable activities		12,666,287	-	12,666,287
Other trading activities		476,464	-	476,464
Investment income		<u>10,450</u>		<u>10,450</u>
Total		13,203,928	-	13,203,928
EXPENDITURE ON				
Raising funds		331,060	-	331,060
Charitable activities		13,964,894	114,952	14,079,846
OBSOLETE Governance costs		<u>26,952</u>	<u>(26,952)</u>	<u>-</u>
Total		14,322,906	88,000	14,410,906
NET INCOME/(EXPENDITURE)		<u>(1,118,978)</u>	<u>(88,000)</u>	<u>(1,206,978)</u>

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RECONCILIATION OF FUNDS
AT 1 SEPTEMBER 2014
(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		<u>31,411,713</u>	-	<u>31,411,713</u>
		31,411,713	-	31,411,713
CURRENT ASSETS				
Debtors		836,336	-	836,336
Cash at bank and in hand		<u>1,996,106</u>	-	<u>1,996,106</u>
		2,832,442	-	2,832,442
CREDITORS				
Amounts falling due within one year		(688,212)	-	(688,212)
		<u>2,144,230</u>	-	<u>2,144,230</u>
NET CURRENT ASSETS				
		33,555,943	-	33,555,943
TOTAL ASSETS LESS CURRENT LIABILITIES				
		(3,283,000)	-	(3,283,000)
PENSION LIABILITY				
		<u>30,272,943</u>	-	<u>30,272,943</u>
FUNDS				
Unrestricted funds		62,895	-	62,895
Restricted funds		<u>30,210,048</u>	-	<u>30,210,048</u>
TOTAL FUNDS		<u>30,272,943</u>	-	<u>30,272,943</u>

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RECONCILIATION OF FUNDS
AT 31 AUGUST 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		31,157,804	-	31,157,804
CURRENT ASSETS				
Debtors		563,635	-	563,635
Cash at bank and in hand		<u>1,778,888</u>	<u>-</u>	<u>1,778,888</u>
		2,342,523	-	2,342,523
CREDITORS				
Amounts falling due within one year		(769,362)	-	(769,362)
NET CURRENT ASSETS		<u>1,573,161</u>	<u>-</u>	<u>1,573,161</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		32,730,965	-	32,730,965
PENSION LIABILITY		(3,571,000)	-	(3,571,000)
NET ASSETS		<u>29,159,965</u>	<u>-</u>	<u>29,159,965</u>
FUNDS				
Unrestricted funds		33,885	-	33,885
Restricted funds		<u>29,126,080</u>	<u>-</u>	<u>29,126,080</u>
TOTAL FUNDS		<u>29,159,965</u>	<u>-</u>	<u>29,159,965</u>