

Registered number 07401701

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

Directors' report and financial statements

For the year ended 31 August 2013

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

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Fort Pitt Grammar School Academy Trust
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Reference and administrative details of the academy, its directors and advisers
For the year ended 31 August 2013

Directors and Trust Members

Marion Cogger, Chair
Sylvia Meade
Denise Ford
Chris Barker
Roger Brown

Advisory Board Members

Fort Pitt Grammar School

Marion Cogger, Chair ⁽¹⁾
Carol A Winn, Headteacher ⁽²⁾
Dr Linda M Burke
Alison Jeffreys ⁽⁶⁾
Min Keating
Mark Reckless
Chris Spring ⁽⁶⁾
Matt Stutely ⁽⁵⁾
Tim Watts
Helen Klimkowicz ⁽⁵⁾
Sylvia Meade ⁽³⁾

The Robert Napier School

Chris Barker, Chair ⁽⁵⁾
Fiona Miller, Headteacher ⁽²⁾
Sue Balneaves
Simon Curry
Jane Dunnett ⁽⁶⁾
Barbara Fincham
Dr Margaret Kenny
Janet Munday
Karen Munson ⁽⁵⁾
Richard Smeed ⁽⁵⁾

Phoenix Junior Academy

Denise Ford, Chair ⁽⁴⁾
Alyson Smith, Headteacher ⁽²⁾
Roger Brown
Zoe Barkham
Laura Doyle
Mel Harris
Pramjeet Kaur

- (1) LEA
- (2) Ex officio
- (3) Co-opted
- (4) Partnership
- (5) Parent
- (6) Staff

Accounting officer

Julia M Bell, Executive Principal

Responsible officer

James Hyde

Senior Leadership Teams - September 2012 to August 2013

Fort Pitt Grammar School

Carol Winn, Headteacher
Andrew Ost, Deputy Headteacher
Jools Sewell, Asst Headteacher
Helen Gordon, Senior Teacher
David Reader, Senior Teacher
Mel Lester, Head of 6th form
Rebecca Brattle, Temp Head 6th
Steve Maile, Trust Business Man

The Robert Napier School

Fiona Miller, Headteacher
Steve Quenby, Dep Headteacher
Matt Worrell, Dep Headteacher
Jacqui Day, Asst Headteacher
Alison Hinge, Asst Headteacher
Rob Leadbetter, Asst Headteacher
Jayne Lusinski, Asst Headteacher

Phoenix Junior Academy

Alyson Smith, Headteacher
Maria Kirby, Asst Headteacher
Michael Harris, Teacher
Stacey Mates, Teacher

Company registered number

07401701

Fort Pitt Grammar School Academy Trust
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Reference and administrative details of the academy, its directors and advisers
For the year ended 31 August 2013

Advisers (continued)

Principal and Registered office

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

Independent auditors

Reeves & Co LLP
Statutory Auditor
Chartered Accountants
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Bankers

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

Fort Pitt Grammar School Academy Trust
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Directors' report
For the year ended 31 August 2013

The Trustees (who are the directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Fort Pitt Grammar School Academy Trust (the academy) for the year ended 31 August 2013. The Directors confirm that the annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. Constitution

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

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

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

During the year the Academy Trust has operated three schools, Fort Pitt Grammar School which the Academy Trust has operated since its conversion to Academy status on 6 October 2010, and The Robert Napier School and Phoenix Junior Academy which the Academy Trust has operated since 1 September 2012. Thus this is the first period of account which incorporates the financial results of The Robert Napier School and Phoenix Junior Academy.

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

b Method of recruitment and appointment or election of Directors

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

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

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

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

Fort Pitt Grammar School Academy Trust
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Directors' report (continued)
For the year ended 31 August 2013

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

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

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

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

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

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

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

d. Organisational structure

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

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

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

The Headteachers of the Trust schools are supported in the management of the school by the Senior Leadership Team (SLT), detailed elsewhere in this document. The Headteachers and SLT are collectively responsible to the Executive Principal for the overall management of the Trust schools, incorporating teaching and learning and the planning and use of assets and financial resources. Management responsibility is further delegated to Heads of Departments for accounting to SLT and the Headteacher for student and teacher performance.

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Directors' report (continued)
For the year ended 31 August 2013

e Connected organisations, including related party relationships

There are no connected organisations or related party relationships to report

f. Risk management

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

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

- The risk to the school's future viability from market forces (pupils, competitors, staff)
- Changes in management affecting strategic direction
- Grammar Schools future governments & changes in current government thinking could weaken selective schools
- The launching of a new academy building in Gillingham may draw pupils away from the Robert Napier School
- Government funding – further reduction in sixth form funding will jeopardise the viability of many secondary school sixth forms and the national funding formula will reduce income for the in 2013/14

The above risks together with the risk of fraud, damage to the Academy buildings and other areas of risk have been reviewed by Directors and procedures are in place for managing the risks. Although not in the 2012/13 accounting year, Fort Pitt Grammar School became a victim to a sophisticated on-line banking fraud on the 1 October 2013 through the use of malware that had penetrated the school's computer firewall. The school's anti-virus software has been upgraded to ensure no further breaches can be made.

Financial controls will be further strengthened in 2014 with the internal controls on selected invoices being undertaken by SLT at all three schools and by members of the Advisory Boards. The Trust's Responsible Officer will be reviewing the programme of reviews to be undertaken in 2014 aligned to the level of income and expenditure involved and to the level of risk. This will involve individual school audits and cross trust reviews.

Objectives and Activities

a. Objects and aims

The Academy Trust's object is specifically restricted to the following, to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carry on, managing and developing the school offering a broad and balanced curriculum. The aim of the Academy Trust is for Fort Pitt Grammar School to continue to be an outstanding school and to support the Robert Napier School and Phoenix Junior Academy to raise attainment and achieve higher standards of performance.

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Directors' report (continued)
For the year ended 31 August 2013

b Objectives, strategies and activities

The main objectives for the period have been,

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

c. Public benefit

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

Achievements and performance

a. Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. The widening role of Academy Trust has strengthened the Trust together with the capital maintenance funding from EFA totalling £3.5m. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

b. Review of activities

Fort Pitt Grammar School

The School continues to achieve excellent exam results,

43% A*, A & B – A Level
40% A & B – AS Level
100% A* – C – GCSEs (including English and Maths)

The School is over subscribed.

The School has continued to develop and improve the buildings through the support of the EFA Building Maintenance Grant. For the second successive year Fort Pitt has been successful in securing funding to replace badly rotted window frames and to ensure buildings are watertight.

The Robert Napier School

The Robert Napier School has achieved record exam success in 2012-13 with 83% of students achieving at least 5 A*-C grades, 47% of which included English and Maths, an increase of 16% on 2011-12.

The school was successful in their application for capital funding to EFA for extending the canteen and refurbishing toilet facilities.

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Directors' report (continued)
For the year ended 31 August 2013

(b) Review of activities (continued)

Phoenix Junior Academy

Although KS2 results did not reach the government floor target, Year 6 in 2012/13 made 5 sub-levels of progress in one year (expected is 3 sub-levels), the year that the School became part of the trust

The Victorian building contains many small rooms / cupboards and offices. Funding from EFA has meant all classrooms are being enlarged and a lift installed to ensure full disabled access for all stakeholders.

Financial review

a. Financial and risk management objectives and policies

Fort Pitt Grammar School

The financial position of the School has remained reasonably stable during the financial year with the use of reserves supporting the revenue budgets. The income from EFA had reduced in 2012-13 through reducing pupil numbers but also through changes in the national funding formula and changes in the sixth form funding formula. These changes have impacted on grammar schools throughout the country. The widening of the Trust has helped to secure value for money and deflect Fort Pitt's management overheads over a wider base. The use of joint resources between the schools has helped to strengthen ties between the schools as well as achieving greater flexibility in the use of resources. Year 7 pupil numbers have been buoyant for the last three years and Sixth form numbers have increased in September 2013 which will mitigate against further changes in the Sixth form funding formula and resulting in increased income in 2014-15. This is a welcome change from the previous volatile situation and competition from places from other schools. The opening up of the Sixth form to boys has helped the increase in numbers.

The short term financial strategy is a mixed economy of controlling expenditure, carefully planning staff resources and the use of reserves to meet the planned shortfall in income. The future finances also remain uncertain with regard to further changes in the national funding formula and the possible change in government. The medium and longer term financial plans incorporate continued financial constraint, which mirrors the national economic picture, with a net increase in Sixth form funding through increasing pupil numbers.

The School's capital funds are extremely limited and the property infrastructure would be vulnerable had it not been supported by the EFA Emergency Capital Grant funding in 2012 and the Capital Maintenance Grant in 2013. This investment totalling £2m across both years has dramatically secured a safer school for students and staff and has improved the buildings conditions. It should be noted that the Science department and the Sixth form are housed in modular 'time limited' buildings. Both buildings are included in the school's Building Development Plan for replacement but this will involve a large investment and support from the Education Funding Agency.

The Robert Napier School

The financial position for the period ending 31 August 2013 is extremely healthy. Staff turnover at the end of August 2012 and an overall reduction in staff over recent years has helped to achieve a large balance, in addition to the large balance inherited from the former school. The balances during the year have been achieved despite the income reduction from EFA in 2012-13, through reducing pupil numbers and changes in the national funding formula and the sixth form funding formula. As mentioned above, the use of joint resources between the Trust schools has helped to strengthen ties between the schools as well as achieving greater flexibility in the use of resources. Income has reduced again in 2013-14 and further changes in 2014 onwards will require careful monitoring and planning. The school has seen a benefit in the targeted investment of government money in the way of the pupil premium grant to support students from poorer backgrounds. OfSTED require schools to maintain systems that monitor the use of PP monies and the impact on the students' performance.

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Directors' report (continued)
For the year ended 31 August 2013

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

As well as investing PP in a targeted way to achieve the desired performance outcomes, the school will be investing some of the balances in projects that will improve the learning environment as well as supporting the planned reduction in pupil numbers over the next five to seven years. Although less staff resources will be required, the use of these balances can help to make the transition as smooth as possible and will help to mitigate against the planned changes in the national funding mechanism.

The School's capital funds are supported by the revenue balances. In addition, the school was successful in two applications for funding from the EFA Capital Maintenance Grant. The first grant funded project is the canteen extension which is currently extremely limited for a school of 1,200 pupils. The second project involves the replacement of the 'curtain walling' to the Science building and the refurbishment of toilet facilities. The Science building suffers from temperature extremes and does not meet minimum standards for teaching and the toilets in areas of the school are in a very poor condition.

Phoenix Junior Academy

Prior to joining the Trust, Phoenix (previously known as Glencoe Junior) incurred a deficit which Medway funded. For the period ending 31 August 2013, Phoenix is in a break-even position. During this period the school has had a change of leadership with Mrs Alyson Smith taking over from Andy Lucas in June 2013.

Joining the Trust has seen creative ways of delivering teaching with pupils regularly being taught at Fort Pitt and the Robert Napier, as well as teachers from those schools visiting and teaching the children at Phoenix. This has helped to forge links between the Trust schools and exposed these young pupils to subject experts in a subject specific environment.

Although the financial position for the school remains reasonably tight, Phoenix has been financially supported by Medway for a 'bulge' class, due to pressure on school places in Medway. The increasing Pupil Premium money is particularly welcome for those students from poorer family backgrounds that will benefit from the targeted investment. Previously the school budget paid for external sports coaches. The government grant received in September 2013 will mean a saving in this area of the budget. The financial strategy for the school is to keep a close eye on the budgets.

Phoenix has successfully applied for Capital Maintenance monies through EFA for increasing classroom sizes and having fully equipped classrooms. This will provide much needed increase in teaching resources.

Trust Position

The overall finances for the Trust are a healthy one. The Trust is also able to control the allocation of central funds to meet priorities which are kept under constant review.

The Schools' Advisory Board Members and the Directors will continue to review the risks (please refer to the Risk Management document for details) and to manage them sensitively given the prevailing local market. Emphasis will continue on securing best value (see Best Value Statement) when purchasing goods and services and letting contracts.

b Reserves policy

The level of reserves will be kept under review by the Directors and investment options will be presented to the Trust Directors in 2014.

The level of free reserves i.e. not including restricted funds available for general purposes is £291k (2012 £70k).

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Directors' report (continued)
For the year ended 31 August 2013

c Investments policy

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

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

Plans for the future

a Future developments

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

The Trust will continue to maximise opportunities for funding through the EFA Capital Maintenance Grant to replace the Sixth Form Centre at Fort Pitt and to replace the Science building at Fort Pitt and to extend the Science building at the Robert Napier School.

Phoenix Junior Academy has plans to become an all through primary academy, as recommended by the DfE when the old school became part of the multi academy trust. This will require additional accommodation, perhaps when Medway vacate a building (which used to be part of the original school) which is on the same site as the current academy.

Funds held as custodian

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

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

Joan Howard Awards Account

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

The Fort Pitt Grammar School Charitable Trust (FPGSCT)

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

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Directors' report (continued)
For the year ended 31 August 2013

Funds held as custodian (continued)

As a charity, the school benefits from the donations made with regard to the gift aid tax that can be claimed for the donation. Parents are asked to make an annual voluntary contribution of £15.00. The funds for the period ending 31st August 2013 stand at £119,507 (2012 £120,401) with the Co-Operative Bank Plc. This account is used for School Voluntary Fund donations and also payments for school trips, Conferences, Books and fundraising. A Nat West account for the original Fort Pitt Charitable Trust has a balance at 31 August 2013 of £24,045 (2012 £22,698). The members of the Charitable Trust Committee meet annually to go through the accounts and approve funding allocations such as meeting the costs of the student planners and paying the maintenance costs of the water machines in the school. This activity therefore supports the academy's objectives to support the welfare of our students.

Disclosure of information to auditors

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

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

This report was approved by order of the board of trustees on 23 December 2013 and signed on its behalf by



Marion Cogger, Chair
Director and Governor

Fort Pitt Grammar School Academy Trust
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Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Directors' report and in the directors' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Director	Meetings attended	Out of a possible
Marion Cogger, Chair	3	4
Sylvia Meade	3	4
Denise Ford	4	4
Chris Barker	3	4
Roger Brown	2	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Fort Pitt Grammar School Academy Trust for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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Governance Statement (continued)

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed James Hyde as Responsible Officer (RO)

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The RO has delivered his schedule of work as planned. No issues arose from the reports issued by the RO during the financial period to 31 August 2013.

Review of Effectiveness

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

- the work of the Responsible Officer,
- the work of the external auditors,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 23 December 2013 and signed on their behalf, by



Marion Cogger
Chair of Trustees



Julia M Bell
Accounting Officer

Fort Pitt Grammar School Academy Trust
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Statement on Regularity, Propriety and Compliance

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Julia M Bell
Accounting Officer

Date 23 December 2013

Fort Pitt Grammar School Academy Trust
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Directors' responsibilities statement
For the year ended 31 August 2013

The Directors (who act as trustees for charitable activities of Fort Pitt Grammar School Academy Trust) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 23 December 2013 and signed on its behalf by



Marion Cogger, Chair
Director and Governor

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

We have audited the financial statements of Fort Pitt Grammar School Academy Trust for the year ended 31 August 2013 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Directors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

Reeves & Co LLP

Peter Manser FCA DChA (senior statutory auditor)

for and on behalf of

Reeves & Co LLP

Statutory Auditor
Chartered Accountants

Canterbury
24 December 2013

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

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

In accordance with the terms of our engagement letter dated 9 June 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fort Pitt Grammar School Academy Trust during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Fort Pitt Grammar School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Fort Pitt Grammar School Academy Trust and 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 Grammar School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Fort Pitt Grammar School Academy Trust's funding agreement with the Secretary of State for Education dated 10 October 2010, and the Academies Financial Handbook extant from 1 September 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

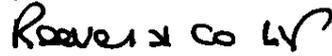
We conducted our work in accordance with Technical Release TECH08/12AAF issued by the Institute of Chartered Accountants in England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of the Fort Pitt Grammar School Academy Trust for the year ended 31 August 2012 which provide evidence on Regularity our work was limited to only those additional procedures necessary to provide limited assurance.

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Reeves & Co LLP

Statutory Auditor
Chartered Accountants

24 December 2013

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

Statement of financial activities
(incorporating income and expenditure account and statement of recognised gains and losses)
For the year ended 31 August 2013

	Note	Unrestricted funds year ended 2013 £	Restricted funds year ended 2013 £	Restricted fixed asset funds year ended 2013 £	Total funds year ended 2013 £	Total funds year ended 2012 £
Incoming resources						
Incoming resources from generated funds						
Assets transferred from predecessor school	3, 24	319,841	(1,519,000)	18,886,000	17,686,841	-
Other voluntary income	3	-	22,111	-	22,111	-
Activities for generating funds	4	51,116	33,272	-	84,388	31,959
Investment income	5	5,532	-	-	5,532	68
Incoming resources from charitable activities	6	142,396	13,173,569	2,098,595	15,414,560	4,140,929
Total incoming resources		518,885	11,709,952	20,984,595	33,213,432	4,172,956
Resources expended						
Charitable activities		476,539	12,042,624	631,368	13,150,531	4,005,544
Governance costs	10	3,380	35,304	-	38,684	24,465
Total resources expended	7, 9	479,919	12,077,928	631,368	13,189,215	4,030,009
Net incoming resources / (resources expended) before revaluations		38,966	(367,976)	20,353,227	20,024,217	142,947
Actuarial gains and losses on defined benefit pension schemes		-	(470,000)	-	(470,000)	(302,000)
Net movement in funds for the year		38,966	(837,976)	20,353,227	19,554,217	(159,053)
Total funds at 1 September 2012		69,675	(645,219)	9,221,961	8,646,417	15,761,696
Total funds at 31 August 2013		108,641	(1,483,195)	29,575,188	28,200,634	8,646,417

All activities relate to continuing operations

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

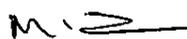
The notes on pages 22 to 42 form part of these financial statements

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

Balance sheet
As at 31 August 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	16		28,751,442		9,010,670
Current assets					
Debtors	17	634,699		126,900	
Cash at bank and in hand		2,628,637		777,099	
		<u>3,263,336</u>		<u>903,999</u>	
Creditors: amounts falling due within one year	18	(655,144)		(216,252)	
Net current assets			2,608,192		687,747
Total assets less current liabilities			31,359,634		9,698,417
Defined benefit pension scheme liability	25		(3,159,000)		(1,052,000)
Net assets including pension scheme liabilities			28,200,634		8,646,417
Funds of the academy					
Restricted funds					
Restricted funds	19	1,675,805		406,781	
Restricted fixed asset funds	19	29,575,188		9,221,961	
Restricted funds excluding pension liability		<u>31,250,993</u>		<u>9,628,742</u>	
Pension reserve		<u>(3,159,000)</u>		<u>(1,052,000)</u>	
Total restricted funds			28,091,993		8,576,742
Unrestricted funds	19		108,641		69,675
Total funds			28,200,634		8,646,417

The financial statements were approved by the Directors, and authorised for issue, on 23 December 2013 and are signed on their behalf, by



Marion Cogger
Chair of Trustees

The notes on pages 22 to 42 form part of these financial statements

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

Cash flow statement
For the year ended 31 August 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	21	820,921	(41,456)
Returns on investments and servicing of finance	22	5,532	68
Capital expenditure and financial investment	22	705,244	213,360
Cash transferred on conversion to an academy trust		319,841	-
Increase in cash in the year		1,851,538	171,972

Reconciliation of net cash flow to movement in net funds
For the year ended 31 August 2013

	2013 £	2012 £
Increase in cash in the year	1,851,538	171,972
Movement in net funds in the year	1,851,538	171,972
Net funds at 1 September 2012	777,099	605,127
Net funds at 31 August 2013	2,628,637	777,099

The notes on pages 22 to 42 form part of these financial statements

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

Notes to the financial statements
For the year ended 31 August 2013

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 Going concern

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

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the academy being notified of an impending distribution or the legacy being received.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

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

Notes to the financial statements
For the year ended 31 August 2013

1. Accounting policies (continued)

1.4 Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

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

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

Buildings	-	2% straight line
Property improvements	-	2% straight line, in accordance with depreciation on buildings
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

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

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

Notes to the financial statements
For the year ended 31 August 2013

1. Accounting policies (continued)

1.6 Fund accounting

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

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

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

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

1.7 Operating leases

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

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

1.8 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS") These are defined benefit schemes and the assets are held separately from those of the academy

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method As stated in note 25, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year

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

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

Notes to the financial statements
For the year ended 31 August 2013

1 Accounting policies (continued)

1 9 Taxation

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

1 10 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from both Robert Napier School and Phoenix Junior Academy (formerly Glencoe Junior School) to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Fort Pitt Grammar School Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

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

Notes to the financial statements
For the year ended 31 August 2013

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State all academies within the academy trust were subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2013.

3. Voluntary income

	Unrestricted funds year ended 2013 £	Restricted funds year ended 2013 £	Total funds year ended 2013 £	Total funds year ended 2012 £
Assets transferred from predecessor school	319,841	17,367,000	17,686,841	-
School voluntary fund transfer	-	22,111	22,111	-
	<u>319,841</u>	<u>17,389,111</u>	<u>17,708,952</u>	<u>-</u>

4. Activities for generating funds

	Unrestricted funds year ended 2013 £	Restricted funds year ended 2013 £	Total funds year ended 2013 £	Total funds year ended 2012 £
Fundraising	-	15,101	15,101	15,426
Sundry income	-	18,171	18,171	16,533
Catering income	51,116	-	51,116	-
	<u>51,116</u>	<u>33,272</u>	<u>84,388</u>	<u>31,959</u>

5. Investment income

	Unrestricted funds year ended 2013 £	Restricted funds year ended 2013 £	Total funds year ended 2013 £	Total funds year ended 2012 £
Bank interest received	5,532	-	5,532	68

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

Notes to the financial statements
For the year ended 31 August 2013

6 Incoming resources from charitable activities

	Unrestricted funds year ended 2013 £	Restricted funds year ended 2013 £	Total funds year ended 2013 £	Total funds year ended 2012 £
DfE/EFA Grants	-	12,936,638	12,936,638	3,747,854
Other Government Grants	-	36,586	36,586	24,533
Capital Grants	-	2,098,595	2,098,595	216,230
Lettings Income	35,601	-	35,601	29,740
Additional Income	106,795	-	106,795	23,550
School Trips	-	191,038	191,038	94,977
Sales	-	9,307	9,307	4,045
	<u>142,396</u>	<u>15,272,164</u>	<u>15,414,560</u>	<u>4,140,929</u>

Funding for Academy's educational operations

	Unrestricted funds year ended 2013 £	Restricted funds year ended 2013 £	Total funds year ended 2013 £	Total funds year ended 2012 £
DfE/EFA grants				
General Annual Grant (GAG)	-	12,203,849	12,203,849	3,738,544
Other DfE/EFA Grants	-	506,454	506,454	9,310
Start Up Grants	-	226,335	226,335	-
	<u>-</u>	<u>12,936,638</u>	<u>12,936,638</u>	<u>3,747,854</u>

7. Analysis of resources expended by expenditure type

	Staff costs year ended 2013 £	Depreciation year ended 2013 £	Other costs year ended 2013 £	Total year ended 2013 £	Total year ended 2012 £
Direct costs	8,725,308	-	871,378	9,596,686	2,946,155
Support costs	1,316,343	538,579	1,680,226	3,535,148	1,053,400
Charitable activities	<u>10,041,651</u>	<u>538,579</u>	<u>2,551,604</u>	<u>13,131,834</u>	<u>3,999,555</u>
Governance	<u>-</u>	<u>-</u>	<u>38,684</u>	<u>38,684</u>	<u>24,465</u>
	<u>10,041,651</u>	<u>538,579</u>	<u>2,590,288</u>	<u>13,170,518</u>	<u>4,024,020</u>

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

Notes to the financial statements
For the year ended 31 August 2013

8. Charitable Activities - Academy's Educational Operations

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Direct costs				
Wages and salaries	284,399	6,977,191	7,261,590	2,091,389
National insurance	-	516,857	516,857	158,875
Pension cost	-	946,861	946,861	357,061
FRS17 pension finance cost (note 15)	-	-	-	31,000
Books and Educational Equipment	8,569	354,728	363,297	109,049
Exam Fees	(237)	176,615	176,378	79,009
Professional Fees - Curriculum	-	11,765	11,765	7,250
School Meals	47,175	66,643	113,818	15,178
School Trips	11,746	189,168	200,914	93,719
Purchases for Re-Sale	-	5,206	5,206	3,625
	<u>351,652</u>	<u>9,245,034</u>	<u>9,596,686</u>	<u>2,946,155</u>
Support costs				
Wages and salaries	91,381	869,152	960,533	328,208
National insurance	-	44,916	44,916	38,115
Pension cost	-	310,894	310,894	109,294
Depreciation	-	538,579	538,579	159,322
FRS17 pension finance cost (note 15)	-	90,000	90,000	-
Maintenance of Premises and Equipment	10,822	375,509	386,331	73,080
Rates and Water	-	90,812	90,812	38,063
Light and Heat	4,957	203,792	208,749	65,576
Insurance	-	(16,858)	(16,858)	(23,696)
Transport Costs	-	28,558	28,558	9,786
Printing, Postage and Stationery	-	99,554	99,554	26,446
Hospitality	1,069	12,471	13,540	4,329
Personnel and payroll	-	16,663	16,663	18,191
Telephone and Fax	-	20,507	20,507	1,929
Advertising and marketing	11,695	61,355	73,050	8,197
Sundry Expenses	250	76,613	76,863	19,134
Computer Costs	4,713	232,230	236,943	73,636
Training and Development	-	43,939	43,939	4,068
Capital Expenditure	-	92,789	92,789	50,897
Consortium Expenditure	-	5,400	5,400	39,562
Charity Expenses	-	5,740	5,740	9,263
Professional fees	-	207,646	207,646	-
	<u>124,887</u>	<u>3,410,261</u>	<u>3,535,148</u>	<u>1,053,400</u>
	<u><u>476,539</u></u>	<u><u>12,655,295</u></u>	<u><u>13,131,834</u></u>	<u><u>3,999,555</u></u>

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

Notes to the financial statements
For the year ended 31 August 2013

9 Grants to individuals

	Number	Total year ended 2013 £	Number	Total year ended 2012 £
Bursaries	38	18,697	17	5,989

10 Governance costs

	Unrestricted funds year ended 2013 £	Restricted funds year ended 2013 £	Total funds year ended 2013 £	Total funds year ended 2012 £
Auditors' remuneration	-	18,200	18,200	8,950
Auditors' remuneration - non-audit	-	5,000	5,000	-
Auditors' remuneration - other audit costs	-	3,700	3,700	-
Responsible officer's fees	-	650	650	-
Professional and specialist fees	3,380	7,754	11,134	15,515
	<u>3,380</u>	<u>35,304</u>	<u>38,684</u>	<u>24,465</u>

11. Net incoming resources / (resources expended)

This is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets - owned by the charity	538,579	159,322
Auditors' remuneration	18,200	8,950

During the year, no Directors received any remuneration (2012 - £Nil)

During the year, no Directors received any benefits in kind (2012 - £Nil)

During the year, no Directors received any reimbursement of expenses (2012 - £Nil)

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

Notes to the financial statements
For the year ended 31 August 2013

12. Staff costs

Staff costs were as follows

	2013	2012
	£	£
Wages and salaries	8,222,123	2,419,597
Social security costs	561,773	196,990
Other pension costs (Note 25)	1,257,755	466,355
	<u>10,041,651</u>	<u>3,082,942</u>

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

	2013	2012
	No	No
Teaching Staff	135	38
Support and Admin Staff	123	34
Management	17	7
	<u>275</u>	<u>79</u>

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

	2013	2012
	No	No
In the band £60,001 - £70,000	3	6
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	1
In the band £100,001 - £110,000	1	1
	<u>5</u>	<u>8</u>

During the year, the Academy Trust made pension scheme contributions in respect of the above employees amounting to £54,248

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

Notes to the financial statements
For the year ended 31 August 2013

13. Trustees' remuneration and expenses

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

	2013 £	2012 £
Julia M Bell, Executive Principal	65,000-70,000	110,000-115,000

During the year, no Trustees received any reimbursement of expenses (2012 - £NIL)

14. Directors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,084 (2012 - £1,649)

The cost of this insurance is included in the total insurance cost

15. Pension finance costs

	2013 £	2012 £
Expected return on pension scheme assets	121,000	56,000
Interest on pension scheme liabilities	(211,000)	(87,000)
	<u>(90,000)</u>	<u>(31,000)</u>

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16. Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2012	9,298,065	20,000	10,292	9,328,357
Additions	1,336,145	13,757	43,449	1,393,351
Transferred on conversion	18,851,000	35,000	-	18,886,000
	<u>29,485,210</u>	<u>68,757</u>	<u>53,741</u>	<u>29,607,708</u>
Depreciation				
At 1 September 2012	303,782	8,000	5,905	317,687
Charge for the year	506,914	13,751	17,914	538,579
	<u>810,696</u>	<u>21,751</u>	<u>23,819</u>	<u>856,266</u>
Net book value				
At 31 August 2013	<u>28,674,514</u>	<u>47,006</u>	<u>29,922</u>	<u>28,751,442</u>
At 31 August 2012	<u>8,994,283</u>	<u>12,000</u>	<u>4,387</u>	<u>9,010,670</u>

Included in land and buildings is freehold land at valuation of £4,139,497 (2012 - £1,703,497), which is not depreciated

17. Debtors

	2013 £	2012 £
Trade debtors	397,649	3,399
Other debtors	86,161	58,428
Prepayments and accrued income	150,889	65,073
	<u>634,699</u>	<u>126,900</u>

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

	2013 £	2012 £
Trade creditors	185,112	-
Other taxation and social security	160,079	62,557
Other creditors	113,029	11,722
Accruals and deferred income	196,924	141,973
	<u>655,144</u>	<u>216,252</u>

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18. Creditors:
Amounts falling due within one year (continued)

	£
Deferred income	
Deferred income at 1 September 2012	92,887
Resources deferred during the year	8,887
Amounts released from previous years	(92,887)
	8,887
Deferred income at 31 August 2013	8,887

The deferred income above relates to monies received in advance of school trips taking place in 2013/14

The deferred income in the prior year related to grant money received in advance for the academic year 2012/13 and monies received in advance of school trips taking place in 2012/13

19. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	69,675	518,885	(479,919)	-	-	108,641
Restricted funds						
General Annual Grant (GAG)	251,816	12,203,849	(10,841,998)	(403,000)	-	1,210,667
Other DfE Grants	18,557	732,789	(473,794)	-	-	277,552
Other Government Grants	8,663	36,586	(13,857)	-	-	31,392
School Voluntary Funds	127,745	255,728	(227,279)	-	-	156,194
Pension reserve	(1,052,000)	(1,519,000)	(521,000)	403,000	(470,000)	(3,159,000)
	(645,219)	11,709,952	(12,077,928)	-	(470,000)	(1,483,195)
Restricted fixed asset funds						
DfE Capital Grants	215,678	2,098,595	(140,177)	-	-	2,174,096
Assets Inherited from Predecessor School	9,006,283	18,886,000	(491,191)	-	-	27,401,092
	9,221,961	20,984,595	(631,368)	-	-	29,575,188
Total restricted funds	8,576,742	32,694,547	(12,709,296)	-	(470,000)	28,091,993
Total of funds	8,646,417	33,213,432	(13,189,215)	-	(470,000)	28,200,634

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19 Statement of funds (continued)

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

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

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

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

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

DfE/EFA capital grants fund is to provide the academy with its own capital money to address improvements to buildings and other facilities The balance on the fund represents the value of fixed assets purchase in the financial year including depreciation to the balance sheet date and unspent capital grant money to be spent in the first school term of 2013/14

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013 Note 2 discloses whether the limit was exceeded

Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows

	Total £
Fort Pitt Grammar School	468,790
Robert Napier School	1,210,057
Phoenix Junior Academy	105,599
Total before fixed asset fund and pension reserve	1,784,446
Restricted fixed asset fund	29,575,188
Pension reserve	(3,159,000)
	28,200,634

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciatio n £	Total £
Fort Pitt Grammar School	2,655,952	634,235	168,443	573,193	4,031,823
Robert Napier School	5,344,382	550,577	280,930	1,148,496	7,324,385
Phoenix Junior Academy	724,974	131,531	120,764	317,159	1,294,428
	8,725,308	1,316,343	570,137	2,038,848	12,650,636

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Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	69,675	518,885	(479,919)	-	-	108,641
Restricted funds	(645,219)	11,709,952	(12,077,928)	-	(470,000)	(1,483,195)
Restricted fixed asset funds	9,221,961	20,984,595	(631,368)	-	-	29,575,188
	<u>8,646,417</u>	<u>33,213,432</u>	<u>(13,189,215)</u>	<u>-</u>	<u>(470,000)</u>	<u>28,200,634</u>

20 Analysis of net assets between funds

	Unrestricted funds year ended 2013 £	Restricted funds year ended 2013 £	Restricted fixed asset funds year ended 2013 £	Total funds year ended 2013 £	Total funds year ended 2012 £
Tangible fixed assets	-	-	28,751,442	28,751,442	9,010,670
Current assets	108,641	2,330,949	823,746	3,263,336	903,999
Creditors due within one year	-	(655,144)	-	(655,144)	(216,252)
Provisions for liabilities and charges	-	(3,159,000)	-	(3,159,000)	(1,052,000)
	<u>108,641</u>	<u>(1,483,195)</u>	<u>29,575,188</u>	<u>28,200,634</u>	<u>8,646,417</u>

21 Net cash flow from operations

	2013 £	2012 £
Net incoming resources before revaluations	20,024,217	142,947
Returns on investments and servicing of finance	(5,532)	(68)
Pension deficit transfer	1,519,000	-
Transfer of property on conversion to Academy	(18,886,000)	-
Depreciation of tangible fixed assets	538,579	159,322
Capital grants from DfE	(2,098,595)	(216,230)
Increase in debtors	(507,799)	(3,356)
Increase/(decrease) in creditors	438,892	(148,071)
FRS 17 adjustments	118,000	24,000
Cash transferred on conversion to an academy trust	(319,841)	-
Net cash inflow/(outflow) from operations	<u>820,921</u>	<u>(41,456)</u>

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22. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	5,532	68
	<u>5,532</u>	<u>68</u>
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,393,351)	(2,870)
Capital grants from DfE	2,098,595	216,230
	<u>705,244</u>	<u>213,360</u>
Net cash inflow capital expenditure	<u>705,244</u>	<u>213,360</u>

23 Analysis of changes in net funds

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	777,099	1,851,538	-	2,628,637
Net funds	<u>777,099</u>	<u>1,851,538</u>	<u>-</u>	<u>2,628,637</u>

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24 Conversion to an academy trust

Robert Napier School

On 1 September 2012 Robert Napier School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Fort Pitt Grammar School Academy Trust from Medway Council 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 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 statement of financial activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Fixed assets on conversion	-	-	17,905,000	17,905,000
Budget surplus/(deficit) on LA funds	319,841	-	-	319,841
LGPS pension surplus/(deficit)	-	(1,294,000)	-	(1,294,000)
	<u>319,841</u>	<u>(1,294,000)</u>	<u>17,905,000</u>	<u>16,930,841</u>
Net assets/(liabilities)	<u>319,841</u>	<u>(1,294,000)</u>	<u>17,905,000</u>	<u>16,930,841</u>

The above net assets/(liabilities) include £319,841 that were transferred as cash.

Phoenix Junior Academy

On 1 September 2012 Phoenix Junior Academy (Formerly Glencoe Junior School) converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Fort Pitt Grammar School Academy Trust from Medway Council 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 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 Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Fixed assets on conversion	-	-	981,000	981,000
Budget surplus/(deficit) on LA funds	-	-	-	-
LGPS pension surplus/(deficit)	-	(225,000)	-	(225,000)
	<u>-</u>	<u>(225,000)</u>	<u>981,000</u>	<u>756,000</u>
Net assets/(liabilities)	<u>-</u>	<u>(225,000)</u>	<u>981,000</u>	<u>756,000</u>

The above net assets/(liabilities) include £Nil as cash transferred.

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25 Pension commitments

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

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

Contributions amounting to £100,224 were payable to the schemes at 31 August 2013 (2012 - £Nil) 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) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament 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 under arrangements governed by the above Act

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts First, a standard contribution rate (SCR) was determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

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25 Pension commitments (continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

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25 Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £519,000, of which employer's contributions totalled £403,000 and employees' contributions totalled £116,000. The agreed contribution rates for future years are 21.3% for employers and 5.5% to 7.5% for employees.

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

As described in note 24 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the academy at the balance sheet date.

The amounts recognised in the balance sheet are as follows

	2013 £	2012 £
Present value of funded obligations	(6,096,000)	(2,110,000)
Fair value of scheme assets	2,937,000	1,058,000
	<u>(3,159,000)</u>	<u>(1,052,000)</u>
Net liability	<u>(3,159,000)</u>	<u>(1,052,000)</u>

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

	2013 £	2012 £
Current service cost	(431,000)	(102,000)
Interest on obligation	(211,000)	(87,000)
Expected return on scheme assets	121,000	56,000
	<u>(521,000)</u>	<u>(133,000)</u>
Total	<u>(521,000)</u>	<u>(133,000)</u>
Actual return on scheme assets	<u>170,000</u>	<u>101,000</u>

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

	2013 £	2012 £
Opening defined benefit obligation	2,110,000	1,546,000
Current service cost	431,000	102,000
Interest cost	211,000	87,000
Contributions by scheme participants	116,000	32,000
Actuarial Losses	704,000	348,000
Benefits paid	(38,000)	(5,000)
Inherited defined benefit obligation from predecessor schools	2,562,000	-
	<u>6,096,000</u>	<u>2,110,000</u>
Closing defined benefit obligation	<u>6,096,000</u>	<u>2,110,000</u>

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25 Pension commitments (continued)

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

	2013 £	2012 £
Opening fair value of scheme assets	1,058,000	820,000
Expected return on assets	121,000	56,000
Actuarial gains and (losses)	234,000	46,000
Contributions by employer	403,000	109,000
Contributions by employees	116,000	32,000
Benefits paid	(38,000)	(5,000)
Inherited fair value of scheme assets from predecessor schools	1,043,000	-
	<u>2,937,000</u>	<u>1,058,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of financial activities was £772,000 (2012 - £302,000)

The academy expects to contribute £394,000 to its defined benefit pension scheme in 2014

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

	2013	2012
European equities	72.00 %	70.00 %
Gilts	-	1.00 %
Other Bonds	12.00 %	13.00 %
Property	8.00 %	10.00 %
Cash	4.00 %	3.00 %
Target return portfolio	4.00 %	3.00 %

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

	2013	2012
Discount rate for scheme liabilities	4.70 %	3.90 %
Rate of increase in salaries	5.10 %	4.10 %
Rate of increase for pensions in payment / inflation	2.90 %	1.90 %
Inflation assumption (CPI)	2.90 %	1.90 %
Inflation assumption (RPI)	3.70 %	2.70 %

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

	2013	2012
Retiring today		
Males	20.1	20.0
Females	24.1	24.0
Retiring in 20 years		
Males	22.1	22.0
Females	26.0	25.9

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25. Pension commitments (continued)

Amounts for the current and previous two periods are as follows

Defined benefit pension schemes

	2013 £	2012 £	2011 £
Defined benefit obligation	(6,096,000)	(2,110,000)	(1,546,000)
Scheme assets	2,937,000	1,058,000	820,000
Deficit	<u>(3,159,000)</u>	<u>(1,052,000)</u>	<u>(726,000)</u>
Experience adjustments on scheme assets	<u>234,000</u>	<u>46,000</u>	<u>(28,000)</u>

26. Operating lease commitments

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
Expiry date:		
Within 1 year	20,635	-
Between 2 and 5 years	<u>60,383</u>	<u>24,934</u>

27. Related party transactions

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

28. Post balance sheet events

On 1 October 2013 the Academy suffered an on line banking fraud. The Academy is in discussions with its bankers to mitigate any loss.

Systems have now been upgraded to prevent any further loss.

29. Controlling party

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