

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 2014

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

Contents

| | Page |
|--|---------|
| Reference and administrative details of the academy, its directors and advisers | 1 - 2 |
| Directors' report | 3 - 11 |
| Governance statement | 12 - 13 |
| Statement on regularity, propriety and compliance | 14 |
| Directors' responsibilities statement | 15 |
| Independent auditors' report | 16 - 17 |
| Independent reporting accountant's assurance report on regularity | 18 - 19 |
| Statement of financial activities | 20 |
| Balance sheet | 21 |
| Cash flow statement | 22 |
| Notes to the financial statements | 23 - 42 |

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

Reference and administrative details of the academy, its directors and advisers
For the year ended 31 August 2014

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⁾

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⁾
Rev Will Grady
Maria Kirby
Lucia McCorkell
Lyton Sharp
Carol Wrate

Phoenix Junior Academy

Denise Ford, Chair⁽⁴⁾
Alyson Smith, Headteacher⁽²⁾
Roger Brown
Zoe Barkham
Laura Doyle
Mel Harris
Pramjeet Kaur
Andrew Ost
Steven Quenby
Verity Rock

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

Senior Leadership Teams - September 2013 to August 2014

Fort Pitt Grammar School

Carol Winn, Headteacher
Andrew Ost, Dep. Headteacher
Jools Sewell, Asst. Headteacher
Helen Gordon, Senior Teacher
David Reader, Senior Teacher
Mel Lester, Head of 6th Form
Steve Maile, Business Manager

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
Becky Brattle, 6th Form Officer
Tony Shand, SEN Officer

Phoenix Junior Academy

Alyson Smith, Headteacher
Peter Sears, Dep. Headteacher
Maria Kirby, Dep. Headteacher
Steph Darque, Teacher

Company registered number

07401701

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

Reference and administrative details of the academy, its directors and advisers
For the year ended 31 August 2014

Administrative details (continued)

Principal and registered office

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

Accounting officer

Julia M Bell, Executive Principal

Responsible officer

James Hyde

Independent auditors

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
(A company limited by guarantee)

Directors' report
For the year ended 31 August 2014

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 2014. The Directors confirm that the annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. Constitution

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

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

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

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

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

b. Method of recruitment and appointment or election of Directors

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

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

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

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

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

Directors' report (continued)
For the year ended 31 August 2014

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.

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

Directors' report (continued)
For the year ended 31 August 2014

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 changes in the national funding formula has meant year on year reductions in 6th form funding levels per capita.

The above risks together with the risk of fraud, damage to the Academy buildings and other areas of risk have been reviewed by Directors and procedures are in place for managing the risks. During the 2013/14 accounting year, Fort Pitt Grammar School became a victim to a sophisticated on-line banking fraud through the use of malware that had penetrated the school's computer firewall. Two simultaneous payments totalling £79k were instantly removed from the school's bank account and the money quickly left the country via bank transfers. The incident was reported to EFA, our auditors and to the police and after representations by the Accounting Officer to the Chairman of RBS, the NatWest Bank kindly refunded the £79k. Since the fraud, the Trust Schools' on-line banking arrangements have been protected by Rapport, as recommended by NatWest. The schools' firewalls have also been upgraded together with the email antivirus systems.

Financial controls will be further strengthened in 2014/2015 with the internal controls on selected invoices being undertaken by SLT at all three schools and by members of the Advisory Boards. The Trust will also be strengthening the Responsible Officer role by appointing a second officer to cover the RO workload. The RO will be reviewing the programme of reviews to be undertaken in 2014/2015 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.

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

Directors' report (continued)
For the year ended 31 August 2014

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.

Strategic report

Achievements and performance

a. Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. The widening role of Academy Trust has strengthened the Trust together with the 2013/2014 capital maintenance funding from EFA totalling £2.5m. 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 examination results. At A Level there was a pass rate of 100% A-E with 49% of these grades at A*, A or B.

At GCSE 95% of pupils achieved 5 A*-C GCSEs including English and Maths.

The school has improved the fabric of the building with the EFA capital grant used to replace window frames and some roofing.

The Robert Napier School

The school suffered badly from the changes in the GCSE programmes of study, changes in what and how examinations could be reported and the changes in early entry for students. The school expected (on the old measures) 35% to achieve 5 A*-C, in fact on the old measures it achieved 38%. However the new measures record the school achieving 32% 5 A*-C, but as noted above this is not comparing like with like.

The school has been enjoying the refurbished canteen and toilet facilities financed by an EFA capital grant.

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

Directors' report (continued)
For the year ended 31 August 2014

(b) Review of activities (continued)

Phoenix Junior Academy

Although the KS2 results did not reach the government floor target of 60%, 55% of Y6 achieved L4. This was an exceptional performance and an improvement of 26% when compared with 2013.

The EFA capital grant has meant all classes are now in enlarged rooms, with space for bags, lunches, coats, reading areas. All classrooms have tablet computers and also drinking water is available in all rooms too. The environment is much improved.

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 2013/14 through changes in the national funding formula, changes in the sixth form funding formula and a significant drop in the Education Services Grant (previously called LACSEG). These changes have impacted on grammar schools throughout the country. The continued use of joint resources across the trust 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 increased by over 20% in September 2013 which will mitigate against further changes in the Sixth form funding formula and has resulted 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 of the Sixth form to boys has contributed to the increase in numbers and to retain students. However, the success in attracting more students to the school has contributed to the financial pressure on 2013/14 staffing and running expense budgets due to the 'lagged funding' arrangements. A business case has been submitted to EFA to fund retrospectively the 20% increase during 2013/14. A further increase in the sixth form in September 2014 will not be recognised in the funding arrangements until 2015/16.

Although the Sixth form funding has increased in 2014/15, 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 due to changes in the funding formula. 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 Robert Napier School

The financial position for the period ending 31 August 2014 is extremely healthy. Revenue reserves that have accrued in recent years will in part be invested in building and maintenance projects to support the recent building developments and improve the learning environment. Part of the reserves will be used to support the 2014/15 income reduction that is due to the reduction in student numbers. This theme will continue over the next 5 – 7 years to manage the planned reduction in PAN numbers commencing in September 2015.

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. 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. The school will carefully manage the grant to improve student performance.

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

Directors' report (continued)
For the year ended 31 August 2014

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

Phoenix Junior Academy

Prior to joining the Trust, Phoenix incurred a deficit which was funded by Medway. Following the move to the trust in 2012/13, Phoenix achieved balances of £100k and this money has been used creatively to enhance the learning environment and improve standards.

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

Phoenix was financially supported by Medway in 2013/14 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. The financial strategy for the school is to keep a close eye on the budgets and to invest in supporting the pupils to achieve and enjoy learning. The pupils and staff are to be applauded in the way they have continued their learning and improving standards alongside the building development work. Their support has been an excellent example and they are now reaping the benefit of the first class learning environment which will only help to drive up standards.

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. As referred to earlier, Fort Pitt Grammar School was the subject of an external fraud when almost £79,000 was taken from the school's account. This was reported to the relevant bank, to EFA, to the Trustees and to the police. The school was successful in being reimbursed, in full, by the bank. Systems have been put in place both at the school and the bank to ensure such a fraud cannot be perpetrated again.

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 2015.

The level of free reserves i.e. not including restricted funds available for general purposes is £63k (2013: £109k). The reserves are to be used to offset changes in the funding for sixth form students where the reduction is, as yet, unknown, but likely to be considerable. In addition there are building works to be undertaken on all three schools, all of which are expensive because of the age of the buildings. The standard number at The Robert Napier School is being reduced over time, the site is too congested and therefore money is reserved to ensure these changes can be undertaken with no disruption to the education of the students.

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

Directors' report (continued)
For the year ended 31 August 2014

c. Investments policy

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

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

Plans for future periods

a. Future developments

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

The Trust will continue to maximise opportunities for funding through the EFA 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. Sports funding grant opportunities will be examined to develop the facilities for the benefit of the schools and the local communities.

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.

Funds held as custodian trustee on behalf of others

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

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

Joan Howard Awards Account

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

The Fort Pitt Grammar School Charitable Trust (FPGSCT)

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

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

Directors' report (continued)
For the year ended 31 August 2014

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. The funds for the period ending 31st August 2014 stand at £73,281 (2013: £119,507) with the Co-Operative Bank Plc. This account is used for School Voluntary Fund donations and also payments for school trips, Conferences, Books and fundraising. A NatWest account for the original Fort Pitt Charitable Trust has a balance at 31 August 2014 of £94,256 (2013: £24,045). The members of the Charitable Trust Committee meet annually to go through the accounts and approve funding allocations such as meeting the costs of the student planners and paying the maintenance costs of the water machines in the school. This activity therefore supports the academy's objectives to support the welfare of our students.

Employee Involvement

The Trust have ensured that the planned pension changes for teaching and support staff have been conveyed to all staff. The Trust signed up to the pension auto-enrolment regulations in May 2014 and staff were informed of the proposed changes. Teaching staff have been kept on board regarding the proposed teachers' pension changes.

Trustees are implementing a staff pay policy following the changes in the teachers' national terms and conditions. Staff have been consulted and have been involved on working parties that have influenced the staff pay policy.

The Trust implemented a range of service reviews during 2013/14 that have resulted in a totally new meals provision and a much improved cleaning service at the Robert Napier School. The service reviews have involved close working with the meals and cleaning staff. The in-house meals team had been providing a very good traditional meals service and the outcome of the review resulted in the staff being TUPED across to Chartwells, the meals provider at our other trust schools. As well as consistency, the move has developed the meals service. Regular meetings were held with the in-house team and their concerns were listened to and conditions protected as part of the transfer. The review of the cleaning service resulted in terminating the external contract arrangement at short notice with the school then employing the staff directly. A number of meetings were held with staff and their views taken on board in the way they were being managed and deployed. The cleaning service is now closely aligned to the high standards required by the Headteacher and trustees. The service has developed alongside the building development plans.

Each of the trust schools have had extensive building projects undertaken during 2013/14 and employees (and students) have been instrumental in the success of the projects. Staff have been fully consulted at the planning stage, their views informed the design and planning process and their concerns such as health and safety whilst building work was being carried out during the normal school activities were taken on board. Staff have been further involved on the next round of building plans, for example science teachers have been involved in the design of the proposed new science buildings.

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

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

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

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

Directors' report (continued)
For the year ended 31 August 2014

Disabled employees

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

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

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

Environmental reporting

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

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, incorporating the strategic report, was approved by order of the board of trustees, as the company directors, on 20 November 2014 and signed on the board's behalf by:



Marion Cogger, Chair
Director and Governor

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

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 5 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 | 5 | 5 |
| Sylvia Meade | 1 | 5 |
| Denise Ford | 5 | 5 |
| Chris Barker | 5 | 5 |
| Roger Brown | 4 | 5 |

Governance reviews:

The trust has not been involved in an external review thus far. It is anticipated that this will take place during the Spring term 2015.

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 2013 to 31 August 2014 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 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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

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 in line with the academies financial regulations and the levels of income entrusted to the Directors of the Company and the audit and financial controls will form part of the trustees meeting agenda. James Hyde, as Responsible Officer (RO) will support the trustees in ensuring probity, strong financial controls and securing best value.

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. To support and strengthen the RO role, the trust will be seeking an additional RO to share the workload.

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 2014.

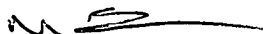
Review of Effectiveness

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:

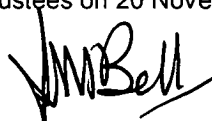
- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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 20 November 2014 and signed on its behalf, by:



Marion Cogger
Chair of Trustees



Julia M Bell
Accounting Officer

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

Statement on Regularity, Propriety and Compliance

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

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

I confirm that apart from the fraud referred to on page 8 (Trust Position), there have been no other instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA and any other relevant authority.



Julia M Bell
Accounting Officer

Date: 20 November 2014

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

Directors' responsibilities statement
For the year ended 31 August 2014

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

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

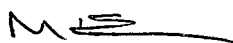
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the board of trustees on 20 November 2014 and signed on its behalf by:



Marion Cogger, Chair
Director and Governor

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

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

We have audited the financial statements of Fort Pitt Grammar School Academy Trust for the year ended 31 August 2014 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 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of Directors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 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 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

Reeves & Co LLP

Peter Manser FCA DChA (senior statutory auditor)

for and on behalf of

Reeves & Co LLP

Statutory Auditor
Chartered Accountants

Canterbury
20 November 2014

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

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

In accordance with the terms of our engagement letter dated 17 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Fort Pitt Grammar School Academy Trust's funding agreement with the Secretary of State for Education dated 10 October 2010, and the Academies Financial Handbook extant from 1 September 2013, 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 to 2014. 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 2013 to 31 August 2014 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 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

Work undertaken

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the period the Academy Trust suffered an external bank fraud. The Academy Trust informed the Education Funding Agency and other relevant authorities and was reimbursed in full by the bank. System improvements have been implemented.

Reeves & Co LLP

Peter Manser FCA DChA

Reeves & Co LLP

Statutory Auditor
Chartered Accountants

20 November 2014

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

Statement of financial activities
(incorporating income and expenditure account and statement of total recognised gains and losses)
For the year ended 31 August 2014

| | Note | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Restricted fixed asset funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Incoming resources | | | | | | |
| Incoming resources from generated funds: | | | | | | |
| Assets transferred from predecessor school | 3 | - | - | - | - | 17,686,841 |
| Other voluntary income | 3 | - | - | - | - | 22,111 |
| Activities for generating funds | 4 | 33,260 | 35,080 | - | 68,340 | 84,388 |
| Investment income | 5 | 17,550 | - | - | 17,550 | 5,532 |
| Incoming resources from charitable activities | 6 | 177,736 | 13,152,953 | 2,502,640 | 15,833,329 | 15,414,560 |
| Total incoming resources | | 228,546 | 13,188,033 | 2,502,640 | 15,919,219 | 33,213,432 |
| Resources expended | | | | | | |
| Charitable activities | | 274,292 | 12,954,718 | 695,095 | 13,924,105 | 13,150,531 |
| Governance costs | 10 | - | 29,805 | - | 29,805 | 38,684 |
| Total resources expended | 7, 9 | 274,292 | 12,984,523 | 695,095 | 13,953,910 | 13,189,215 |
| Net incoming / (outgoing) resources before revaluations | | (45,746) | 203,510 | 1,807,545 | 1,965,309 | 20,024,217 |
| Actuarial gains and losses on defined benefit pension schemes | | - | 107,000 | - | 107,000 | (470,000) |
| Net movement in funds for the year | | (45,746) | 310,510 | 1,807,545 | 2,072,309 | 19,554,217 |
| Total funds at 1 September 2013 | | 108,641 | (1,483,195) | 29,575,188 | 28,200,634 | 8,646,417 |
| Total funds at 31 August 2014 | | 62,895 | (1,172,685) | 31,382,733 | 30,272,943 | 28,200,634 |

All activities relate to continuing operations.

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

The notes on pages 23 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 2014

| | Note | £ | 2014 £ | £ | 2013 £ |
|---|------|--------------------|--------------------------|--------------------|--------------------------|
| Fixed assets | | | | | |
| Tangible assets | 17 | | 31,411,713 | | 28,751,442 |
| Current assets | | | | | |
| Debtors | 18 | 836,336 | | 634,699 | |
| Cash at bank and in hand | | 1,996,106 | | 2,628,637 | |
| | | <u>2,832,442</u> | | <u>3,263,336</u> | |
| Creditors: amounts falling due within one year | 19 | (688,212) | | (655,144) | |
| Net current assets | | | <u>2,144,230</u> | | <u>2,608,192</u> |
| Total assets less current liabilities | | | <u>33,555,943</u> | | <u>31,359,634</u> |
| Defined benefit pension scheme liability | 25 | (3,283,000) | | (3,159,000) | |
| Net assets including pension scheme liability | | | <u><u>30,272,943</u></u> | | <u><u>28,200,634</u></u> |
| Funds of the academy | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | 20 | 2,110,315 | | 1,675,805 | |
| Restricted fixed asset funds | 20 | 31,382,733 | | 29,575,188 | |
| Restricted funds excluding pension liability | | <u>33,493,048</u> | | <u>31,250,993</u> | |
| Pension reserve | | <u>(3,283,000)</u> | | <u>(3,159,000)</u> | |
| Total restricted funds | | | <u>30,210,048</u> | | <u>28,091,993</u> |
| Unrestricted funds | 20 | | <u>62,895</u> | | <u>108,641</u> |
| Total funds | | | <u><u>30,272,943</u></u> | | <u><u>28,200,634</u></u> |

The financial statements were approved by the Directors, and authorised for issue, on 20 November 2014 and are signed on their behalf, by:



Marion Cogger
Chair of Directors

The notes on pages 23 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 2014

| | Note | 2014 £ | 2013 £ |
|--|-------------|-------------------------|-------------------------|
| Net cash flow from operating activities | 22 | 216,679 | 820,921 |
| Returns on investments and servicing of finance | 23 | 17,550 | 5,532 |
| Capital expenditure and financial investment | 23 | (866,760) | 705,244 |
| Cash transferred on conversion to an academy trust | | - | 319,841 |
| (Decrease)/Increase in cash in the year | | <u>(632,531)</u> | <u>1,851,538</u> |

Reconciliation of net cash flow to movement in net funds
For the year ended 31 August 2014

| | 2014 £ | 2013 £ |
|--|--------------------------------|--------------------------------|
| (Decrease)/Increase in cash in the year | <u>(632,531)</u> | <u>1,851,538</u> |
| Movement in net funds in the year | <u>(632,531)</u> | <u>1,851,538</u> |
| Net funds at 1 September 2013 | <u>2,628,637</u> | <u>777,099</u> |
| Net funds at 31 August 2014 | <u><u>1,996,106</u></u> | <u><u>2,628,637</u></u> |

The notes on pages 23 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 2014

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 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Going concern

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

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. 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 2014

1. Accounting policies (continued)

1.4 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

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 2014

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 2014

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.

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 2014 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 2014.

3. Voluntary income

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Assets transferred from predecessor school | - | - | - | 17,686,841 |
| School voluntary fund transfer | - | - | - | 22,111 |
| Voluntary income | - | - | - | 17,708,952 |

4. Activities for generating funds

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|-----------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Fundraising | - | 14,625 | 14,625 | 15,101 |
| Sundry income | - | 20,455 | 20,455 | 18,171 |
| Catering income | 33,260 | - | 33,260 | 51,116 |
| | 33,260 | 35,080 | 68,340 | 84,388 |

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

Notes to the financial statements
For the year ended 31 August 2014

5. Investment income

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest received | 17,550 | - | 17,550 | 5,532 |

6. Incoming resources from charitable activities

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|-------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA Grants | - | 12,785,800 | 12,785,800 | 12,936,638 |
| Other Government Grants | - | 186,238 | 186,238 | 36,586 |
| Capital Grants | - | 2,502,640 | 2,502,640 | 2,098,595 |
| Lettings Income | 30,832 | - | 30,832 | 35,601 |
| Additional Income | 146,904 | - | 146,904 | 106,795 |
| School Trips | - | 173,748 | 173,748 | 191,038 |
| Sales | - | 7,167 | 7,167 | 9,307 |
| | 177,736 | 15,655,593 | 15,833,329 | 15,414,560 |

Funding for Academy's educational operations

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|-------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) | - | 11,791,687 | 11,791,687 | 12,203,849 |
| Other DfE/EFA Grants | - | 994,113 | 994,113 | 506,454 |
| Start Up Grants | - | - | - | 226,335 |
| | - | 12,785,800 | 12,785,800 | 12,936,638 |

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

Notes to the financial statements
For the year ended 31 August 2014

7. Resources expended

| | Staff costs | Non Pay Depreciation | Expenditure Other costs | Total | Total |
|------------------------------|--------------------|---------------------------------|------------------------------------|-------------------|-------------------|
| | 2014 | 2014 | 2014 | 2014 | 2013 |
| | £ | £ | £ | £ | £ |
| Direct costs | 8,965,077 | - | 1,080,134 | 10,045,211 | 9,615,383 |
| Support costs | 1,631,704 | 667,038 | 1,580,152 | 3,878,894 | 3,535,148 |
| Charitable activities | 10,596,781 | 667,038 | 2,660,286 | 13,924,105 | 13,150,531 |
| Governance | - | - | 29,805 | 29,805 | 38,684 |
| | 10,596,781 | 667,038 | 2,690,091 | 13,953,910 | 13,189,215 |

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

Notes to the financial statements
For the year ended 31 August 2014

8. Charitable activities

| | Total funds 2014 £ | Total funds 2013 £ |
|---|---------------------------------------|---------------------------------------|
| Direct costs - educational operations | | |
| Wages and salaries | 7,263,216 | 6,952,963 |
| National insurance | 506,418 | 516,857 |
| Pension cost | 852,007 | 946,861 |
| Books and Educational Equipment | 413,761 | 363,297 |
| Exam Fees | 206,259 | 176,378 |
| Professional Fees - Curriculum | 98,168 | 11,765 |
| School Meals | 157,046 | 113,818 |
| School Trips | 170,662 | 200,914 |
| Purchases for Re-Sale | 7,687 | 5,206 |
| Agency costs | 343,436 | 308,627 |
| | <u>10,018,660</u> | <u>9,596,686</u> |
| Support costs - educational operations | | |
| Wages and salaries | 1,068,939 | 960,533 |
| National insurance | 94,967 | 44,916 |
| Pension cost | 467,798 | 310,894 |
| Depreciation | 667,038 | 538,579 |
| FRS17 pension finance cost (note 16) | 114,000 | 90,000 |
| Maintenance of Premises and Equipment | 301,478 | 386,331 |
| Rates and Water | 96,207 | 90,812 |
| Light and Heat | 226,720 | 208,749 |
| Insurance | 82,273 | (16,858) |
| Transport Costs | 49,527 | 28,558 |
| Printing, Postage and Stationery | 107,818 | 99,554 |
| Hospitality | 10,026 | 13,540 |
| Personnel and payroll | 41,590 | 16,663 |
| Telephone and Fax | 19,976 | 20,507 |
| Advertising and marketing | 55,976 | 73,050 |
| Sundry Expenses | 63,458 | 76,863 |
| Computer Costs | 214,160 | 236,943 |
| Training and Development | 41,683 | 43,939 |
| Capital Expenditure | 28,057 | 92,789 |
| Trust Expenses | 7,761 | - |
| Consortium Expenditure | - | 5,400 |
| Charity Expenses | 7,306 | 5,740 |
| Professional fees | 112,136 | 207,646 |
| | <u>3,878,894</u> | <u>3,535,148</u> |
| | <u><u>13,897,554</u></u> | <u><u>13,131,834</u></u> |

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

Notes to the financial statements
For the year ended 31 August 2014

9. Grants to individuals

| | Number | Total 2014 £ | Number | Total 2013 £ |
|-----------|--------|--------------------|--------|--------------------|
| Bursaries | 20 | 26,551 | 38 | 18,697 |

10. Governance costs

| | Total funds 2014 £ | Total funds 2013 £ |
|--|-----------------------------|-----------------------------|
| Auditors' remuneration | 19,000 | 18,200 |
| Auditors' remuneration - non-audit | 6,250 | 5,000 |
| Auditors' remuneration - other audit costs | 2,915 | 3,700 |
| Responsible officer's fees | - | 650 |
| Professional and specialist fees | 1,640 | 11,134 |
| | 29,805 | 38,684 |

11. Net incoming / (outgoing) resources

This is stated after charging:

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets: - owned by the charity | 667,038 | 538,579 |

During the year, no Directors received any remuneration (2013 - £Nil).

During the year, no Directors received any benefits in kind (2013 - £Nil).

During the year, no Directors received any reimbursement of expenses (2013 - £Nil).

12. Auditors' remuneration

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts | 19,000 | 18,200 |
| Fees payable to the academy's auditor and its associates in respect of: | | |
| All other non-audit services not included above | 9,165 | 9,350 |

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

Notes to the financial statements
For the year ended 31 August 2014

13. Staff

a. Staff costs

Staff costs were as follows:

| | 2014 £ | 2013 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 8,332,155 | 7,913,496 |
| Social security costs | 601,385 | 561,773 |
| Other pension costs | 1,319,805 | 1,257,755 |
| | <u>10,253,345</u> | <u>9,733,024</u> |
| Supply teacher costs | 343,436 | 308,627 |
| | <u>10,596,781</u> | <u>10,041,651</u> |

b. Staff numbers

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

| | 2014 No. | 2013 No. |
|-------------------------|-------------|-------------|
| Teaching Staff | 136 | 135 |
| Support and Admin Staff | 122 | 123 |
| Management | 17 | 17 |
| | <u>275</u> | <u>275</u> |

c. Higher paid staff

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

| | 2014 No. | 2013 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 4 | 3 |
| In the band £70,001 - £80,000 | 1 | 1 |
| In the band £90,001 - £100,000 | 1 | 0 |
| In the band £100,001 - £110,000 | 0 | 1 |
| | <u>6</u> | <u>5</u> |

During the year, the Academy Trust made pension scheme contributions in respect of the above employees amounting to £63,393 (2013: £54,248).

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

Notes to the financial statements
For the year ended 31 August 2014

14. 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:

| | 2014 £ | 2013 £ |
|-----------------------------------|---------------|---------------|
| Julia M Bell, Executive Principal | 60,000-65,000 | 65,000-70,000 |

During the year, 1 Trustee received benefits in kind of £94 (2013 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

15. Directors' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,070 (2013 - £1,084). The cost of this insurance is included in the total insurance cost.

16. Pension finance costs

| | 2014 £ | 2013 £ |
|--|------------------|-----------------|
| Expected return on pension scheme assets | 187,000 | 121,000 |
| Interest on pension scheme liabilities | (301,000) | (211,000) |
| | <u>(114,000)</u> | <u>(90,000)</u> |

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

Notes to the financial statements
For the year ended 31 August 2014

17. Tangible fixed assets

| | Land and buildings £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|----------------------------|-------------------------------|----------------------------|------------|
| Cost | | | | |
| At 1 September 2013 | 29,485,210 | 68,757 | 53,741 | 29,607,708 |
| Additions | 3,083,845 | 89,234 | 154,230 | 3,327,309 |
| At 31 August 2014 | 32,569,055 | 157,991 | 207,971 | 32,935,017 |
| Depreciation | | | | |
| At 1 September 2013 | 810,696 | 21,751 | 23,819 | 856,266 |
| Charge for the year | 568,590 | 31,598 | 66,850 | 667,038 |
| At 31 August 2014 | 1,379,286 | 53,349 | 90,669 | 1,523,304 |
| Net book value | | | | |
| At 31 August 2014 | 31,189,769 | 104,642 | 117,302 | 31,411,713 |
| At 31 August 2013 | 28,674,514 | 47,006 | 29,922 | 28,751,442 |

Included in land and buildings is freehold land at valuation of £4,139,497 (2013: £4,139,497), which is not depreciated.

18. Debtors

| | 2014 £ | 2013 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 78,088 | 397,649 |
| Other debtors | 154,828 | 86,161 |
| Prepayments and accrued income | 603,420 | 150,889 |
| | 836,336 | 634,699 |

19. Creditors:
Amounts falling due within one year

| | 2014 £ | 2013 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 116,566 | 185,112 |
| Other taxation and social security | 184,825 | 160,079 |
| Other creditors | 122,325 | 113,029 |
| Accruals and deferred income | 264,496 | 196,924 |
| | 688,212 | 655,144 |

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

Notes to the financial statements
For the year ended 31 August 2014

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

| | £ |
|--------------------------------------|---------------|
| Deferred income | |
| Deferred income at 1 September 2013 | 8,887 |
| Resources deferred during the year | 88,065 |
| Amounts released from previous years | (7,887) |
| | <u>89,065</u> |
| Deferred income at 31 August 2014 | <u>89,065</u> |

The deferred income above relates to monies received in advance of school trips taking place in 2014/15.

The deferred income in the prior year related to monies received in advance of school trips taking place in 2013/14.

20. Statement of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|--|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| Unrestricted funds | | | | | | |
| General Funds | 108,641 | 228,546 | (274,292) | - | - | 62,895 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 1,210,667 | 11,791,687 | (11,240,235) | (429,000) | - | 1,333,119 |
| Other DfE Grants | 277,552 | 994,112 | (899,116) | - | - | 372,548 |
| Other Government Grants | 31,392 | 186,239 | (3,865) | - | - | 213,766 |
| School Voluntary Funds | 156,194 | 215,995 | (181,307) | - | - | 190,882 |
| Pension reserve | (3,159,000) | - | (660,000) | 429,000 | 107,000 | (3,283,000) |
| | <u>(1,483,195)</u> | <u>13,188,033</u> | <u>(12,984,523)</u> | <u>-</u> | <u>107,000</u> | <u>(1,172,685)</u> |
| Restricted fixed asset funds | | | | | | |
| DfE Capital Grants | 2,174,096 | 2,502,640 | (203,805) | - | - | 4,472,931 |
| Assets Inherited from Predecessor School | 27,401,092 | - | (491,290) | - | - | 26,909,802 |
| | <u>29,575,188</u> | <u>2,502,640</u> | <u>(695,095)</u> | <u>-</u> | <u>-</u> | <u>31,382,733</u> |
| Total restricted funds | <u>28,091,993</u> | <u>15,690,673</u> | <u>(13,679,618)</u> | <u>-</u> | <u>107,000</u> | <u>30,210,048</u> |
| Total of funds | <u>28,200,634</u> | <u>15,919,219</u> | <u>(13,953,910)</u> | <u>-</u> | <u>107,000</u> | <u>30,272,943</u> |

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

Notes to the financial statements
For the year ended 31 August 2014

20. 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 2014/15.

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 2014. Note 2 discloses whether the limit was exceeded.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

| | Total £ |
|---|-------------|
| Fort Pitt Grammar School | 256,929 |
| Robert Napier School | 1,640,652 |
| Phoenix Junior Academy | 275,629 |
| | <hr/> |
| Total before fixed asset fund and pension reserve | 2,173,210 |
| Restricted fixed asset fund | 31,382,733 |
| Pension reserve | (3,283,000) |
| | <hr/> |
| | 30,272,943 |
| | <hr/> |

Analysis of academies by cost

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total £ |
|--------------------------|---|--------------------------------------|------------------------------|---|------------|
| Fort Pitt Grammar School | 2,762,516 | 622,954 | 229,142 | 522,944 | 4,137,556 |
| Robert Napier School | 5,351,660 | 928,971 | 440,165 | 973,348 | 7,694,144 |
| Phoenix Junior Academy | 850,903 | 193,779 | 85,550 | 298,390 | 1,428,622 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 8,965,079 | 1,745,704 | 754,857 | 1,794,682 | 13,260,322 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

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

Notes to the financial statements
For the year ended 31 August 2014

Summary of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|------------------------------|-----------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------|-----------------------------|
| General funds | 108,641 | 228,546 | (274,292) | - | - | 62,895 |
| Restricted funds | (1,483,195) | 13,188,033 | (12,984,523) | - | 107,000 | (1,172,685) |
| Restricted fixed asset funds | 29,575,188 | 2,502,640 | (695,095) | - | - | 31,382,733 |
| | <u>28,200,634</u> | <u>15,919,219</u> | <u>(13,953,910)</u> | <u>-</u> | <u>107,000</u> | <u>30,272,943</u> |

21. Analysis of net assets between funds

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Restricted fixed asset funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|--|--|--------------------------------------|--|---------------------------------|---------------------------------|
| Tangible fixed assets | - | - | 31,411,713 | 31,411,713 | 28,751,442 |
| Current assets | 62,895 | 2,687,457 | 82,090 | 2,832,442 | 3,263,336 |
| Creditors due within one year | - | (577,142) | (111,070) | (688,212) | (655,144) |
| Provisions for liabilities and charges | - | (3,283,000) | - | (3,283,000) | (3,159,000) |
| | <u>62,895</u> | <u>(1,172,685)</u> | <u>31,382,733</u> | <u>30,272,943</u> | <u>28,200,634</u> |

22. Net cash flow from operations

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Net incoming resources before revaluations | 1,965,309 | 20,024,217 |
| Returns on investments and servicing of finance | (17,550) | (5,532) |
| Pension deficit transfer | - | 1,519,000 |
| Transfer of property on conversion to Academy | - | (18,886,000) |
| Depreciation of tangible fixed assets | 667,038 | 538,579 |
| Capital grants from DfE | (2,460,549) | (2,098,595) |
| Increase in debtors | (201,637) | (507,799) |
| Increase in creditors | 33,068 | 438,892 |
| FRS 17 adjustments | 231,000 | 118,000 |
| Cash transferred on conversion to an academy trust | - | (319,841) |
| Net cash inflow from operations | <u>216,679</u> | <u>820,921</u> |

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

Notes to the financial statements
For the year ended 31 August 2014

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

| | 2014 £ | 2013 £ |
|--|------------------|----------------|
| Returns on investments and servicing of finance | | |
| Interest received | 17,550 | 5,532 |
| | <u>17,550</u> | <u>5,532</u> |
| | 2014 £ | 2013 £ |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (3,327,309) | (1,393,351) |
| Capital grants from DfE | 2,460,549 | 2,098,595 |
| | <u>(866,760)</u> | <u>705,244</u> |
| Net cash (outflow)/inflow capital expenditure | <u>(866,760)</u> | <u>705,244</u> |

24. Analysis of changes in net funds

| | 1 September 2013 £ | Cash flow £ | Other non-cash changes £ | 31 August 2014 £ |
|---------------------------|-----------------------------|------------------|-----------------------------------|------------------------|
| Cash at bank and in hand: | 2,628,637 | (632,531) | - | 1,996,106 |
| Net funds | <u>2,628,637</u> | <u>(632,531)</u> | <u>-</u> | <u>1,996,106</u> |

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

Notes to the financial statements
For the year ended 31 August 2014

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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pensions Regulations require an annual 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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

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

Notes to the financial statements
For the year ended 31 August 2014

25. Pension commitments (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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 have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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.

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 2014 was £554,000, of which employer's contributions totalled £429,000 and employees' contributions totalled £125,000. The agreed contribution rates for future years are 20.1% for employers and 5.5% to 12.5% for employees.

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

The amounts recognised in the balance sheet are as follows:

| | 2014 | 2013 |
|-------------------------------------|---------------------------|---------------------------|
| | £ | £ |
| Present value of funded obligations | (7,166,000) | (6,096,000) |
| Fair value of scheme assets | 3,883,000 | 2,937,000 |
| Net liability | <u>(3,283,000)</u> | <u>(3,159,000)</u> |

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

Notes to the financial statements
For the year ended 31 August 2014

25. Pension commitments (continued)

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

| | 2014 £ | 2013 £ |
|----------------------------------|-----------|-----------|
| Current service cost | (546,000) | (431,000) |
| Interest on obligation | (301,000) | (211,000) |
| Expected return on scheme assets | 187,000 | 121,000 |
| | <hr/> | <hr/> |
| Total | (660,000) | (521,000) |
| | <hr/> | <hr/> |
| Actual return on scheme assets | 330,000 | 170,000 |
| | <hr/> | <hr/> |

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

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Opening defined benefit obligation | 6,096,000 | 2,110,000 |
| Current service cost | 546,000 | 431,000 |
| Interest cost | 301,000 | 211,000 |
| Contributions by scheme participants | 125,000 | 116,000 |
| Actuarial Losses | 137,000 | 704,000 |
| Benefits paid | (39,000) | (38,000) |
| Inherited defined benefit obligation from predecessor schools | - | 2,562,000 |
| | <hr/> | <hr/> |
| Closing defined benefit obligation | 7,166,000 | 6,096,000 |
| | <hr/> | <hr/> |

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

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Opening fair value of scheme assets | 2,937,000 | 1,058,000 |
| Expected return on assets | 187,000 | 121,000 |
| Actuarial gains and (losses) | 244,000 | 234,000 |
| Contributions by employer | 429,000 | 403,000 |
| Contributions by employees | 125,000 | 116,000 |
| Benefits paid | (39,000) | (38,000) |
| Inherited fair value of scheme assets from predecessor schools | - | 1,043,000 |
| | <hr/> | <hr/> |
| | 3,883,000 | 2,937,000 |
| | <hr/> | <hr/> |

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £665,000 loss (2013 - £772,000 loss).

The academy expects to contribute £404,000 to its defined benefit pension scheme in 2015.

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

Notes to the financial statements
For the year ended 31 August 2014

25. Pension commitments (continued)

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

| | 2014 | 2013 |
|-------------------------|----------------|-------------|
| European equities | 69.00 % | 72.00 % |
| Gilts | 1.00 % | - % |
| Other Bonds | 12.00 % | 12.00 % |
| Property | 10.00 % | 8.00 % |
| Cash | 4.00 % | 4.00 % |
| Target return portfolio | 4.00 % | 4.00 % |

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

| | 2014 | 2013 |
|--|---------------|-------------|
| Discount rate for scheme liabilities | 4.00 % | 4.70 % |
| Rate of increase in salaries | 4.50 % | 5.10 % |
| Rate of increase for pensions in payment / inflation | 2.70 % | 2.90 % |
| Inflation assumption (CPI) | 2.70 % | 2.90 % |
| Inflation assumption (RPI) | 3.50 % | 3.70 % |

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

| | 2014 | 2013 |
|----------------------|-------------|-------------|
| Retiring today | | |
| Males | 22.7 | 20.1 |
| Females | 25.1 | 24.1 |
| Retiring in 20 years | | |
| Males | 24.9 | 22.1 |
| Females | 27.4 | 26.0 |

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

Defined benefit pension schemes

| | 2014 | 2013 | 2012 |
|---|--------------------|-------------|-------------|
| | £ | £ | £ |
| Defined benefit obligation | (7,166,000) | (6,096,000) | (2,110,000) |
| Scheme assets | 3,883,000 | 2,937,000 | 1,058,000 |
| Deficit | (3,283,000) | (3,159,000) | (1,052,000) |
| Experience adjustments on scheme assets | 244,000 | 234,000 | 46,000 |

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

Notes to the financial statements
For the year ended 31 August 2014

26. Operating lease commitments

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

| | 2014 £ | 2013 £ |
|-----------------------|--------------------------|--------------------------|
| Expiry date: | | |
| Within 1 year | 22,489 | 20,635 |
| Between 2 and 5 years | 58,460 | 60,383 |
| | <u><u> </u></u> | <u><u> </u></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. 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.