

REGISTERED COMPANY NUMBER: 07401701 (England and Wales)

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2019**



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

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**FOR THE YEAR ENDED 31 AUGUST 2019**

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**FORT PITT THOMAS AVELING ACADEMIES**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

<b>Members</b>	Peter Gregory Amanda Sutton Kyle Rodgers Margaret Coleman Nichola Moy Frances Toomey Kim Cleall-Harding	(resigned 29.08.19) (appointed 14.11.18) (resigned 31.12.18) (resigned 14.11.18)
<b>Trustees</b>	Marion Cogger Terry Brown Roger Brown Denise Ford Darren Small Patricia Daniels Roselyn Unegbu Veen Rama (Chair) Rosalind Holden Benjamin Streets Graham Cottle Richard Smith Lawrence McVeigh Kirstie Cuthbert Paul Jackson (ex officio)	(resigned 07.10.18) (resigned 15.10.18)   (resigned 01.09.19)  (resigned 19.05.19)  (resigned 14.07.19) (appointed 14.05.19) (appointed 11.03.19) (appointed 25.03.19) (appointed 25.02.19) (appointed 11.12.18) Executive Head Teacher and Accounting Officer
<b>Senior Management Team</b>	P Jackson S Rayner A Minchin P Sears K Parnell N Archer	Executive Head Teacher and Accounting Officer Finance Director Head Teacher Head Teacher Head Teacher Head Teacher
<b>Company Name</b>	Fort Pitt Thomas Aveling Academies	
<b>Principal and Registered Office</b>	Fort Pitt Grammar School Fort Pitt Hill Chatham Kent ME4 6TJ	
<b>Registered Company Number</b>	07401701	
<b>Independent Auditor</b>	Ashley Phillips FCCA McCabe Ford Williams Bank Chambers 1 Central Avenue Sittingbourne Kent ME10 4AE	
<b>Bankers</b>	Natwest, 148 High Street, Chatham, Kent Lloyds Bank, 142-146 High Street, Chatham, Kent Santander, 227-229 High Street, Chatham, Kent, ME4 4YJ The Co-operative bank, 26 Military Road, Chatham, Kent, ME4 4JX	

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
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**Member Schools**

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

**Other Addresses**

Fort Pitt Grammar School  
Fort Pitt Hill  
Chatham  
ME4 6TJ

Thomas Aveling School  
Arethusa Road  
Rochester  
ME1 2UW

The Robert Napier School  
Third Avenue  
Gillingham  
ME7 2LX

Phoenix Junior School  
Glencoe Road  
Chatham  
ME4 5QD

Balfour Junior School  
Balfour Road  
Chatham  
ME4 6QX

**Websites**

[www.fortpitt.medway.sch.uk](http://www.fortpitt.medway.sch.uk)

[www.thomasaveling.co.uk](http://www.thomasaveling.co.uk)

[www.robertnapier.org.uk](http://www.robertnapier.org.uk)

[www.phoenixjuniors.co.uk](http://www.phoenixjuniors.co.uk)

[www.balfourjuniorschool.org.uk](http://www.balfourjuniorschool.org.uk)

A list of personnel who make up each Local Governing Body can be found by visiting each of the above websites.

**FORT PITT THOMAS AVELING ACADEMIES**  
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**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates two primary and three secondary academies in the Medway Towns. Its academies had a combined pupil capacity of 3,700 (including notional PAN for 6<sup>th</sup> forms), and had a roll of 3,596 (2018: 3,525) in the school census in May 2019.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a company limited by guarantee and an exempt charity incorporated on 8 October 2010. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The trustees of Fort Pitt Thomas Aveling Academies are also the directors of the charitable company for the purposes of company law. The charitable company is known as Fort Pitt Thomas Aveling Academies (company number 07401701). Individual academies within the multi academy trust operate as:

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

Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page one.

**Members' liability**

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

**Trustees' indemnities**

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

**Method of recruitment and appointment or election of new trustees**

The Board identifies potential new trustees, ensuring that the skills and experience of new trustees complement those of the existing board.

The number of trustees shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 53, the academy trust shall have the following trustees:

- Up to 7 trustees, appointed under Article 50; and
- The Chief Executive Officer if appointed under Article 57; and
- A minimum of 2 Parent Trustees elected, however in Article 53 this requirement is overcome by having parent trustees on the Local Governing Bodies.

**FORT PITT THOMAS AVELING ACADEMIES**  
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**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**STRUCTURE, GOVERNANCE AND MANAGEMENT – continued**

**Policies and procedures adopted for the induction and training of trustees**

The Trust subscribes to 'Governance Connected', 'National Governance Association', and 'The Key' Training Packages and all courses and induction programmes are available to Trustees and Governors

**Organisational structure**

As a multi-academy trust, the trustees are at the head of the organisational structure. They are responsible for the appointment of each Local Governing Board and 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 trust's aims and objectives.

Paul Jackson, Executive Head Teacher, who is the Accounting Officer for the Academy Trust, has overall management responsibility for the Trust and is accountable to the trustees. The Trust has overall responsibility for setting the Academies' budgets and for ensuring the Trust Schools are managed effectively and achieve best value. The trustees and the Executive Head Teacher devolve the day to day management of each school to the Local Governing Board and Head Teacher. Communication between the board of trustees and the individual schools' Local Governing Bodies is enabled by subscription to the web based platform, 'Governor Hub', Chair's forum and perusal of meeting minutes and relevant documents.

The Head teachers of the Trust Schools are supported in the management of the school by their senior leadership teams. The Head teachers and senior leadership teams are collectively responsible to the Executive Head Teacher for the overall management of the Trust Schools, incorporating teaching and learning and the planning and use of assets and financial resources. Management responsibility is further delegated to Heads of Departments for accounting to the senior leadership teams and the Head teachers for student and teacher performance. At the executive level, the five Head Teachers and Trust Finance Director meet six times a year to coordinate their approach to individual schools, and overall trust improvement and to support and challenge each other.

During the year 2018/19 the trustees have made significant progress in their desire to harmonise aims, policies and procedures of the five schools whilst maintaining each schools own "personality". The trustees agree and monitor the Trust Improvement Plan which is the main instrument of improvement for the schools and each school then incorporates aspects of this in their own School Improvement Plans.

**Arrangements for setting pay and remuneration of key management personnel**

The trust has a full Performance Management Policy which clearly sets out the processes and standards to be met when reviewing the pay of all members of the management of the trust. Challenging targets are set by the trustees and/or Local Governing Body, these are monitored in March with a full review taking place in October of the following year. An appointed Pay Panel deals with the reviews. Recommendations are made to the full Board of Trustees who make the final remuneration decision. When making their decisions they take into account the circumstances of the school, the various responsibilities of the people being appraised and value for money. These are made in accordance with the trust main pay policy.

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**REPORT OF THE TRUSTEES**  
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**STRUCTURE, GOVERNANCE AND MANAGEMENT - continued**

**Trade union facility time**

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	4

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1% - 50%	0
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£180
Provide the total pay bill	£16,703,269
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	100%
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**Related parties and other connected charities and organisations**

Primary schools within the academy trust have parent/teacher associations. These organise events and provide refreshments at school events to raise funds to provide facilities for the pupils of those schools.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The Fort Pitt Thomas Aveling Academies' aims as set out in the governing document are specifically restricted to the following: "to advance education for the public benefit in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the trust schools offering a broad and balanced curriculum". The aim of the academy trust is to strive to provide outstanding educational opportunities and achievement, raising attainment and achieving high standards of performance. The academy trust currently includes two academy junior schools which cater for ages 4 to 11 and three academy secondary schools which cater for ages 11 to 19.

**Objectives, strategies and activities**

The main objectives for the 2018/19 accounting period have been;

- Raise the achievements of all students in all schools.
- Raise the aspirations of students.
- Ensuring excellent behaviour.
- Continuing to deliver 'best value' for stakeholders.

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**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**OBJECTIVES AND ACTIVITIES- continued**

**Objectives, strategies and activities - continued**

Core Values of the Trust: every child deserves the best possible education and to attend an outstanding school, every staff member deserves challenge and outstanding support to enable them to perform to the best of their abilities.

The Trust's aims are to ensure that all children within our schools gain a first rate education, develop the skills necessary for the next stage in their lives and equip them with the personal values and attributes that will make them successful in a fast changing world.

These form the basis of the Trust Improvement Plan which specifies particular actions required to achieve these objectives and the process of monitoring their implementation. Each school then develops its own Improvement Plan linked to the Trust Improvement Plan. The Local Governing Bodies (LGB) and trustees regularly review the progress of these plans with overall responsibility for day to day management being undertaken by the Executive Head Teacher who meets regularly with the Head Teachers, takes part in Quality Assurance in each school and attends exam and target setting meetings. Key performance indicators are generated for each school and these include expectations in regards to examinations, attendance, behaviour/exclusions and also OFSTED outcomes – every school is now graded at least Good.

**Public benefit**

The trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that they have set.

The public benefit of Fort Pitt Thomas Aveling Academies is the advancement of education within the local community.

**Social investments**

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

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

**Disabled persons**

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



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**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

The educational landscape has now settled down a little from the turmoil over the last 3-4 years; all exams at all key stages covered by the trust schools have remained unchanged in structure, standard and assessment. This has meant that increasing expertise has been generated across the trust to help maximize the performance in examinations. Funding of individual schools, and the Trust as a whole, have not kept pace with the increased costs faced and despite a very tight grip on budgets being maintained, the ever increasing expectations of what schools will deal with without the help of other outside agencies (Children's social care and Mental Health services) has placed a great strain on budgets.

**Fort Pitt Grammar School**

The school continues to achieve excellent examination results. At GCSE level the progress 8 figure of +0.37 places Fort Pitt in the top 10% of schools nationally for progress. Students gaining the equivalent of A and A\* grades (the new 7, 8, 9) increased by a further 2% this year to 44% of all grades.

At A level there was a pass rate of 98% A-E with 40% of grades were at A\*- B. The retention rate of students has improved from 75% a few years ago to 98%. Destinations have once again improved this year with a higher proportion of students entering high quality universities, including many top Russell Group and international universities.

The provision of trust funds through a successful bid to the trust capital maintenance fund have been utilised to completely renovate and modernise both the MFL and Sixth-Form areas of the school. Both projects have been hugely successful and have transformed the learning experience for students and staff alike.

The school is currently evaluating increasing the PAN from 120 to 150. Medway Council wholeheartedly support the plan, and growth would ensure the school remains economically viable in the future.

Fort Pitt's financial position still needs further development to ensure future sustainability and growth. Once again the age of the site has resulted in a number of one-off costs occurring, such as new boilers and roofing. The school very much focuses on ensuring excellent value in everything that we do.

**The Thomas Aveling School**

Thomas Aveling students did very well in 2019 and posted another good year with 55% of students gaining grade 4 in both English and Maths and 30% (up 7%) gaining grade 5 in the same measure. The progress 8 score for the school of +0.33 makes it the top performing High School in Medway, top 5 in Kent and Medway and the top 20% of all schools nationally.

At A level almost 100% of students passed their courses with an average overall grade of a C. Academic performance was down slightly on the previous year but vocational achievement was up significantly to Distinction. The proportion of C+ grades was up but the slight increase in U grades affected the average academic grade adversely.

The Thomas Aveling school recorded a deficit position during the year to 31 August 2019. This resulted largely from a Revenue transfer to Capital in respect to a major capital project undertaken during the year. The Thomas Aveling School managed its finances efficiently during the year despite a challenging year of increased staffing costs and greater levels of uncertainty over pension and salary grants that were announced within the year. Great use of the resources the school has was maintained with an increase in letting income being made and the reduced outlay on general maintenance costs as site staff become more skilled in general works needed. A significant investment was approved by the board, using current school reserves, to allow for a vast canopy to be installed (with additional significant ground works) to provide an "indoor" space for children to use at breaks and lunchtimes. This has transformed the facilities of the school and for the first time, students can sit, chat and eat in a relaxed environment no matter what the weather.

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**REPORT OF THE TRUSTEES**  
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**ACHIEVEMENTS AND PERFORMANCE – continued**

**The Robert Napier School**

In 2019 the school's performance was mixed with some significant improvements and some significant disappointments. At Key Stage 4 the performance dropped with 24% of students gaining a grade 4+ in Maths and English and a decline in the Progress 8 figure to -0.63. It is expected that this performance will not be repeated with a very robust plan in place and better quality teaching in Maths showing greater progress for 2019-20. At Key Stage 5 there was a substantial improvement with attainment rising by a third of a grade and a larger increase based on progress. Overall academic grades improved to a C-, applied courses remained on an average a high Merit and Technical courses remained very high at a Distinction.

In January 2019 after over a decade of poor standards and 2 decades of underperforming teaching and learning, the school finally achieved its ambition of achieving a Good Ofsted. It was also the first Good grade for teaching and learning in the school's history. The school has already seen a considerable increase in student numbers attending open evening and this should in turn generate additional income in the forthcoming years as the school is now full in Year 7-9. The school has also had confirmation that we have received £16,000 from the DfE Improvement Support Fund which will be used to continue the improvement in Key Stage 5 with use of support from our local Teaching School Alliance.

The school continues to progress on its financial recovery plan following a restructure in 2017/18 and whilst this has not resulted in a balanced budget for the year the actual recorded deficit has been significantly less than the previous academic year. This has been helped by prudent expenditure on resources. The deficit has primarily resulted from exceptional one-off costs incurred during the year including utilities charges resulting from changes to fixed term contracts and additional support staff cost in year that helped in achieving the 'good' Ofsted accreditation in the year.

There was significant capital and maintenance investment in the school site during the year and has been supported via the trust capital maintenance fund. This included a major project to improve the look and security of the front of the school with new fencing, gates and new window to the school. Additional works were completed to the sixth form centre all of which support attraction and retention of large numbers of sixth formers.

**Phoenix Junior Academy**

Phoenix enjoyed another successful year following the doubling to 50% of those now reaching the expected standard in the combined measure of reading, writing and maths in the previous 2 years. Although attainment remained relatively stable, all measures of progress improved significantly. Attendance now stands at over 96% and exclusions are down to 0. The school is also fully subscribed.

Staffing is stable and strong in all areas. To further enhance the rapid improvements; and to make up for the lower starting points of Year 3, all years have been separated into 3 classes (average class size 20) which has meant more individualised help and greater opportunities for children to take part in more interesting and open-ended learning activities.

The school was successful in its application to apply to become an all through primary and will take its first intake of Reception children into the school in September 2020. Building work has taken place at the school to provide for the needs of an Early Years/Foundation Stage curriculum with indoor/outdoor play facilities being provided as well as other specialist facilities. Being able to educate children from their very first days at school to leaving school education at 18 has been an aim for the Trust for quite some time and is about to be delivered. In addition, a new all-weather Multi Use Games Area has been installed to provide much needed "green space" for the children to use. Facilities and surroundings continue to be of the highest standard.

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**REPORT OF THE TRUSTEES**  
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**ACHIEVEMENTS AND PERFORMANCE – continued**

Phoenix Junior school budgeted for an in-year deficit that was based on a considered decision to use a small portion of their reserves to maintain small class sizes and interventions throughout the school to accelerate the progress of children who enter the school with inflated KS1 assessment data (as verified by an external consultant). The actual financial outcome for the year was broadly in line with expectations with exceptional one-off costs incurred in legal fees relating to a court case that was successfully brought and won by the school during the year and for which partial cost recovery has been accrued. The school expect to further reduce its reserves in the coming year as remodeling of the workforce takes place (the appointment of a Deputy Head Teacher) as we move to an all through primary. We expect to return to a balanced budget position the following year.

**Balfour Junior Academy**

Balfour have benefitted from two full years as part of FPTA Academies. Key Stage 2 results have been maintained at above the national average and also above the Medway published results - 68% of students achieved the expected standard with 7% achieving the greater depth category for combined scores. Full benefit is being made of sharing expertise across the 2 primary academies with joint working on moderation and PiXL strategies being two examples.

Balfour have been able to take advantage of significant capital funds made available by FPTA to completely re-structure and refurbish the school- walls rather than curtains separate rooms, new windows, doors, floors and ceilings have been installed with an amazing new hall and eating area to create a fabulous working environment for pupils and staff alike.

The financial position of the school remains healthy and the position was broadly in-line with expectation with a small surplus recorded at year end. Together with the growing benefits from central procurement savings made during the year, effective controls on staffing expenditure has resulted in a surplus for the year and generated additional reserves for the future development of the school. Further investment in improvements to the fabric of the school will be considered via the Trust capital maintenance fund.

**Trust Finances – Summary 2018/19**

The cumulative consolidated financial position of the trust remains in surplus at the end of the year 2018/19 despite what has been a challenging year of change, development and investment within the Trust that resulted in an in-year deficit. The Trust continues to explore opportunities for costs saving through further pooling and centralisation of contracts. During the year these included negotiation progress on centralised management of utilities contracts and a new Trust wide catering contract that will commence in September 2019 that is expected to deliver necessary investment in facilities as well as a small level of financial returns during the year.

This has taken time to bed in however the tangible operational and financial benefits from the changes have already started to be returned through the pooling of demand and negotiation of centralised contracts. Further development of the central facilities are planned including changes to the banking facilities and order processing cycle that will further enhance the trust position and its ability to support the development of the schools with key services and skills as they are required. Whilst two of the schools within the trust are at various stages of a financial recovery, the financial reserves across the trust remain healthy to support this.

Changes to the national funding formula will provided much needed financial support to those schools within the trust that have previously been underfunded in their endeavours to deliver a high quality education against a backdrop of high disadvantage and demanding needs. In addition the recent ESFA notice of continuance of short term funding by way of Teachers pay Grant to support the Teachers incremental pay increases agreed by the Government with unions is welcome confirmation together with the continuation over the next few years of Teachers Pension Grant income in respect to changes to the employer's Teacher's Pension Scheme contribution rate.

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**REPORT OF THE TRUSTEES**  
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**ACHIEVEMENTS AND PERFORMANCE – continued**

**Key financial performance indicators**

	31.8.19	31.8.18
Total expenditure on operations per pupil enrolled	£6,238	£6,271
Teaching and educational support staff costs as a percentage of DfE/ESFA revenue	77%	73%
Total staff costs (excluding supply) per pupil enrolled	£4,864	£4,745
Teaching and educational support staff costs as a percentage of total revenue and other government grants	76%	72%
LGPS deficit per pupil	£3,479	£2,706

**Going concern**

After making appropriate enquiries, the trustees have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. The academy trust has a good pupil base and generally the schools are oversubscribed. The level of overall balances remains healthy and for this reason the trustees continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**FINANCIAL REVIEW**

**Reserves policy**

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

The academy trust held fund balances at 31 August 2019 of £40,628,244 (2018: £44,250,103) comprising £39,950,330 (2018: £43,336,471) of restricted funds and £677,914 (2018: £913,632) of unrestricted general funds, the unrestricted funds being the academy trust's free reserves. The restricted funds include a pension reserve deficit of £12,511,000 (2018: £9,538,000). It should be noted however that this deficit will not crystallise within the foreseeable future and that the academy trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. The advised level of contributions has been taken into account when preparing the academy trust's budgets for the year ended 31 August 2020. Of the total restricted funds £52,006,096 (2018: £51,886,822) relates to the restricted fixed asset funds, which can only be realised by disposing of tangible fixed assets. The combined balance of restricted general funds (excluding pension reserve) plus unrestricted funds at 31 August 2019 was £1,133,148 (2018: £1,901,281). The academy trust continues to set budgets with a view to meeting the target level of reserves whilst maximising the benefit to current pupils.

Current cumulative levels of reserves held by the Trust are deemed sufficient to cover the contingent needs of the combined aggregate of one month net salary of the schools within the trust as a minimum in accordance with the Trust reserves policy. Whilst two of the schools within the Trust are presently in deficit and following a financial recovery program, the cumulative net reserves are maintained to this aggregate level by the three other schools within the MAT.

This has allowed the Trust opportunity to implement a financial recovery plan at the two schools designed to bring these schools back into balance and to start to build a surplus reserve in the next two years to support their own future development needs in line with the Trust policy. This will relieve the potential burden of support from the other schools and open the opportunity to employ funds to develop the specific sites in which they are held as deemed necessary to support their continued strategic growth.

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**REPORT OF THE TRUSTEES**  
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**FINANCIAL REVIEW - continued**

**Principal funding sources**

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

**Investment policy**

The trustees endeavour to optimise investment by earning interest on the Trust's bank deposits whilst maintaining instant access to funds. In the present financial climate however interest rates remain very low, with the Bank of England interest rate currently remaining 0.75 per cent having increased by 0.25% in August 2018. Future rates are difficult to predict and largely dependent upon the likelihood and impact of Brexit and the nature of any trade deals that may be in place as part of the Brexit arrangement. This is forecast to vary between 1.75% and 5.5% if Brexit takes place in a no deal scenario. The investment policy is to carefully manage balances without taking undue risks.

During the year the Trust continued to operate an overnight transfer facility with the Natwest banks where balances above £10k in the schools' general accounts are transferred to an interest earning account.

The gradual lead out of the Natwest banks and transfer of direct debits and standing order instructions have now been completed with the final transfer of residual funds from Natwest banks to the new Lloyds banks being completed with final close of Natwest and other associated bank accounts by the end of 2019.

**Principle risks and uncertainties**

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

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

- Changes in the national funding formula with the introduction of 'fairer funding'
- Local authority changes to funding formula – presently in consultation
- The risk to the schools' future viability from market forces (pupils, competitors, staff)
- A fall in the roll of the academies
- Changes in management, affecting strategic direction
- Major fraud, both internally and externally
- Policy changes introduced by the DfE
- Further reduction in 6<sup>th</sup> form funding will jeopardise the viability of many secondary school 6<sup>th</sup> forms
- Reputational risk could arise from an Ofsted or other government report

Each academy keeps its own risk register which is reviewed by the Senior Leadership Team and Local Governing Body and a Trust risk register is presented to the trust board for review.

The above risks, together with the risk of critical damage and urgent maintenance requirements of buildings within the academy trust have been reviewed by the trustees and procedures are being put in place for managing the risks.

Uncertainties of education provision and planned changes with new academies with the authority have introduced a level of uncertainty particularly with regards to new free school planned and located near to one of the secondary schools that is in the process of recovery. The delay beyond the planned 2020 start up and resultant bulge year group will benefit the Trust in the short-term and provide much needed additional income and investment. Potential effects and impact beyond September 2020 will need to be evaluated.

Proposed expansion plans for one of the secondary schools have unfortunately been affected by the general election in December and having now entered a period of purdah. Progress of the plans will consequently now initially depend on the outcome of the election.

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**FUNDRAISING**

The academy trust takes a responsible view of its fundraising activities and is dedicated to supporting the educational development of young people attending the trust schools and the local community in general. To help guarantee the availability of ongoing funds to pay for this and to target specific development needs of the Trust schools, the trust aims to maintain a targeted base of different sources of fundraising.

We will actively seek opportunities to work together with external organisations and individuals to achieve shared objectives in accordance with guidance issued by the DfE and Charity Commission and to support the aims and vision of the trust. It is vital however that the independence of the Trust is maintained and no external partnership is allowed to bring the name of FPTA academies into disrepute.

The Trust will accept financial support and work with ethical companies and individuals on the following conditions:

- It shares the same vision and goals for the benefit, the healthy living, and wellbeing of young persons within the trust schools and wider community.
- It provides resources to broaden and promote the educational development of its students and local community.
- It provides for services to support the emotional and physical wellbeing of its students and wider community.

Bodies considered to be appropriate include Sport England and registered national and local charities e.g. Watts Almshouses.

The fundraising activities of the schools are monitored by the local governing bodies to ensure that they conform to recognised and approved standards and an overview is maintained by the board of trustees.

Fundraising activities will be monitored to ensure that they do not prejudice members of the general public, vulnerable groups and do not create undue pressure to donate.

FPTA academies will not accept financial support or partnerships involved in illegal or potentially harmful activities or those that do not support the vision and goals of the trust.

Any complaints with regards to the fundraising activities of the schools within the trust will be reviewed independently by members of the board of trustees. No complaints have been received to date

The academy trust did not work with any commercial participators/professional fundraisers during the year. In its fundraising activities the trust has due regard to the Charity Commission guidance 'Charity Fundraising; a guide to trustee duties (CC20)' and meets the requirements of the 'Fundraising Code of Practice' set by the Fundraising Regulator.

**PLANS FOR FUTURE PERIODS**

The Trust and Executive boards are presently undertaking review of strategic direction and re-appraising plans to establish future development criteria and associated timelines as part of a process of self evaluation and strategic review.

Discussions with other local schools and academies within the local area are ongoing and the Trust will continue to explore opportunities to welcome other educational establishments into the Trust on the basis of willing and like-minded partners who share the same goals and values to deliver a quality education to students in the local area. Preparations for the expansion and development of Phoenix as an all through primary school have been made with the first cohort of reception age children in September 2020.

Proposed expansion plans for one of the secondary schools have unfortunately been affected by the general election in December and having now entered a period of purdah. Progress of the plans will consequently now initially depend on the outcome of the election.

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**PLANS FOR FUTURE PERIODS - continued**

Proposals for a bulge year group in two of the schools are in discussion with the local authority together with associated resource development plans for implementation in September 2020 with the intent for the extended year group to flow through into subsequent years.

The Trust employs centralised Finance, HR and payroll services, and procurement. During the year this provided greater opportunities to employ centralised purchasing including negotiation and tender of a new trust wide catering contract. This has continued to bed in and develop, providing a broader level of consistency of treatment, greater financial controls and ensures where possible that economies of scale are achieved for the benefit of the Trust schools. Through our auditors, a six monthly report on the schools' financial controls and procedures have been provided and recommendations made to improve the controls even further will be implemented as part of the management action. Further reviews will be planned during the course of the year as directed by the Trustees in conjunction with the Finance and Audit committee in order to help identify potential weaknesses, improve controls and provide further opportunity to reduce inefficiencies.

Review of policies and procedures has continued as necessary during the year to ensure consistency across the Trust schools and to enable contracts and purchasing arrangements to be further harmonised.

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

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

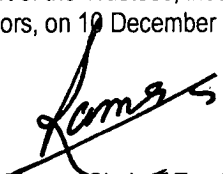
The academy trust holds no funds as custodian trustee on behalf of others. During the year covered by this report neither the academy trust nor its trustees held any funds as a custodian trustee on behalf of any other charitable organisation.

**AUDITORS**

In so far as the trustees are aware:

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

Report of the Trustees, incorporating a Strategic Report, was approved by order of the board of trustees, as the company directors, on 19 December 2019 and signed on the board's behalf by:

  
Veen Rama - Chair of Trustees

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Scope of Responsibility**

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

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

**Governance**

The information on governance included here supplements that described in the Report of Trustees and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows;

	Meetings attended	Out of a possible
Veen Rama, Chair	6	6
Roger Brown	4	6
Denise Ford	3	6
Darren Small	3	6
Roselyn Unegbu	2	4
Rosalind Holden	4	4
Patricia Daniels	5	6
Kirstie Cuthbert	4	4
Lawrence McVeigh	2	3
Graham Cottle	2	3
Richard Smith	0	3
Benjamin Streets	0	2
Paul Jackson	6	6

During the 2018/19 accounting year, there were four resignations as directors of the trust – Roselyn Unegbu, Rosalind Holden, Marion Cogger and Terry Brown, and Darren Small resigned after the end of the accounting year. During the year the following were appointed as Directors to the board of Trustees;- Kirstie Cuthbert appointed on 11<sup>th</sup> December 2018, Graham Cottle appointed on 11<sup>th</sup> March 2019, Lawrence McVeigh appointed on 25<sup>th</sup> February 2019, Richard Smith appointed on 25<sup>th</sup> March 2019 and Benjamin Streets appointed on 14<sup>th</sup> May 2019.

During the year, the Board undertook a provisional skills audit and the result of which showed that there is a multiple of skills already on the board, however, in accord with the decision to have independent board members, the board has started to recruit members who will not only be independent but have a diversity of skills to support the board in its role.

The Chair of Trustees has continued to seek new recruits to ensure that there is diversity of skills and competences in existence across the board.

Development of the board has continued during the year including a series of training programmes delivered in association with the NGA. Further training including new Governor induction is facilitated via the Trust professional clerking service and additional training courses delivered via the Local Authority. It is proposed that an independent and external review of the performance of the board will be provisioned during the coming year to ensure there is continuous improvement in its function.



**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Governance - continued**

Further development of the board has included a review of the scheme of delegation and constitution of a dedicated Finance and Audit committee with sufficient skills to ensure ongoing and robust review of the Trust financial affairs.

**Governance Reviews**

FPTA Academies trustees are continuing to develop governance structures across the trust and its schools and are continuing the review and harmonisation of policies and procedures. The board of trustees have continued to appoint independent trustees that are unattached to school LGB's in order to ensure independence of review, scrutiny and accountability between tiers of governance and to develop core trust strategies.

The trust meetings during the year have been structured to fulfil the audit committee role. The Trustees are very aware that the trust schools receive over £20m income, the main source being the Education and Skills Funding Agency. In accounting for this income the directors are fully committed to their responsibilities for ensuring this money is invested in the students' learning and well-being.

**Review of Value for Money**

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

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

The Accounting Officer has, as part of delivering improved value for money during the year, continued to review facilities and services across the trust and has implemented key financial forecasting software across all of the trust schools that is designed to provide effective budgetary forecasting and modelling of future trust development opportunities. The trust has continued to explore potential improvements in value for money through economies of scale and review of its contractual services in HR and H&S and has negotiated centralised energy contract facilities. The trust has further benefited from continued joint purchasing strategies in ICT including software, licences, consultant services and resources procurement.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Fort Pitt Thomas Aveling Academies for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2019 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 THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have recently established a Finance and Audit committee and have appointed McCabe Ford Williams, the external auditor, to perform additional checks on behalf of the trust.

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

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

The Finance Director reports to the board of trustees concerning the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The board of trustees confirms that the internal reviewer function has been fully delivered in line with the ESFA's requirements and that no material internal control issues were identified during those visits. The focus of each review will be discussed and set according to the Trust priorities and risks determined at the time at the meeting of the Trust Finance and Audit Committee.

**Review of Effectiveness**

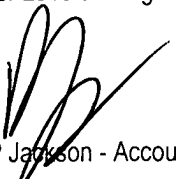
As accounting officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor
- additional checks undertaken by McCabe Ford Williams, and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the board of trustees, 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 10 December 2019 and signed on its behalf by:

  
Veen Rama - Chair of Trustees

  
Mr P Jackson - Accounting Officer

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

As Accounting Officer of Fort Pitt Thomas Aveling Academies I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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

Mr P Jackson - Accounting Officer

A handwritten signature in black ink, appearing to be 'P Jackson', written over a light blue horizontal line.

Date: 10 December 2019

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees 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 trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 10 December 2019 and signed on its behalf by:



Veen Rama - Chair of Trustees

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF**  
**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**Opinion**

We have audited the financial statements of Fort Pitt Thomas Aveling Academies (the 'academy trust') for the year ended 31 August 2019, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. Other information includes the report of the trustees (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF**  
**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



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

Date: 10 December 2019

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO**  
**FORT PITT THOMAS AVELING ACADEMIES**  
**AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 20 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fort Pitt Thomas Aveling Academies during the year ended 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective Responsibilities of Fort Pitt Thomas Aveling Academies' Accounting Officer and the Reporting Accountant**

The Accounting Officer is responsible, under the requirements of Fort Pitt Thomas Aveling Academies' funding agreement with the Secretary of State for Education dated 21 December 2016 and the Academies Financial Handbook, effective from 1 September 2018, 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 2018 to 2019. 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 ended 31 August 2019 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 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the external auditor performing additional system checks during the period;
- Review of governance arrangements and procedures and related compliance with the requirements of the Academies Financial Handbook, including the distribution of management accounts and quantity of meetings;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the Board of Trustees and the occurrence of transactions with connected parties;
- Review of fixed asset transactions against the requirements of the funding agreement between Fort Pitt Thomas Aveling Academies and the Secretary of State for Education and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO**  
**FORT PITT THOMAS AVELING ACADEMIES**  
**AND THE EDUCATION AND SKILLS FUNDING AGENCY**

**Approach – continued**

- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Ashley Phillips FCCA (Reporting Accountant)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and Chartered Accountants  
Bank Chambers  
1 Central Avenue  
Sittingbourne  
Kent  
ME10 4AE

Date: 10 December 2019



**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT**  
**AND STATEMENT OF OTHER COMPREHENSIVE INCOME)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	Unrestricted fund £	Restricted funds £	Restricted fixed asset funds £	31.8.19 Total funds £	31.8.18 Total funds £
<b>INCOME AND ENDOWMENTS</b>						
<b>FROM:</b>						
Donations and capital grants	2	-	73,548	970,559	1,044,107	1,628,871
<b>Charitable activities:</b>						
Funding for the academy trust's educational operations	3	726,355	19,909,634	-	20,635,989	19,944,340
Other trading activities	4	67,265	-	-	67,265	69,210
Investment income	5	3,990	-	-	3,990	3,277
<b>Total</b>		<b>797,610</b>	<b>19,983,182</b>	<b>970,559</b>	<b>21,751,351</b>	<b>21,645,698</b>
<b>EXPENDITURE ON:</b>						
Raising funds	7	35,894	-	-	35,894	30,343
<b>Charitable activities:</b>						
Academy trust's educational operations	8	722,656	21,489,511	1,184,149	23,396,316	22,075,077
<b>Total</b>	<b>6</b>	<b>758,550</b>	<b>21,489,511</b>	<b>1,184,149</b>	<b>23,432,210</b>	<b>22,105,420</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>39,060</b>	<b>(1,506,329)</b>	<b>(213,590)</b>	<b>(1,680,859)</b>	<b>(459,722)</b>
<b>Transfers between funds</b>	<b>20</b>	<b>(274,778)</b>	<b>(58,086)</b>	<b>332,864</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses):</b>						
Actuarial remeasurements on defined benefit pension schemes	25	-	(1,941,000)	-	(1,941,000)	2,230,000
<b>Net movement in funds</b>		<b>(235,718)</b>	<b>(3,505,415)</b>	<b>119,274</b>	<b>(3,621,859)</b>	<b>1,770,278</b>
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>		<b>913,632</b>	<b>(8,550,351)</b>	<b>51,886,822</b>	<b>44,250,103</b>	<b>42,479,825</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>677,914</b>	<b>(12,055,766)</b>	<b>52,006,096</b>	<b>40,628,244</b>	<b>44,250,103</b>

All of the academy trust's activities derive from continuing operations.

The notes form part of these financial statements

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Notes	31.8.19 £	31.8.19 £	31.8.18 £	31.8.18 £
<b>Fixed assets</b>					
Tangible assets	14		51,766,529		51,652,476
<b>Current assets</b>					
Stocks	15	595		326	
Debtors	16	777,922		807,726	
Cash at bank and in hand		2,438,192		2,821,615	
		3,216,709		3,629,667	
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	17	(1,838,994)		(1,487,040)	
<b>Net current assets</b>			1,377,715		2,142,627
<b>Total assets less current liabilities</b>			53,144,244		53,795,103
Creditors: Amounts falling due after more than one year	18		(5,000)		(7,000)
<b>Net assets excluding pension liability</b>			53,139,244		53,788,103
Defined benefit pension scheme liability	25		(12,511,000)		(9,538,000)
<b>Total net assets</b>			40,628,244		44,250,103
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset funds	20	52,006,096		51,886,822	
General funds	20	455,234		987,649	
Pension reserve	20	(12,511,000)		(9,538,000)	
<b>Total restricted funds</b>			39,950,330		43,336,471
<b>Unrestricted funds</b>					
General funds	20	677,914		913,632	
<b>Total unrestricted funds</b>			677,914		913,632
<b>Total funds</b>			40,628,244		44,250,103

The financial statements on pages 23 to 51 were approved by the board of trustees, and authorised for issue on 10 December 2019 and are signed on their behalf by:

  
Veen Rama - Chair of Trustees

The notes form part of these financial statements

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

		31.8.19	31.8.18
	Notes	£	£
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	1	(57,769)	607,770
<b>Cash flows from financing activities</b>	2	(2,000)	(2,000)
<b>Cash flows from investing activities</b>	3	(323,654)	(1,620,115)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(383,423)</u>	<u>(1,014,345)</u>
<b>Cash and cash equivalents at 1 September</b>		<u>2,821,615</u>	<u>3,835,960</u>
<b>Cash and cash equivalents at 31 August</b>	4	<u>2,438,192</u>	<u>2,821,615</u>

The notes form part of these financial statements

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

	31.8.19 £	31.8.18 £
<b>Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)</b>	<b>(1,680,859)</b>	<b>(459,722)</b>
<b>Adjustments for:</b>		
Depreciation (note 14)	1,184,150	1,193,481
Capital grants from DfE/ESFA (note 2)	(970,559)	(1,511,542)
Interest received (note 5)	(3,990)	(3,277)
Defined benefit pension scheme cost less contributions payable (note 25)	783,000	680,000
Defined benefit pension scheme administration expenses (note 25)	5,000	5,000
Defined benefit pension scheme finance cost (note 25)	244,000	273,000
Decrease/(increase) in stocks	(269)	787
Decrease/(increase) in debtors	29,804	720,390
(Decrease)/Increase in creditors	<u>351,954</u>	<u>(290,347)</u>
<b>Net cash (used in)/provided by operating activities</b>	<b><u>(57,769)</u></b>	<b><u>607,770</u></b>

**2. CASHFLOWS FROM FINANCING ACTIVITIES**

	31.8.19 £	31.8.18 £
Repayments of borrowing	<u>(2,000)</u>	<u>(2,000)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(2,000)</u></b>	<b><u>(2,000)</u></b>

**3. CASHFLOWS FROM INVESTING ACTIVITIES**

	31.8.19 £	31.8.18 £
Dividends, interest and rents from investments (note 5)	3,990	3,277
Purchase of tangible fixed assets (note 14)	(1,298,203)	(3,134,934)
Capital grants from DfE/ESFA (note 2)	<u>970,559</u>	<u>1,511,542</u>
<b>Net cash used in investing activities</b>	<b><u>(323,654)</u></b>	<b><u>(1,620,115)</u></b>

**4. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	31.8.19 £	31.8.18 £
Cash at bank and in hand	<u>2,438,192</u>	<u>2,821,615</u>

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. STATEMENT OF ACCOUNTING POLICIES**

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

**Basis of preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency, the Charities Act 2011 and the Companies Act 2006.

**Going concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Income**

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

- **Grants receivable**

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

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

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

- **Donations**

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

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. STATEMENT OF ACCOUNTING POLICIES – continued**

**Income - continued**

- **Other income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and income from other trading activities. Upon sale, the value of the stock is charged against income from other trading activities and the proceeds are recognised as income from other trading activities. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within income from other trading activities.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

The value of donated services provided to the academy trust are recognised at fair value in the period in which they are receivable as income from donations, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

**Expenditure**

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**Conversion to academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below. The assets and liabilities transferred on conversion from Balfour Junior School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

**Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Buildings including improvements to property	straight line over 50 years
Land	over the term of the lease (not depreciated if owned)
Furniture and Equipment	straight line over 5 years
Computers	straight line over 3 years
Motor Vehicles	straight line over 5 years

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

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

**Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**Provisions**

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**Leased assets**

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

**Financial instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

*Cash at bank* – is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**Stocks**

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

**Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.



**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**Pension benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency and Kent County Council.

**Critical accounting estimates and areas of judgement**

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

*Critical accounting estimates and assumptions*

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

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. STATEMENT OF ACCOUNTING POLICIES – continued**

**Critical accounting estimates and areas of judgement - continued**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

*Critical areas of judgement*

The trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

**Agency arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

**2. DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total Funds £
Capital grants	-	970,559	970,559	1,511,542
Other donations	-	73,548	73,548	117,329
	-	1,044,107	1,044,107	1,628,871

Capital grants received, included in the above, are as follows:

	31.8.19 £	31.8.18 £
Devolved Capital Grant	269,913	81,318
Academies Capital Maintenance Fund	700,646	1,430,224
	970,559	1,511,542

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total Funds £
<b>DfE/ESFA revenue grant</b>				
General Annual Grant(GAG)	-	17,715,590	17,715,590	17,389,991
Other DfE/ESFA grants	-	<u>1,432,557</u>	<u>1,432,557</u>	<u>1,284,813</u>
	-	19,148,147	19,148,147	18,674,804
 <b>Other government grant</b>				
Local Authority grants	-	319,997	319,997	340,556
 Other income from the academy trust's educational operations	<u>726,355</u>	<u>441,490</u>	<u>1,167,845</u>	<u>928,980</u>
	<u><u>726,355</u></u>	<u><u>19,909,634</u></u>	<u><u>20,635,989</u></u>	<u><u>19,944,340</u></u>

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total Funds £
Hire of facilities	67,265	-	67,265	68,504
Additional income from ancillary trading activities	-	-	-	706
	<u>67,265</u>	<u>-</u>	<u>67,265</u>	<u>69,210</u>

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**5. INVESTMENTS**

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Interest received	<u>3,990</u>	<u>-</u>	<u>3,990</u>	<u>3,277</u>
	<u>3,990</u>	<u>-</u>	<u>3,990</u>	<u>3,277</u>

**6. EXPENDITURE**

	Staff costs £	Non-pay expenditure Premises £	Other costs £	31.8.19 Total £	31.8.18 Total £
<b>Raising funds</b>					
Costs incurred by trading for a fundraising purpose	-	-	35,894	35,894	30,343
<b>Charitable activities</b>					
<b>Academies educational operations</b>					
Direct costs	14,804,835	974,141	2,299,516	18,078,492	16,768,805
Allocated support costs	<u>3,111,104</u>	<u>1,196,795</u>	<u>1,009,925</u>	<u>5,317,824</u>	<u>5,306,272</u>
	<u>17,915,939</u>	<u>2,170,936</u>	<u>3,309,441</u>	<u>23,396,316</u>	<u>22,075,077</u>
	<u>17,915,939</u>	<u>2,170,936</u>	<u>3,345,335</u>	<u>23,432,210</u>	<u>22,105,420</u>
Net income/(expenditure) for the year includes:				31.8.19 £	31.8.18 £
Operating lease rentals				50,301	59,324
Auditors' remuneration				13,500	13,000
Auditors' remuneration for non audit work				13,115	7,000
Auditors' remuneration – other audit costs				4,200	4,050
Depreciation - owned assets				<u>1,184,150</u>	<u>1,193,481</u>

Included within expenditure are the following transactions.

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the academy trust	2,863	<u>-</u>	-

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**7. RAISING FUNDS**

**Costs incurred by trading for a fundraising purpose**

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total Funds £
Other fundraising costs	35,894	-	35,894	30,343
	<u>35,894</u>	<u>-</u>	<u>35,894</u>	<u>30,343</u>

**8. CHARITABLE ACTIVITIES – ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted Funds £	Restricted Funds £	31.8.19 Total Funds £	31.8.18 Total Funds £
<b>Direct costs</b>				
Teaching and educational support staff costs	-	14,804,835	14,804,835	13,770,961
Depreciation	-	974,142	974,142	887,578
Technology costs	-	172,457	172,457	124,992
Educational supplies	-	290,917	290,917	323,127
Examination fees	2,147	278,971	281,118	292,458
Staff development and other staff costs	-	79,534	79,534	64,169
Other direct costs	713,463	762,026	1,475,489	1,305,520
	<u>715,610</u>	<u>17,362,882</u>	<u>18,078,492</u>	<u>16,768,805</u>
<b>Allocated support costs</b>				
Support staff costs	-	3,111,104	3,111,104	3,219,608
Depreciation	-	210,008	210,008	305,903
Technology costs	-	37,638	37,638	35,368
Premises costs	-	986,787	986,787	892,216
Other support costs	7,046	934,426	941,472	829,127
Governance costs	-	30,815	30,815	24,050
	<u>7,046</u>	<u>5,310,778</u>	<u>5,317,824</u>	<u>5,306,272</u>
Total direct and support costs	<u>722,656</u>	<u>22,673,660</u>	<u>23,396,316</u>	<u>22,075,077</u>

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
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**9. STAFF**

**a) Staff costs**

	31.8.19	31.8.18
	£	£
Wages and salaries	13,227,895	12,752,204
Social security costs	1,302,355	1,234,231
Other pension costs	<u>2,956,019</u>	<u>2,738,549</u>
	17,486,269	16,724,984
Supply teacher costs	399,671	265,585
Staff restructuring costs	<u>29,999</u>	<u>-</u>
	<u>17,915,939</u>	<u>16,990,569</u>

**b) Non statutory/non contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £29,999 (2018: £nil). Individually, the payments were: £29,999.

**c) Staff numbers**

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

	31.8.19	31.8.18
Teachers	192	190
Administration and support	154	161
Management	<u>35</u>	<u>33</u>
	<u>381</u>	<u>384</u>

**d) Higher paid staff**

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

	31.8.19	31.8.18
£60,001 - £70,000	4	5
£70,001 - £80,000	4	2
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£110,001 - £120,000	1	1
£120,001 - £130,000	-	-
£130,001 - £140,000	<u>-</u>	<u>-</u>
	<u>11</u>	<u>10</u>

**e) Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team made up of the Executive Principal, Head Teachers and finance director, as listed on page one. The total amount of employee benefits (including employer pension contributions and employer's national insurance contributions) received by key management personnel for their services to the academy trust was £691,679 (2018: £686,781).

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**10. CENTRAL SERVICES**

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

- Human resources
- Financial services
- Legal services
- Educational support services
- ICT services
- Other as arising

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

- HR, payroll and finance recharges were based on a pupil number basis, unless a cost related to a specific school, when the costs were recharged at the actual cost.
- Legal costs were recharged on an 'as charged' basis specific to the matter at hand.
- Educational support recharges were on a specific basis relative to the school supported.
- Software and licences were recharged on a specific basis attributable to each school for the number of licences etc.

The actual amounts charged during the year were as follows:

	31.8.19 £	31.8.18 £
Fort Pitt Grammar School	257,158	100,463
Thomas Aveling School	326,457	71,797
The Robert Napier School	325,571	190,589
Balfour Junior Academy	123,125	84,156
Phoenix Junior Academy	<u>99,691</u>	<u>112,661</u>
	<u>1,132,002</u>	<u>559,666</u>

**11. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES**

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits, was as follows:

Mr P Jackson (Executive Head Teacher)		
Remuneration	£115,000 - £120,000	(2018: £110,000 - £115,000)
Employer's pension contributions	£15,000 - £20,000	(2018: £15,000 - £20,000)

**Trustees' expenses**

During the period ended 31 August 2019, travel and subsistence expenses totalling £nil (2018: £nil) were reimbursed to trustees.

Other related party transactions involving the trustees are set out in note 26.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

**13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted funds £	Restricted fixed asset funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and capital grants	-	117,329	1,511,542	1,628,871
<b>Charitable activities</b>				
Funding for the academy's educational operations	607,304	19,337,036	-	19,944,340
Other trading activities	68,504	706	-	69,210
Investment income	3,277	-	-	3,277
<b>Total</b>	679,085	19,455,071	1,511,542	21,645,698
<b>EXPENDITURE ON</b>				
Raising funds	1,907	28,436	-	30,343
<b>Charitable activities</b>				
Academy trust's educational operations	612,420	20,284,018	1,178,639	22,075,077
<b>Total</b>	614,327	20,312,454	1,178,639	22,105,420
<b>NET INCOME/(EXPENDITURE)</b>	64,758	(857,383)	332,903	(459,722)
<b>Transfers between funds</b>	-	-	-	-
<b>Other recognised gains/(losses)</b>				
Actuarial remeasurements on defined benefit pension schemes	-	2,230,000	-	2,230,000
<b>Net movement in funds</b>	64,758	1,372,617	332,903	1,770,278
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	848,874	(9,922,968)	51,553,919	42,479,825
<b>TOTAL FUNDS CARRIED FORWARD</b>	913,632	(8,550,351)	51,886,822	44,250,103



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**FOR THE YEAR ENDED 31 AUGUST 2019**

**14. TANGIBLE FIXED ASSETS**

	Assets under construction £	Freehold land and buildings £	Leasehold land and buildings £
<b>COST</b>			
At 1 September 2018	-	48,759,509	6,061,434
Additions	229,028	740,278	214,041
At 31 August 2019	229,028	49,499,787	6,275,475
<b>DEPRECIATION</b>			
At 1 September 2018	-	4,310,103	252,704
Charge for year	-	886,378	71,123
At 31 August 2019	-	5,196,481	323,827
<b>NET BOOK VALUE</b>			
At 31 August 2019	229,028	44,303,306	5,951,648
At 31 August 2018	-	44,449,406	5,808,730
	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1 September 2018	1,781,358	639,356	57,241,657
Additions	42,274	72,582	1,298,203
At 31 August 2019	1,823,632	711,938	58,539,860
<b>DEPRECIATION</b>			
At 1 September 2018	521,805	504,569	5,589,181
Charge for year	126,536	100,113	1,184,150
At 31 August 2019	648,341	604,682	6,773,331
<b>NET BOOK VALUE</b>			
At 31 August 2019	1,175,291	107,256	51,766,529
At 31 August 2018	1,259,553	134,787	51,652,476

Included in freehold land and buildings is land of £6,220,087 (2018 - £6,220,087).

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**FOR THE YEAR ENDED 31 AUGUST 2019**

**15. STOCKS**

	31.8.19	31.8.18
	£	£
Clothing	<u>595</u>	<u>326</u>

**16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.19	31.8.18
	£	£
Trade debtors	41,536	111,457
Other debtors	-	1,014
VAT recoverable	244,934	290,822
Prepayments and accrued income	<u>491,452</u>	<u>404,433</u>
	<u>777,922</u>	<u>807,726</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.19	31.8.18
	£	£
Trade creditors	815,911	718,610
Social security and other taxes	323,038	305,281
Loans (see note 19)	2,000	2,000
Other creditors	191,850	172,507
Accruals and deferred income	<u>506,195</u>	<u>288,642</u>
	<u>1,838,994</u>	<u>1,487,040</u>

**Deferred income**

	31.8.19	31.8.18
	£	£
Deferred income at 1 September	30,659	-
Released from previous years	(30,659)	-
Resources deferred in the year	<u>29,078</u>	<u>30,659</u>
Deferred income at 31 August	<u>29,078</u>	<u>30,659</u>

The academy trust received rates funding from the ESFA in the period and has deferred £29,078 (2018: £30,659) of this funding which relates to funding for the period after 31 August 2019.

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.8.19	31.8.18
	£	£
Loans (see note 19)	<u>5,000</u>	<u>7,000</u>

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**19. SALIX LOANS**

Included within creditors is a loan originally of £16,000, from Salix which was provided on the following terms. The loan is repayable over an 8 year duration, with six-monthly repayments of £1,000 which commenced in March 2015. The outstanding balances within other creditors were £7,000 (2018: £9,000) at 31 August 2019.

An analysis of the maturity of Salix loans within other creditors is given below:

	31.8.19	31.8.18
	£	£
Amounts falling due within one year	2,000	2,000
Amounts falling due between one and two years	2,000	2,000
Amounts falling due between two and five years	<u>3,000</u>	<u>5,000</u>
	<u>7,000</u>	<u>9,000</u>

**20. FUNDS**

	Balance at 1 September 2018 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	606,269	17,715,590	(18,090,762)	(58,086)	173,011
School Voluntary Fund	203,030	515,038	(545,428)	-	172,640
Other government grants	100,241	319,997	(371,444)	-	48,794
Other DfE/ESFA grants	78,109	1,432,557	(1,449,877)	-	60,789
Pension reserve	<u>(9,538,000)</u>	<u>-</u>	<u>(1,032,000)</u>	<u>(1,941,000)</u>	<u>(12,511,000)</u>
	<u>(8,550,351)</u>	<u>19,983,182</u>	<u>(21,489,511)</u>	<u>(1,999,086)</u>	<u>(12,055,766)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	42,333,163	-	(806,914)	-	41,526,249
DfE/ESFA capital grants	9,009,317	970,559	(329,007)	-	9,650,869
Capital expenditure from GAG, unrestricted & voluntary funds	<u>544,342</u>	<u>-</u>	<u>(48,228)</u>	<u>332,864</u>	<u>828,978</u>
	<u>51,886,822</u>	<u>970,559</u>	<u>(1,184,149)</u>	<u>332,864</u>	<u>52,006,096</u>
<b>Total restricted funds</b>	<u>43,336,471</u>	<u>20,953,741</u>	<u>(22,673,660)</u>	<u>(1,666,222)</u>	<u>39,950,330</u>
<b>Unrestricted funds</b>					
Unrestricted funds	<u>913,632</u>	<u>797,610</u>	<u>(758,550)</u>	<u>(274,778)</u>	<u>677,914</u>
<b>Total unrestricted funds</b>	<u>913,632</u>	<u>797,610</u>	<u>(758,550)</u>	<u>(274,778)</u>	<u>677,914</u>
<b>Total funds</b>	<u>44,250,103</u>	<u>21,751,351</u>	<u>(23,432,210)</u>	<u>(1,941,000)</u>	<u>40,628,244</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**20. FUNDS - continued**

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

**General Annual Grant (GAG)**

Funds must be used for the normal running costs of the academy trust. Under the master funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2019.

**Other restricted general funds**

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

**Restricted fixed asset funds**

Funding is provided by way of government grants or capital expenditure from the GAG or unrestricted funds in order to acquire specified fixed assets for use by the academy trust in achieving its educational objectives.

**Unrestricted funds**

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

**Transfers between funds**

The academy has, in accordance with its funding agreement, applied some of its GAG to purchase fixed assets during the period under review. Accordingly there has been a transfer between restricted GAG funds and restricted fixed asset funds of £58,086 to reflect this. The academy has also transferred between unrestricted general funds and restricted fixed asset funds £274,778 to fund capital projects.

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**20. FUNDS – continued**

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	643,429	17,389,991	(17,427,151)	-	606,269
School Voluntary Fund	181,996	353,187	(332,153)	-	203,030
Other government grants	-	427,080	(326,839)	-	100,241
Other DfE/ESFA grants	61,607	1,284,813	(1,268,311)	-	78,109
Pension reserve	(10,810,000)	-	(958,000)	2,230,000	(9,538,000)
	<u>(9,922,968)</u>	<u>19,455,071</u>	<u>(20,312,454)</u>	<u>2,230,000</u>	<u>(8,550,351)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	43,295,596	-	(962,433)	-	42,333,163
DfE/ESFA capital grants	7,639,008	1,511,542	(141,233)	-	9,009,317
Capital expenditure from GAG, unrestricted & voluntary funds	<u>619,315</u>	<u>-</u>	<u>(74,973)</u>	<u>-</u>	<u>544,342</u>
	<u>51,553,919</u>	<u>1,511,542</u>	<u>(1,178,639)</u>	<u>-</u>	<u>51,886,822</u>
<b>Total restricted funds</b>	<u>41,630,951</u>	<u>20,966,613</u>	<u>(21,491,093)</u>	<u>2,230,000</u>	<u>43,336,471</u>
<b>Unrestricted funds</b>					
Unrestricted funds	<u>848,874</u>	<u>679,085</u>	<u>(614,327)</u>	<u>-</u>	<u>913,632</u>
<b>Total unrestricted funds</b>	<u>848,874</u>	<u>679,085</u>	<u>(614,327)</u>	<u>-</u>	<u>913,632</u>
<b>Total funds</b>	<u>42,479,825</u>	<u>21,645,698</u>	<u>(22,105,420)</u>	<u>2,230,000</u>	<u>44,250,103</u>

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
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**20. FUNDS – continued**

**Analysis of academies by fund balance**

Fund balances at 31 August 2019 were allocated as follows:

	31.8.19 £	31.8.18 £
Fort Pitt Grammar School	(84,569)	(28,823)
Thomas Aveling School	754,839	1,162,550
Robert Napier School	(379,797)	(242,033)
Phoenix Junior Academy	499,166	671,389
Balfour Junior Academy	326,766	321,455
MAT	16,743	16,743
Total before fixed assets and pension reserve	1,133,148	1,901,281
Restricted fixed asset fund	52,006,096	51,886,822
Pension liability	(12,511,000)	(9,538,000)
Total	40,628,244	44,250,103

Whilst two of the schools within the trust are presently in deficit a financial recovery program has been implemented and Trust restricted capital funds (£234,505) include funds held by Fort Pitt (£23,027) and Robert Napier (£77,343) and the cumulative net revenue reserves are maintained across the MAT as a whole.

**Analysis of academies by cost**

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

	Teaching and educational support costs	Other support staff costs	Educational supplies	Other costs (excluding depreciation)	Total 31.8.19 £	Total 31.8.18 £
	£	£	£	£		
Fort Pitt Grammar School	2,801,265	448,308	73,371	834,862	4,157,806	4,349,229
Thomas Aveling School	4,703,644	461,131	111,073	1,034,142	6,309,990	6,092,696
Robert Napier School	4,635,831	636,718	63,317	1,074,292	6,410,158	6,266,202
Phoenix Junior Academy	987,759	194,882	25,981	249,954	1,458,576	1,410,661
Balfour Junior Academy	1,414,383	128,843	16,825	282,832	1,842,883	1,835,151
MAT	261,953	1,241,222	350	529,228	2,032,753	958,000
	14,804,835	3,111,104	290,917	4,005,310	22,212,166	20,911,939

The pension adjustments are included in the above MAT figure. This is because the actuary provides a consolidated pension report, meaning any adjustments required cannot be reflected against the individual schools within the MAT

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
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**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	51,766,529	51,766,529
Current assets	701,703	1,415,606	1,099,400	3,216,709
Current liabilities	(23,789)	(960,372)	(854,833)	(1,838,994)
Non-current liabilities	-	-	(5,000)	(5,000)
Pension scheme liability	-	(12,511,000)	-	(12,511,000)
Total net assets	<u>677,914</u>	<u>(12,055,766)</u>	<u>52,006,096</u>	<u>40,628,244</u>

Comparative information in respect of the preceding period is as follows:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	51,652,476	51,652,476
Current assets	914,412	2,089,779	625,476	3,629,667
Current liabilities	(780)	(1,102,130)	(384,130)	(1,487,040)
Non-current liabilities	-	-	(7,000)	(7,000)
Pension scheme liability	-	(9,538,000)	-	(9,538,000)
Total net assets	<u>913,632</u>	<u>(8,550,351)</u>	<u>51,886,822</u>	<u>44,250,103</u>

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**22. OPERATING LEASE COMMITMENTS**

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	31.8.19	31.8.18
	£	£
<b>Other</b>		
Amounts due within one year	48,295	60,292
Amounts due between one and two years	48,295	48,295
Amounts due between two and five years	25,232	73,527
Amounts due in more than five years	-	-
	<u>121,822</u>	<u>182,114</u>

**23. MEMBERS' LIABILITY**

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

**24. CAPITAL COMMITMENTS**

There were no capital commitments at the 31 August 2019 (2018: £nil).

**25. PENSION AND SIMILAR OBLIGATIONS**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

Contributions amounting to £56,066 (2018: £47,418) were payable to the schemes at 31 August 2019 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.



**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**25. PENSION AND SIMILAR OBLIGATIONS - continued**

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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 valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#).

**Scheme Changes**

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £1,227,983 (2018: £1,382,549).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £887,000 (2018: £864,000), of which employer's contributions totalled £684,000 (2018: £671,000) and employees' contributions totalled £203,000 (2018: £193,000). The agreed contribution rates for future years are 20.1 per cent for employers and range between 5.5 and 12.5 per cent for employees depending on pensionable pay.

**FORT PITT THOMAS AVELING ACADEMIES**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**25. PENSION AND SIMILAR OBLIGATIONS - continued**

**Local Government Pension Scheme - continued**

The LGPS obligation relates to the employees of the academy trust, who were employees transferred as part of the conversion from the maintained school and new employees who are eligible to, and did, join the Scheme since that date. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

**Principal actuarial assumptions**

Principal actuarial assumptions at the balance sheet date were:

	31.8.19	31.8.18
Discount rate	1.85%	2.65%
Future salary increases	3.70%	3.80%
Future pension increases	2.20%	2.30%
CPI Increases	2.20%	2.30%
Commutation of pension to lump sums	50.00%	50.00%

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

	31.8.19	31.8.18
<b>Retiring today</b>		
Males	22.1	23.1
Females	24.0	25.2
<b>Retiring in 20 years</b>		
Males	23.7	25.3
Females	25.8	27.5

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities, as provided by the actuary, are set out below:

Change in assumptions:	Increased obligation at 31 August 2019 £	Increased obligation at 31 August 2018 £
0.1% decrease in real discount rate	25,025,000	20,746,000
1 year increase in member life expectancy	25,419,000	21,034,000
0.1% increase in the salary increase rate	24,539,000	20,353,000
0.1% increase in the pension increase rate	24,969,000	20,704,000

**FORT PITT THOMAS AVELING ACADEMIES**  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**25. PENSION AND SIMILAR OBLIGATIONS – continued**

**Local Government Pension Scheme - continued**

The academy trust's share of the assets and liabilities in the scheme were:

	Fair value at 31.8.19 £	Fair value at 31.8.18 £
Equities	8,169,000	7,342,000
Gilts	86,000	83,000
Other bonds	1,081,000	956,000
Property	1,397,000	1,332,000
Cash	320,000	330,000
Target return portfolio	<u>931,000</u>	<u>729,000</u>
<b>Total market value of assets</b>	<b>11,984,000</b>	<b>10,772,000</b>
Present value of scheme liabilities		
- Funded	<u>(24,495,000)</u>	<u>(20,310,000)</u>
<b>Deficit in the scheme</b>	<b><u>(12,511,000)</u></b>	<b><u>(9,538,000)</u></b>

The actual return on scheme assets was £501,000 (2018: £450,000).

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

	Defined benefit pension plans	
	31.8.19 £	31.8.18 £
Current service cost	(1,274,000)	(1,351,000)
Past service cost	(193,000)	-
Interest cost	(539,000)	(536,000)
Interest income	295,000	263,000
Business combinations	-	-
Administrative expenses	<u>(5,000)</u>	<u>(5,000)</u>
	<b>(1,716,000)</b>	<b>(1,629,000)</b>
Actuarial remeasurements	<u>(1,941,000)</u>	<u>2,230,000</u>
Total (cost)/gain recognised	<b><u>(3,657,000)</u></b>	<b><u>601,000</u></b>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**25. PENSION AND SIMILAR OBLIGATIONS – continued**

**Local Government Pension Scheme - continued**

The actuarial remeasurements for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial remeasurements recognised in the Statement of Financial Activities since the adoption of the relevant pensions accounting is a £3,844,000 loss (2018: £1,903,000 loss).

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

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
At 1 September	(20,310,000)	(20,735,000)
Current service cost	(1,274,000)	(1,351,000)
Contributions by scheme participants	(203,000)	(193,000)
Interest cost	(539,000)	(536,000)
Changes in financial assumptions	(2,147,000)	2,043,000
Benefits paid	171,000	462,000
Past service costs	(193,000)	-
	<u>(24,495,000)</u>	<u>(20,310,000)</u>
At 31 August	<u>(24,495,000)</u>	<u>(20,310,000)</u>

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

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
At 1 September	10,772,000	9,925,000
Return on assets less interest	206,000	187,000
Contributions by employer	684,000	671,000
Contributions by scheme participants	203,000	193,000
Interest on assets	295,000	263,000
Administrative expenses	(5,000)	(5,000)
Benefits paid	(171,000)	(462,000)
	<u>11,984,000</u>	<u>10,772,000</u>
At 31 August	<u>11,984,000</u>	<u>10,772,000</u>

The estimated value of employer contributions for the year ending 31 August 2020 is £675,000.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**26. RELATED PARTY DISCLOSURES**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

**27. AGENCY ARRANGEMENTS**

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In the accounting period ended 31 August 2019 the trust received £49,305 (2018: £52,269) and disbursed £44,200 (2018: £25,052) from the fund. An amount of £32,322 (2018: £27,217) is included in other creditors relating to undistributed funds that is repayable to ESFA.