

Registered number: 09203984 (England and Wales)

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

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

Directors

F J Campbell, Chair¹
E J Nicholls, Vice Chair²
Canon M E Bayldon¹
Fr S R Broughton (resigned 19 December 2015)¹
M Campbell²
P Clifford (resigned 1 September 2016)²
A Coulson (appointed 1 January 2016)
B Coulston¹
J Craven
D A Fearnley (resigned 30 September 2015)²
C Garvey (appointed 28 November 2016)
S K Geaves, Head teacher & Accounting Officer^{1,2}
M E Henry
P A Hibbert (resigned 1 September 2015)
A D Montague (resigned 4 October 2016)¹
K M Siedle, Accounting Officer until 31 December 2015 (resigned 31 December 2015)^{1,2}
S Smith (appointed 13 October 2016)
P Strudwick (appointed 1 September 2015)
A G Toward, Head teacher
Rev D L Turnham (appointed 4 October 2016)
N A Woodhouse (appointed 5 October 2015)

¹ Member of Finance and General Purposes Committee

² Member of Audit Committee

Company registered number

09203984

Company name

Nicholas Postgate Academy Trust

Principal and registered office

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Company secretary

Prima Secretary Limited

Accounting Officer

S K Geaves

Senior management team (Head teacher's group)

S K Geaves, Head teacher
A G Toward, Head teacher
A Coulson, Head teacher
M E Henry, Head teacher
P Strudwick, Head teacher
L Marron, Head of Finance and Corporate Services
K M Siedle, Head teacher, until 31 December 2015

Independent auditors

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

Bankers

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

Solicitors

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Directors' report, and a Directors' report under company law.

The Academy Trust operates 4 primary and 1 secondary academies in Redcar & East Cleveland area. Its academies have a combined pupil capacity excluding nursery of 1,800 and had a roll of 1,664 in the school census on October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

Members' liability

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

Method of recruitment and appointment or election of Directors

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

Policies and procedures adopted for the induction and training of Directors

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

During the year the Trust continued to operate a unified management structure. The Structure consists of 2 levels: the Directors and the Head teachers Group. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at the correct levels. The Directors consists of the Board and associated sub-committees. They approve the strategic direction and objectives of the Trust and monitor progress against these objectives. The CMAT Group consist of heads with attendance where required from the Head of Finance & Corporate Services. They are responsible for the day to day running of the Trust and for setting general policy and direction of the Trust.

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

Connected organisations, including related party relationships

The Trust is part of the Diocese of Middlesbrough and works alongside the Diocesan Education office. All of the academies joined the Trusts Landmark Teaching Alliance and two of the schools are part of an East Cleveland school alliance. Sacred Heart Secondary is also a local lead for Schools Direct. The Trust academies meet and have Local Diocese links in to other Catholic and non Catholic Schools in the Redcar and Middlesbrough Diocese boundaries.

Each academy also works with local charities in pursuit of the activities defined by the objects of the Trust. The Trust has no connected organisations. In terms of operating in a wider network St Bede's Academy leads on a Teaching Alliance whose aims are to improve teaching and learning skills of its members.

Directors' indemnities

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

Pay policy for key management personnel

The pay setting for key personnel follows national banding guidance which is based on the size of the school and number of pupils for Head teachers. This determines the salary range. In year decisions are supported by reference to the Trust pay policy and increases are based on the achievement of performance criteria which is assessed in year. The approval to award increases is approved by the pay and performance sub Committee.

NICHOLAS POSTGATE ACADEMY TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTS AND ACTIVITIES

Objects and aims

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

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

The main objectives of the Trust during the year ended 31 August 2016 are summarised below:

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

Objectives, strategies and activities

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

- Sharing of good practise and internal and external standards reviews
- Subject leaders sharing good practise and work across Academies.
- Focus on transition for pupils moving from stage 2 to key stage 3.
- Termly review of attendance and behaviour data and a Trust wide appointment of an Education Welfare officer who will support and resolve attendance issues.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 3 and 16.

Public benefit

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

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

NICHOLAS POSTGATE ACADEMY TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Key performance indicators

Results

The Exam results for primaries for 2015/16 showed that all Primary schools within the Trust revealed above average scaled scores for reading, GPS and maths.

All early years results were significantly above national levels.

KS1 subjects were all above national level with standards significantly above in reading, writing and maths.

KS2 Subjects all subjects achieved expected standards in reading and writing but maths was significantly above the national average.

Attainment has improved 2015-16, though the new measures are not comparable.

Attainment 8 = 54.9 (highest in LA), national = 48.2

%A*-C in English and Maths = 80% (highest in the LA), national average = 58.7%

EBacc achieved = 28%, national = 24.5%

However, Progress 8 = -0.17 (national = -0.03)

Using 2015 methodology % 5A*C including English and Maths = 76% (2015 = 67%), national = 52.8%.

Attendance

The average attendance across primaries was 96.4%.

Within the year secondary academy attendance has improved from 93.34% to 94.8%, this is despite the national confusion over term time holidays following the Isle of White judgement.

Finance Benchmarked Data

Spend and income has also been benchmarked at the year end from the Trust data dashboard. The staff cost ratio is averaged at 69.5% and the pupil to teacher ratio is 16. The staff cost per pupil is £3,170. All of these indicators seem to be below average and show good use of resources.

Going concern

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

NICHOLAS POSTGATE ACADEMY TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL REVIEW

Principal funding sources

Most of the Trust income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

The Trust also has additional funds from the provision of after school and breakfast clubs, from minibuses provision from small amounts of letting's and from fees for supporting teacher training students.

Within St Bede's school the Academy Trust also has a teaching alliance. The teaching alliance generates income from fees and from specific and general grants from the national college.

During the year ended 31 August 2016, total expenditure of £9,704,000 was less than recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £571,000.

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

At 31 August 2016 the net book value of fixed assets was £2,430,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

The provisions of Financial Reporting Standard No.102 (FRS102) in respect of 'Retirement Benefits' have been applied in full, resulting in a deficit of £3,285,000 recognised on the balance sheet.

The Academy Trust held fund balances at 31 August 2016 of £60,000 comprising £227,000 of general restricted funds, a pension deficit of £3,285,000 and £731,000 of unrestricted funds.

NICHOLAS POSTGATE ACADEMY TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL REVIEW (continued)

Reserves policy

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

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

The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the Academy Trust is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £649,770.

This is considered sufficient to cover one months operational costs.

The Trust's current level of free reserves are £731,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the Academy Trust. The directors will continue to ensure future budgeting and financial planning allows for the build up of the reserves.

Principal risks and uncertainties

The Academy Trust arranged risk management training and support in 2015/16 for Board and Local Board Members to improve and build upon the risk register and management of such risks.

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the Academy Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Academy Trust balance sheet. The result of this will be that employers' contributions are likely to increase in the forthcoming actuarial review and this will be factored into future year's budgets.

The directors have assessed the major risks, to which the Academy Trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the Academy Trust, and its finances. The two new Academies are PFI contracts and contract management within these two Academies must be carried out to minimize risk.

The directors have implemented a number of systems and policies to assess risks and control risks that the Academy Trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance have introduced new forecasting software to project a 5 year budget plan. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

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

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PLANS FOR FUTURE PERIODS

Future developments

Within the financial year the Trust has acquired Orovia budget planning software tool and will develop a 5 year budget plan as resource allocations are changing .It is also planning to carry out a review of use of the central budget resources and how the finance support work will be delivered across the Trust and budgeted for .The Trust is also undergoing discussions with the Diocese of Middlesbrough about potential changes to Trust operations and governance procedures.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Directors are aware:

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

This report was approved by order of the Board of Directors as the company directors, on 12 December 2016 and signed on its behalf by:



F J Campbell
Chair of Directors

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Directors has delegated the day-to-day responsibility to the Head teacher of St Paulinus, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Nicholas Postgate Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

| Director | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| F J Campbell, Chair | 6 | 6 |
| E J Nicholls, Vice Chair | 6 | 6 |
| Canon M E Bayldon | 6 | 6 |
| Fr S R Broughton | 2 | 3 |
| M Campbell | 6 | 6 |
| P Clifford | 5 | 6 |
| A Coulson | 3 | 3 |
| B Coulston | 6 | 6 |
| J Craven | 5 | 6 |
| D A Fearnley | 0 | 0 |
| C Garvey | 0 | 0 |
| S K Geaves, Head teacher & Accounting Officer | 4 | 5 |
| M E Henry | 3 | 5 |
| P A Hibbert | 0 | 0 |
| A D Montague | 5 | 6 |
| K M Siedle, Accounting Officer until 31 December 2015 | 1 | 2 |
| S Smith | 0 | 0 |
| P Strudwick | 5 | 5 |
| A G Toward, Head teacher | 5 | 5 |
| Rev D L Turnham | 0 | 0 |
| N A Woodhouse | 3 | 5 |

Within the year one of the Head teachers who was Accounting Officer left the Trust for promotion and a new Head was appointed. There was also a mid-year change in Accounting Officer from K M Siedle, who left, to S K Geaves.

The Trust is currently carrying out an annual review of Board skills and in year it carried out an in year Appraisal of its effectiveness and areas to improve and develop upon. This item is to be discussed in the December Board Meeting.

The Finance and General Purposes Committee is a sub-committee of the main Board of Directors. Its purpose is to support the Academy Trust board in ensuring sound management of the Academy Trust's finances, staffing and resources including proper planning, monitoring and probity.

NICHOLAS POSTGATE ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

This included in year :

- Safeguarding assets
- Overseeing financial planning and approving annual budgets and carrying out monitoring of spend
- Approving procurement decisions
- Reviewing and approving relevant policies
- Approving Capital Bids

Attendance at meetings in the year was as follows:

| Director | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Canon M E Bayldon | 4 | 4 |
| S R Broughton | 4 | 4 |
| F J Campbell | 4 | 4 |
| B Coulston | 4 | 4 |
| S K Geaves, Accounting Officer | 3 | 4 |
| A D Montague | 3 | 4 |
| K M Siedle, Accounting Officer until 31 December 2015 | 2 | 2 |

The Audit Committee is also a sub-committee of the main Board of Directors. Its purpose is to maintain an oversight of the Academy Trusts governance, risk management, internal control and value for money framework.

The Committee will:

- Gain assurance that the Academy Trusts risk management, control and governance arrangements are
- Review internal and external audit reports in year.
- Monitor and ensure all audit recommendations are implemented

Attendance at meetings in the year was as follows:

| Director | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| K M Siedle, Accounting Officer until 31 December 2015 | 1 | 1 |
| E J Nicholls, Vice Chair | 2 | 2 |
| P Clifford | 1 | 2 |
| M Campbell | 2 | 2 |
| S K Geaves, Accounting Officer | 1 | 1 |

REVIEW OF VALUE FOR MONEY

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

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

- Looking at benchmarked data to determine areas where costs are high and where service procurement will be looked at in future years such as broadband and telephones. In year savings were made on support services, discounts were sought for multi academy trust purchasing and cash flow improvements were made.
- Re procuring Insurance costs for the 2 new Academies entering the Trust and making savings of 35%.
- Ensuring continuation of school transport at the end of term when the local Authority withdrew the service because of cost pressures and also ensuring costs were kept at an affordable level to parents.

NICHOLAS POSTGATE ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Nicholas Postgate Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Trust commissioned in year specialist support to deliver risk training and the Trust developed and approved a new risk management policy.

THE RISK AND CONTROL FRAMEWORK

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

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

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

The external auditors' role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a termly basis, the external auditors report to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. In particular the checks carried out in the current period included:

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

NICHOLAS POSTGATE ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 12 December 2016 and signed on their behalf, by:



F J Campbell
Chair of Directors



S K Geaves
Accounting Officer

NICHOLAS POSTGATE ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Nicholas Postgate Academy Trust I have considered my responsibility to notify the Academy Trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



S K Geaves, Head teacher
Accounting Officer

12 December 2016

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

The Directors (who act as governors of Nicholas Postgate Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

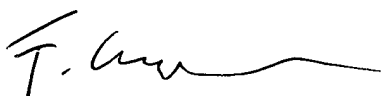
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the Board of Directors on 12 December 2016 and signed on its behalf by:



F J Campbell
Chair of Directors

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

We have audited the financial statements of Nicholas Postgate Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Christopher Beaumont BA (Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
12 December 2016

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 24 February 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Nicholas Postgate Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF NICHOLAS POSTGATE ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Nicholas Postgate Academy Trust's funding agreement with the Secretary of State for Education dated 29 September 2014, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

Approach (continued)

The work undertaken to draw to our conclusion includes:

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

12 December 2016

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

| | Note | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Restricted fixed asset funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|--|------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants: | | | | | | |
| Voluntary income - transfer from local authority on conversion | 2 | 349 | (861) | 1,110 | 598 | 743 |
| Other donations and capital grants | 2 | 25 | - | 142 | 167 | 294 |
| Charitable activities | 5 | - | 8,921 | - | 8,921 | 2,701 |
| Other trading activities | 3 | 595 | - | - | 595 | 294 |
| Investments | 4 | 2 | - | - | 2 | 1 |
| TOTAL INCOME | | 971 | 8,060 | 1,252 | 10,283 | 4,033 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | 6 | 515 | 9,087 | 102 | 9,704 | 3,007 |
| TOTAL EXPENDITURE | 7 | 515 | 9,087 | 102 | 9,704 | 3,007 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | 456 | (1,027) | 1,150 | 579 | 1,026 |
| Transfers between Funds | 18 | (60) | 9 | 51 | - | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | 396 | (1,018) | 1,201 | 579 | 1,026 |
| Actuarial losses on defined benefit pension schemes | 24 | - | (1,533) | - | (1,533) | (12) |
| NET MOVEMENT IN FUNDS | | 396 | (2,551) | 1,201 | (954) | 1,014 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 335 | (507) | 1,186 | 1,014 | - |
| TOTAL FUNDS CARRIED FORWARD | | 731 | (3,058) | 2,387 | 60 | 1,014 |

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09203984

BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £000 | 2016 £000 | £000 | 2015 £000 |
|--|------|--------------|--------------|--------------|--------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 13 | | 6 | | 13 |
| Tangible assets | 14 | | 2,424 | | 1,141 |
| | | | <u>2,430</u> | | <u>1,154</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 239 | | 146 | |
| Cash at bank and in hand | | 1,467 | | 877 | |
| | | <u>1,706</u> | | <u>1,023</u> | |
| CREDITORS: amounts falling due within one year | 16 | (701) | | (483) | |
| NET CURRENT ASSETS | | | 1,005 | | 540 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 3,435 | | 1,694 |
| CREDITORS: amounts falling due after more than one year | 17 | | (90) | | (108) |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | 3,345 | | 1,586 |
| Defined benefit pension scheme liability | 24 | | (3,285) | | (572) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>60</u> | | <u>1,014</u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 18 | 227 | | 65 | |
| Restricted fixed asset funds | 18 | 2,387 | | 1,186 | |
| Restricted income funds excluding pension liability | | 2,614 | | 1,251 | |
| Pension reserve | | (3,285) | | (572) | |
| Total restricted income funds | | | (671) | | 679 |
| Unrestricted income funds | 18 | | 731 | | 335 |
| TOTAL FUNDS | | | <u>60</u> | | <u>1,014</u> |

The financial statements were approved by the Directors, and authorised for issue, on 12 December 2016 and are signed on their behalf, by:



F J Campbell
Chair of Directors

The notes on pages 23 to 47 form part of these financial statements.

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

| | Note | 2016 £000 | 2015 £000 |
|--|------|---------------------|-------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 20 | <u>260</u> | <u>413</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 2 | 1 |
| Purchase of tangible fixed assets | | (304) | (360) |
| Capital grants from DfE/EFA | | <u>142</u> | <u>284</u> |
| Net cash used in investing activities | | <u>(160)</u> | <u>(75)</u> |
| Cash flows from financing activities: | | | |
| Repayments of borrowings | | (18) | (7) |
| Cash inherited on conversion | | 508 | 414 |
| Loan inherited on conversion | | <u>-</u> | <u>132</u> |
| Net cash provided by financing activities | | <u>490</u> | <u>539</u> |
| Change in cash and cash equivalents in the year | | <u>590</u> | <u>877</u> |
| Cash and cash equivalents brought forward | | <u>877</u> | <u>-</u> |
| Cash and cash equivalents carried forward | | <u><u>1,467</u></u> | <u><u>877</u></u> |

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Fund accounting

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

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

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

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Charitable activities 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.

1.5 Going concern

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

1.6 Intangible fixed assets and amortisation

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------------|---|-----------------------------|
| Long-term leasehold land | - | 125 years straight line |
| Long-term leasehold property | - | 25 - 50 years straight line |
| Motor vehicles | - | 4 years straight line |
| Fixtures and fittings | - | 5 years straight line |
| Computer equipment | - | 3 years straight line |

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 Interest receivable

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

1.10 Taxation

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

1.11 Debtors

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

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Financial instruments

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.15 Pensions

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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.16 Conversion to an academy trust

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. 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 Saint Benedict's Roman Catholic VA Primary School and Sacred Heart Roman Catholic VA School - A Specialist Science College to an 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 incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The transfer included the land and buildings leased from Redcar & Cleveland Borough Council, cash balances inherited on conversion and the LGPS pension deficit.

Further details of the transaction are set out in note 22.

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £102,000.

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

The Academy Trust operated five Academy's. Two of those (who joined in the year) are PFI schools and having reviewed the contracts the Directors have concluded that the risks and rewards do not reside with the Academy Trust and therefore have been excluded from the financial statements.

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Restricted fixed asset funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Voluntary income - transfer from local authority on conversion | 349 | (861) | 1,110 | 598 | 743 |
| Donations | 25 | - | - | 25 | 10 |
| Capital Grants | - | - | 142 | 142 | 284 |
| Subtotal | 25 | - | 142 | 167 | 294 |
| Total donations and capital grants | 374 | (861) | 1,252 | 765 | 1,037 |

In 2015, of the total income from donations and capital grants, £318,000 was to unrestricted funds and £719,000 was to restricted funds

3. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|-------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Sundry income | 320 | - | 320 | 189 |
| Lettings income | 6 | - | 6 | 3 |
| Uniforms income | 13 | - | 13 | 4 |
| Trip income | 144 | - | 144 | 31 |
| Staff absence insurance | 46 | - | 46 | 18 |
| Catering income | 66 | - | 66 | 49 |
| | 595 | - | 595 | 294 |

In 2015, of the total income from other trading activities, £294,000 was to unrestricted funds and £ NIL was to restricted funds.

4. INVESTMENT INCOME

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|--------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Bank interest receivable | 2 | - | 2 | 1 |

In 2015, of the total investment income, £1,000 was to unrestricted funds and £ NIL was to restricted funds.

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|---|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| DfE/EFA grants | | | | |
| General Annual Grant (GAG) | - | 7,784 | 7,784 | 2,053 |
| Start Up Grant A | - | - | - | 4 |
| Pupil Premium | - | 377 | 377 | 67 |
| Primary Chain Grant | - | - | - | 120 |
| Other DfE/EFA Grants | - | 199 | 199 | 67 |
| | <hr/> - | <hr/> 8,360 | <hr/> 8,360 | <hr/> 2,311 |
| Other government grants | | | | |
| National College for Teaching and Leadership | - | 62 | 62 | 127 |
| SEN | - | 101 | 101 | 49 |
| Other Government Grants | - | 389 | 389 | 211 |
| | <hr/> - | <hr/> 552 | <hr/> 552 | <hr/> 387 |
| Other funding | | | | |
| Other Grants | - | 9 | 9 | 3 |
| | <hr/> - | <hr/> 9 | <hr/> 9 | <hr/> 3 |
| | <hr/> - | <hr/> 8,921 | <hr/> 8,921 | <hr/> 2,701 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £2,701,000 was to restricted funds.

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. CHARITABLE ACTIVITIES

| | 2016 £000 | 2015 £000 |
|---------------------------------------|-------------------|-------------------|
| DIRECT COSTS | | |
| Wages and salaries | 4,727 | 1,331 |
| National insurance | 357 | 85 |
| Pension cost | 827 | 232 |
| Educational supplies | 274 | 131 |
| Examination fees | 44 | - |
| Staff development | 36 | 12 |
| Technology costs | 22 | 12 |
| Other direct costs | 206 | 55 |
| Recruitment and support | 11 | 7 |
| | <hr/> 6,504 | <hr/> 1,865 |
| SUPPORT COSTS | | |
| Wages and salaries | 640 | 255 |
| National insurance | 36 | 12 |
| Pension costs | 75 | 32 |
| Depreciation | 102 | 34 |
| Net interest cost on pension scheme | 56 | 16 |
| Technology costs | 81 | 47 |
| Recruitment and support | 6 | 1 |
| Maintenance of premises and equipment | 1,125 | 104 |
| Cleaning | 45 | 39 |
| Rates | 70 | 19 |
| Energy | 33 | 28 |
| Insurance | 58 | 37 |
| Security | 2 | 2 |
| Transport | 23 | 8 |
| Catering | 218 | 120 |
| Occupancy costs | 14 | 8 |
| Other support costs | 486 | 290 |
| Governance costs | 130 | 90 |
| | <hr/> 3,200 | <hr/> 1,142 |
| | <hr/> <hr/> 9,704 | <hr/> <hr/> 3,007 |

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

7. EXPENDITURE

| | Staff costs | Premises | Other costs | Total | Total |
|---------------|--------------------|-----------------|--------------------|--------------|--------------|
| | 2016 | 2016 | 2016 | 2016 | 2015 |
| | £000 | £000 | £000 | £000 | £000 |
| Activities: | | | | | |
| Direct costs | 5,911 | - | 593 | 6,504 | 1,865 |
| Support costs | 751 | 1,423 | 1,026 | 3,200 | 1,142 |
| | <u>6,662</u> | <u>1,423</u> | <u>1,619</u> | <u>9,704</u> | <u>3,007</u> |

In 2016, of the total expenditure, £515,000 (2015 - £278,000) was to unrestricted funds and £9,189,000 (2015 - £2,729,000) was to restricted funds.

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

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 | 2015 |
|--|-------------|-------------|
| | £000 | £000 |
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 102 | 34 |
| Auditors' remuneration - audit | 11 | 9 |
| Auditors' remuneration - other services | 6 | 2 |
| Auditors' remuneration - internal assurance fees | 3 | 1 |
| Operating lease rentals | 24 | 7 |
| | <u>146</u> | <u>53</u> |

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

9. STAFF COSTS

Staff costs were as follows:

| | 2016 | 2015 |
|--|--------------|-------|
| | £000 | £000 |
| Wages and salaries | 5,019 | 1,565 |
| Social security costs | 393 | 97 |
| Operating costs of defined benefit pension schemes | 902 | 264 |
| | <hr/> | <hr/> |
| | 6,314 | 1,926 |
| Supply staff costs | 340 | 21 |
| Staff restructuring costs | 8 | - |
| | <hr/> | <hr/> |
| | 6,662 | 1,947 |
| | <hr/> | <hr/> |

Included within operating costs of defined benefit pension schemes is £119,000 (2015: £63,000) in respect of movements in the LGPS deficit, and £10,000 in respect of Teaching Alliance pension costs shown elsewhere in resources expended.

Staff restructuring costs comprise:

| | 2016 | 2015 |
|---------------------|-------------|-------|
| | £000 | £000 |
| Redundancy payments | 8 | - |
| | <hr/> | <hr/> |

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

| | 2016 | 2015 |
|----------------------------|-------------|-------|
| | No. | No. |
| Teachers | 104 | 30 |
| Administration and support | 117 | 48 |
| Management | 6 | 3 |
| Premises | 7 | 6 |
| Other | 8 | 5 |
| | <hr/> | <hr/> |
| | 242 | 92 |
| | <hr/> | <hr/> |

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

| | 2016 | 2015 |
|-------------------------------|-------------|------|
| | No. | No. |
| In the band £60,001 - £70,000 | 2 | 1 |
| In the band £70,001 - £80,000 | 1 | 0 |

The key management personnel of the academy trust comprise the head teachers of the academies within the trust. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £358,000 (2015: £189,000).

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

10. CENTRAL SERVICES

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

- Human Resources
- Administration Support Services
- Educational Support Services

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

- pupil numbers.

The actual amounts charged during the year were as follows:

| | 2016 | 2015 |
|---|-------------|-------------|
| | £000 | £000 |
| St Bede's Voluntary Catholic Primary Academy | 25 | 13 |
| St Paulinus Voluntary Catholic Primary Academy | 21 | 1 |
| St Joseph's Voluntary Catholic Primary Academy | 21 | 1 |
| Sacred Heart Secondary Catholic Voluntary Academy | 65 | - |
| St Benedict's Catholic Primary School | 46 | - |
| Nicholas Postgate Trust | 67 | 53 |
| | <hr/> | <hr/> |
| | 245 | 68 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total | | |

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. DIRECTORS' AND OFFICERS' INSURANCE

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

In accordance with normal commercial practice two academies have purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £500 (2015 - £nil).

12. DIRECTORS' REMUNERATION AND EXPENSES

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

| | | 2016 | 11 months 2015 |
|--|----------------------------|-------|-------------------|
| | | £000 | £000 |
| P Strudwick | Remuneration | 70-75 | N/A |
| | Pension contributions paid | 10-15 | N/A |
| M E Henry | Remuneration | 60-65 | N/A |
| | Pension contributions paid | 10-15 | N/A |
| A G Toward | Remuneration | 60-65 | 50-55 |
| | Pension contributions paid | 5-10 | 5-10 |
| K M Siedle, Accounting Officer until 31 December 2015 | Remuneration | 20-25 | 60-65 |
| | Pension contributions paid | 5-10 | 5-10 |
| A Coulson, commenced 1 Jan 2016) | Remuneration | 35-40 | N/A |
| | Pension contributions paid | 5-10 | N/A |
| S K Geaves, Accounting Officer from 1 January 2016 | Remuneration | 55-60 | 45-50 |
| | Pension contributions paid | 5-10 | 5-10 |

During the year, Directors received reimbursement of expenses totalling £507 (2015 - £1,708).

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

13. INTANGIBLE FIXED ASSETS

| | Software £000 |
|--|--------------------------|
| Cost | |
| At 1 September 2015 and 31 August 2016 | <u>20</u> |
| Amortisation | |
| At 1 September 2015 | 7 |
| Charge for the year | <u>7</u> |
| At 31 August 2016 | <u>14</u> |
| Carrying amount | |
| At 31 August 2016 | <u>6</u> |
| At 31 August 2015 | <u>13</u> |

14. TANGIBLE FIXED ASSETS

| | Long-term leasehold property £000 | Motor vehicles £000 | Fixtures and fittings £000 | Computer equipment £000 | Total £000 |
|-------------------------|--|------------------------------------|---|--|-----------------------|
| Cost | | | | | |
| At 1 September 2015 | 1,077 | 2 | 28 | 61 | 1,168 |
| Additions | 250 | - | 19 | 35 | 304 |
| Inherited on conversion | 931 | - | 60 | 83 | 1,074 |
| At 31 August 2016 | <u>2,258</u> | <u>2</u> | <u>107</u> | <u>179</u> | <u>2,546</u> |
| Depreciation | | | | | |
| At 1 September 2015 | 8 | 1 | 5 | 13 | 27 |
| Charge for the year | 27 | - | 18 | 50 | 95 |
| At 31 August 2016 | <u>35</u> | <u>1</u> | <u>23</u> | <u>63</u> | <u>122</u> |
| Net book value | | | | | |
| At 31 August 2016 | <u>2,223</u> | <u>1</u> | <u>84</u> | <u>116</u> | <u>2,424</u> |
| At 31 August 2015 | <u>1,069</u> | <u>1</u> | <u>23</u> | <u>48</u> | <u>1,141</u> |

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. DEBTORS

| | 2016 | 2015 |
|--------------------------------|-------------|------------|
| | £000 | £000 |
| Trade debtors | 14 | 24 |
| VAT repayable | 70 | 56 |
| Prepayments and accrued income | 155 | 66 |
| | <u>239</u> | <u>146</u> |

16. CREDITORS: Amounts falling due within one year

| | 2016 | 2015 |
|------------------------------------|-------------|------------|
| | £000 | £000 |
| Other loans | 17 | 17 |
| Trade creditors | 130 | 197 |
| Other taxation and social security | 116 | 33 |
| Other creditors | 102 | 30 |
| Accruals and deferred income | 336 | 206 |
| | <u>701</u> | <u>483</u> |

| | 2016 | 2015 |
|--------------------------------------|-------------|-----------|
| | £000 | £000 |
| Deferred income | | |
| Deferred income at 1 September 2015 | 89 | - |
| Resources deferred during the year | 169 | 89 |
| Amounts released from previous years | (89) | - |
| Deferred income at 31 August 2016 | <u>169</u> | <u>89</u> |

Deferred income relates to universal infant free school meals and rates relief that straddle the academic year end and Teaching Alliance fees and a Mental Health fees received in advance.

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

| | 2016 | 2015 |
|-------------|-------------|------------|
| | £000 | £000 |
| Other loans | <u>90</u> | <u>108</u> |

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

| | 2016 | 2015 |
|---------------------------|-------------|------|
| | £000 | £000 |
| Repayable by installments | 33 | 44 |

Included within other creditors are loans of £88,000 to St Paulinus and £19,500 to St Joseph's from the Diocese of Middlesbrough which are provided on the following terms:

| | |
|-----------------|------------------------------|
| St Paulinus | |
| Period of loan | 9 years |
| Interest | 3% p.a. on balances - waived |
| Repayment terms | annual equal repayments |
| St Joseph's | |
| Period of loan | 4 years |
| Interest | 3% p.a. on balances - waived |
| Repayment terms | annual equal repayments |

18. STATEMENT OF FUNDS

| | Brought Forward £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Carried Forward £000 |
|-----------------------------------|----------------------------|----------------|---------------------|-----------------------------|----------------------------|----------------------------|
| Unrestricted funds | | | | | | |
| General reserves | 226 | 532 | (216) | - | - | 542 |
| Private school funds | 22 | 260 | (151) | - | - | 131 |
| Teaching school | 27 | 179 | (148) | - | - | 58 |
| Unrestricted fixed asset funds | 60 | - | - | (60) | - | - |
| | 335 | 971 | (515) | (60) | - | 731 |

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

18. STATEMENT OF FUNDS (continued)

Restricted funds

| | | | | | | |
|--|--------------|--------------|----------------|----------|----------------|----------------|
| General Annual Grant (GAG) | - | 7,784 | (7,679) | 1 | - | 106 |
| Pupil Premium | - | 427 | (358) | 8 | - | 77 |
| National College for Teaching and Leadership | 65 | 62 | (98) | - | - | 29 |
| Other DfE/EFA grants | - | 212 | (197) | - | - | 15 |
| SEN funding | - | 101 | (101) | - | - | - |
| Other government grants | - | 470 | (470) | - | - | - |
| Other grants | - | 9 | (9) | - | - | - |
| Pension reserve | (572) | (1,005) | (175) | - | (1,533) | (3,285) |
| | <u>(507)</u> | <u>8,060</u> | <u>(9,087)</u> | <u>9</u> | <u>(1,533)</u> | <u>(3,058)</u> |

Restricted fixed asset funds

| | | | | | | |
|------------------------------------|--------------|---------------|----------------|-----------|----------------|--------------|
| DfE/EFA capital grants | 309 | 174 | (11) | - | - | 472 |
| Capital expenditure from GAG | 75 | - | (13) | (18) | - | 44 |
| Private sector capital sponsorship | 2 | 4 | (1) | 9 | - | 14 |
| Inherited on conversion | 800 | 1,074 | (75) | - | - | 1,799 |
| Unrestricted fixed assets | - | - | (2) | 60 | - | 58 |
| | <u>1,186</u> | <u>1,252</u> | <u>(102)</u> | <u>51</u> | <u>-</u> | <u>2,387</u> |
| Total restricted funds | <u>679</u> | <u>9,312</u> | <u>(9,189)</u> | <u>60</u> | <u>(1,533)</u> | <u>(671)</u> |
| Total of funds | <u>1,014</u> | <u>10,283</u> | <u>(9,704)</u> | <u>-</u> | <u>(1,533)</u> | <u>60</u> |

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

18. STATEMENT OF FUNDS (continued)

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

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

Pupil Premium is additional funding to be spent as the academy trust sees fit to support deprived students. Start up Grant A was funding paid in respect of conversion. NCSL Teaching School funding is restricted grants received from the National College of School Leadership. Other DfE/EFA grants relates to universal infant free school meals, rates grant and PE sports grant.

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

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 24.

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

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

Unrestricted fixed asset funds represent monies from conversion set aside towards capital projects. This money has not been spend as 31 August 2016.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

| | Total 2016 £000 | Total 2015 £000 |
|---|--------------------------------|--------------------------------|
| St Bede's Voluntary Catholic Primary Academy | 130 | 142 |
| St Paulinus Voluntary Catholic Primary Academy | 231 | 165 |
| St Joseph's Voluntary Catholic Primary Academy | 9 | 93 |
| Sacred Heart Secondary Catholic Academy | 351 | - |
| St Benedict's Primary Catholic Voluntary Academy | 217 | - |
| Nicholas Postgate Trust | 20 | - |
| | <hr/> | <hr/> |
| Total before fixed asset fund and pension reserve | 958 | 400 |
| Restricted fixed asset fund | 2,387 | 1,186 |
| Pension reserve | (3,285) | (572) |
| | <hr/> | <hr/> |
| Total | 60 | 1,014 |
| | <hr/> | <hr/> |

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £000 | Other support staff costs £000 | Educational supplies £000 | Other costs excluding depreciation £000 | Total 2016 £000 | Total 2015 £000 |
|--|--|---|---------------------------------|--|-----------------------|-----------------------|
| St Bede's Voluntary Catholic Primary Academy | 613 | 80 | 19 | 500 | 1,212 | 1,101 |
| St Paulinus Voluntary Catholic Primary Academy | 597 | 98 | 72 | 256 | 1,023 | 900 |
| St Joseph's Voluntary Catholic Primary Academy | 623 | 103 | 52 | 238 | 1,016 | 932 |
| Scared Heart Secondary Catholic Academy | 2,876 | 327 | 91 | 1,174 | 4,468 | - |
| St Benedict's Primary Catholic Voluntary Academy | 1,166 | 77 | 40 | 571 | 1,854 | - |
| Nicholas Postage Trust | 36 | 66 | - | (73) | 29 | 25 |
| | <u>5,911</u> | <u>751</u> | <u>274</u> | <u>2,666</u> | <u>9,602</u> | <u>2,958</u> |

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Restricted fixed asset funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Intangible fixed assets | - | - | 6 | 6 | 13 |
| Tangible fixed assets | - | - | 2,424 | 2,424 | 1,141 |
| Current assets | 731 | 911 | 64 | 1,706 | 1,023 |
| Creditors due within one year | - | (684) | (17) | (701) | (483) |
| Creditors due in more than one year | - | - | (90) | (90) | (108) |
| Provisions for liabilities and charges | - | (3,285) | - | (3,285) | (572) |
| | <u>731</u> | <u>(3,058)</u> | <u>2,387</u> | <u>60</u> | <u>1,014</u> |

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

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

| | 2016 | 2015 |
|--|----------------|-------------|
| | £000 | £000 |
| Net income for the year (as per Statement of financial activities) | 579 | 1,026 |
| Adjustment for: | | |
| Depreciation charges | 102 | 34 |
| Cash inherited on conversion | (508) | (414) |
| Assets inherited on conversion | (1,074) | (828) |
| Dividends, interest and rent from investments | (2) | (1) |
| Increase in debtors | (93) | (146) |
| Increase in creditors | 218 | 466 |
| Capital grants from DfE and other capital income | (142) | (284) |
| Defined benefit pension scheme obligation inherited | 1,005 | 497 |
| Defined benefit pension scheme cost less contributions payable | 119 | 47 |
| Defined benefit pension scheme finance cost | 56 | 16 |
| Net cash provided by operating activities | 260 | 413 |

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 | 2015 |
|--------------|--------------|-------------|
| | £000 | £000 |
| Cash in hand | 1,467 | 877 |
| Total | 1,467 | 877 |

22. CONVERSION TO AN ACADEMY TRUST

On 1 September 2015 Saint Benedict's Roman Catholic VA Primary School and Sacred Heart Roman Catholic VA School - A Specialist Science College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Nicholas Postgate Academy Trust from Redcar & Cleveland borough council Local Authority for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

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**NOTES TO THE FINANCIAL STATEMENTS
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22. CONVERSION TO AN ACADEMY TRUST (continued)

St Benedict's Primary Catholic Voluntary Academy

| | Unrestricted funds £000 | Restricted funds £000 | Restricted fixed asset funds £000 | Total funds £000 |
|--------------------------------|-------------------------------|-----------------------------|--|------------------------|
| Tangible fixed assets | | | | |
| - Leasehold land and buildings | - | - | 231 | 231 |
| - Other tangible fixed assets | - | - | 35 | 35 |
| Other assets | 79 | 144 | 9 | 232 |
| LGPS pension surplus/(deficit) | - | (421) | - | (421) |
| Loan from diocese | - | - | - | - |
| Net assets/(liabilities) | <u>79</u> | <u>(277)</u> | <u>275</u> | <u>77</u> |

The above net assets include £232,000 that were transferred as cash.

Sacred Heart Secondary Catholic Voluntary Academy

| | Unrestricted funds £000 | Restricted funds £000 | Restricted fixed asset funds £000 | Total funds £000 |
|--------------------------------|-------------------------------|-----------------------------|--|------------------------|
| Tangible fixed assets | | | | |
| - Leasehold land and buildings | - | - | 700 | 700 |
| - Other tangible fixed assets | - | - | 108 | 108 |
| Other assets | 249 | - | 27 | 276 |
| LGPS pension surplus/(deficit) | - | (584) | - | (584) |
| Loan from diocese | - | - | - | - |
| Net assets/(liabilities) | <u>249</u> | <u>(584)</u> | <u>835</u> | <u>500</u> |

The above net assets include £276,000 that were transferred as cash.

23. CAPITAL COMMITMENTS

At 31 August 2016 the academy trust had capital commitments as follows:

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Contracted for but not provided in these financial statements | <u>9</u> | <u>125</u> |

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

24. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £101,000 were payable to the schemes at 31 August 2016 (2015 - 30,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £602,000 (2015 - £140,000).

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

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24. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £267,000 (2015 - £108,000), of which employer's contributions totalled £191,000 (2015 - £77,000) and employees' contributions totalled £76,000 (2015 - £31,000). The agreed contribution rates for future years are 14.6% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

| | 2016 | 2015 |
|--|----------------|---------|
| Discount rate for scheme liabilities | 2.00 % | 3.80 % |
| Rate of increase in salaries | 3.40 % | 3.50 % |
| Rate of increase for pensions in payment / inflation | 1.90 % | 2.00 % |
| Inflation assumption (CPI) | 1.90 % | 2.00 % |
| Commutation of pensions to lump sums | 80.00 % | 80.00 % |

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

| | 2016 | 2015 |
|----------------------|-------------|------|
| Retiring today | | |
| Males | 23.1 | 23.0 |
| Females | 25.6 | 25.5 |
| Retiring in 20 years | | |
| Males | 25.3 | 25.2 |
| Females | 28.0 | 27.8 |

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24. PENSION COMMITMENTS (continued)

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

| | Fair value at 31 August 2016 £000 | Fair value at 31 August 2015 £000 |
|------------------------------|--|--|
| Equities | 1,651 | 548 |
| Property | 142 | 41 |
| Government bonds | 15 | 11 |
| Corporate bonds | 15 | 11 |
| Cash | 112 | 43 |
| Other | - | 12 |
| | <hr/> | <hr/> |
| Total market value of assets | 1,935 | 666 |
| | <hr/> <hr/> | <hr/> <hr/> |

The actual return on scheme assets was £249,000 (2015 - £9,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Current service cost (net of employee contributions) | (310) | (124) |
| Net interest cost | (56) | (16) |
| | <hr/> | <hr/> |
| Total | (366) | (140) |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 2016 £000 | 2015 £000 |
|------------------------------------|--------------|--------------|
| Opening defined benefit obligation | 1,238 | - |
| Upon conversion | 1,752 | 1,049 |
| Current service cost | 310 | 124 |
| Interest cost | 115 | 38 |
| Contributions by employees | 76 | 31 |
| Actuarial losses/(gains) | 1,723 | (1) |
| Benefits paid | 6 | (3) |
| | <hr/> | <hr/> |
| Closing defined benefit obligation | 5,220 | 1,238 |
| | <hr/> <hr/> | <hr/> <hr/> |

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24. PENSION COMMITMENTS (continued)

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

| | 2016 £000 | 2015 £000 |
|-------------------------------------|--------------|--------------|
| Opening fair value of scheme assets | 666 | - |
| Upon conversion | 747 | 552 |
| Interest income | 59 | 22 |
| Actuarial gains and (losses) | 190 | (13) |
| Contributions by employer | 191 | 77 |
| Contributions by employees | 76 | 31 |
| Benefits paid | 6 | (3) |
| | <hr/> | <hr/> |
| Closing fair value of scheme assets | <u>1,935</u> | <u>666</u> |

25. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2016 £000 | 2015 £000 |
|----------------------------|--------------|--------------|
| Amounts payable: | | |
| Within one year | 22 | 6 |
| Between one and five years | 38 | 8 |
| | <hr/> | <hr/> |
| Total | <u>60</u> | <u>14</u> |

26. NET FINANCE COST ON PENSION SCHEME

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Expected return on pension scheme assets | 59 | 22 |
| Interest on pension scheme liabilities | (115) | (38) |
| | <hr/> | <hr/> |
| | <u>(56)</u> | <u>(16)</u> |

27. RELATED PARTY TRANSACTIONS

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

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

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28. PRIOR YEAR ADJUSTMENT

On conversion to academy status, buildings held on licence from the Diocese were recognised as a donation and included as an asset on the balance sheets for the respective academies within the Trust. Following advice from the Catholic Education Service and the Diocese of Middlesbrough, the Directors have taken the decision to remove these buildings from the balance sheet through a prior year adjustment. The effect of this on the comparative figures was a decrease in income of £4,641,000 and an increase in expenditure of £85,000 and a reduction in tangible fixed assets of £4,556,000.

29. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 4 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

| RECONCILIATION OF TOTAL FUNDS | Notes | 1 September 2014 £000 | 31 August 2015 £000 |
|--------------------------------------|--------------|----------------------------------|--------------------------------|
| Total funds under previous UK GAAP | | - | 1,014 |
| Total funds reported under FRS 102 | | - | 1,014 |

| Reconciliation of net income | Notes | 31 August 2015 £000 |
|--|--------------|--------------------------------|
| Net income previously reported under UK GAAP | | 1,041 |
| Change in recognition of LGPS interest cost | A | (15) |
| Actuarial gain/loss brought above the line | B | (12) |
| Net movement in funds reported under FRS 102 | | 1,014 |

Explanation of changes to previously reported funds and net income/expenditure:

A Change of recognition of LGPS interest cost

Under previous UK GAAP the multi academy trust recognised an expected return on defined benefit plan assets in resources expended. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in resources expended. There has been no change in the defined benefit liability at 31 August 2015. The effect of the change has been to increase the debit to resources expended by £15,000 and decrease the debit on other recognised gains and losses in the SoFA by an equivalent amount.

B Actuarial gain/loss brought above the line

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.