

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

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NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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NICHOLAS POSTGATE ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2015**

Members

Canon M E Bayldon (appointed 4 September 2014)
F J Campbell (appointed 10 November 2014)
Monsignor G Dasey (appointed 4 September 2014)
RT Rev T P Draine, Bishop of Middlesbrough (appointed 4 September 2014)

Directors

F J Campbell, Chair (appointed 4 September 2014)¹
E J Nicholls, Vice Chair (appointed 4 September 2014)²
M E Bayldon (appointed 4 September 2014)¹
S R Broughton (appointed 9 December 2014)¹
M Campbell (appointed 16 June 2015)
P Clifford (appointed 4 September 2014)²
B Coulston (appointed 4 September 2014)¹
J Craven (appointed 4 September 2014)
D A Fearnley (appointed 4 September 2014)²
S K Geaves, Principal (appointed 4 September 2014)¹
J G Gillis (appointed 4 September 2014, resigned 16 June 2015)
M E Henry (appointed 4 September 2014)
P Hibbert (appointed 4 September 2014, resigned 31 August 2015)
M Lowe (appointed 4 September 2014, resigned 11 November 2014)
A D Montague (appointed 4 September 2014)¹
K M Siedle, Accounting Officer (appointed 4 September 2014)
A G Toward, Principal (appointed 4 September 2014)

¹ Member of Finance and General Purposes Committee

² Member of Audit Committee

Company registered number

09203984

Principal and registered office

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

Company secretary

Prima Secretary Limited

Accounting Officer

K Siedle

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
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Senior management team (Head teacher's group)

K Siedle, Executive Head of St Bede's Primary Catholic Voluntary Academy
S Geaves, Head of St Paulinus Primary Catholic Voluntary Academy
A Toward, Head of St Joseph's Primary Catholic Voluntary Academy
A Coulson, Head of St Bede's Primary Catholic Voluntary Academy
E Henry, Head of St Benedicts Primary Catholic Voluntary Academy
P Hibbert, Head of Sacred Heart Secondary Catholic Voluntary Academy
L Marron, Head of finance and corporate services

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
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DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2015

The directors present their annual report together with the audited financial statements and Auditors' report of Nicholas Postgate Academy Trust (the Academy Trust) for the period ended 31 August 2015. The Directors confirm that the Annual report and financial statements of the academy trust comply with the current statutory requirements, the requirements of the academy trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Nicholas Postgate Academy Trust operates three primary academies in Loftus, Guisborough and Marske. Its academies have a combined pupil capacity of 626, excluding nursery, and had a roll of 560 in the school census on 21 May 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a charitable company limited by guarantee and an exempt charity which was set up by a Memorandum of Association on 4 September 2014. The three primary schools joined the trust on 1 October 2014. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The directors 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

Directors are appointed in relation to the type of Directorship held.

Members may appoint up to one director under Articles 50 as long as no more than one third of the number of individuals are employees of the Trust.

A minimum of four foundation directors are appointed under Article 50A and this requires the Bishop's approval. At all times the number of foundation directors and academy directors must exceed the total number of other directors by at least two.

Up to five academy directors can be appointed under Articles 51/52 by being virtue of the Chair of the Local Management Board and will be appointed by the directors of the company.

Up to five principals are appointed by Articles 57A/B by being virtue of being a Head teacher and will be appointed by the directors of the company.

There is scope to have parent directors under Article 53/56 but this does not apply as there are two parent members on each Local Management Board.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

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

The company could also have three co-opted directors under Article 58 which it doesn't at present. These would be appointed by the board but an employee could not be co-opted if the number of directors who are employees of the company would exceed one third of the total number of directors including the principals. In addition the number of foundation directors would also need to be reviewed to ensure that the majority of two of the directors are foundation directors.

The term of office for any director shall be four years, save that this time limit shall not apply to the principal 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. The Chairman and Vice Chair of the Board and its sub Committees will be reappointed on an annual basis.

Policies and procedures adopted for the induction and training of Directors

The training and induction provided for new directors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new directors are given a tour of the Academy Trust and the chance to meet with staff and students. All directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors. As there are normally only one or two directors a year, induction tends to be done informally and is tailored specifically to the individual.

The Trust recently appointed Avec-partnership as Governors support and there will be a tailor made planned programmes of Governance training to support development of the Trust and to help advise individuals understand their roles and responsibilities. This will be both on a Trust based and Academy school based approach.

Organisational structure

The Trust comprised this year of three partner primary schools. The Trust board is responsible for the strategic direction of the Trust and has overall responsibility for standards, finance and assets. The Trust is supported by the Audit Committee, Finance and General Purposes Committee and the Standards Committee. Other sub Committees will be established as the needs arise.

The Trust is also the admissions authority and employer for all academies in the Trust. The executive leadership is via the Headteachers CMAT group which include Heads of the three primary schools in the Trust plus the Heads of the two schools who joined the Trust on the 1 September 2015.

The Accounting Officer is Executive Head of St Bede's Primary School which includes Landmark Teaching Alliance.

The approval route and powers of decision making in relation to the Board and the school's own Local Management Board is defined in the scheme of delegation. This determines what responsibility lies at school level and then at Board level.

All appointments except Heads and Deputy Head teachers are at Local Management Board level.

Finance, HR and Administration is processed at a school level and the Head of Finance and Corporate Service oversees this. There are plans now that the five schools have joined the Trust to ensure that all processes are standardised and are followed by all schools in the Trust. The Trust has produced a central finance policy.

The Trust has established some central policies and will align all statutory policies throughout the Trust and also ensure they comply with guidance from the Catholic Education Service.

NICHOLAS POSTGATE ACADEMY TRUST
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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

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. The Trust also links in to other Catholic and non Catholic Schools in the Redcar and Cleveland locality.

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.

Risk management

The directors have assessed the major risks to which the Academy Trust is exposed, in particular those related to the operations and finances of the Academy Trust, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Directors' indemnities

The academy trust has purchased RPA 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 12.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company in the operation of Nicholas Postgate Academy is to provide education for students of different abilities between the ages of 3 and 16. The Trusts vision is one of spiritual enlightenment promoting and preserving the Catholic Ethos within the area and is Governed by the Diocese of Middlesbrough. The Trust inspire to academic excellence allowing all young people to achieve their full potential. The Trust will work to share its talent's, skills and resources and create opportunities for the benefit of all.

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

Schools have their own development plans and these link into the Trust Development Plan.

The Trust and academies use the Catholic Services application form and associated Catholic Services HR policies. The Trust is committed to developing policies and developing Trust wide consistent policies where required.

The Head teachers group meet regularly to discuss ongoing operational and strategic matters particularly in relation to the Trust's Development Plan. The financial current and projected position is reported within the Head teachers reports and to the Finance Sub Committee and Board. There are also regular reports on performance in academy schools and on staffing information.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

Objectives, strategies and activities

The academy's objectives and strategies are set out below:

Objective	Strategy
Ensure Governance is well informed	Planned programme of skills, audit and board development on an ongoing and tailored approach by the new governance support provider. Review and develop the scheme of delegation.
Ensure attainment and progress is above the national average	Regular standard reviews which are shared and regularly tracked on a termly basis. Share best practice and invest central funds in areas that require development.
Ensure schools work collaboratively	Develop subject leads across the Trust, share best practice, support the transition from primary to secondary and create a wider education experience.
Every teacher aims to be inspiring	Use mentoring peer system, identify outstanding teachers and develop a programme of support and coaching.
Apply the Catholic church teachings	Review attendance and behaviour on a termly basis. Review section 48 reports and promote opportunities for shared liturgy.
Ensure academies have enough resources and are supported	Consistent policies, regular finance reporting, use of bench mark and actual data for value for money and develop the risk register.
Ensure all academy premises comply with the safety standards and are fit for purpose	Commission a Trust asset management review to inform premises priorities and investments required. This will inform capital bids and investment priorities.

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 11 and 16.

Public benefit

The academy 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 academy trust should undertake.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

- Robust staff structures are in place with CPD plans
- The Trust has agreed to become a living wage employer
- School performance is good or outstanding in two of the Trust schools.
- Attendance is improving in schools
- The Trust has now developed the Board and Sub Boards for effective decision making
- All schools have balanced budgets
- Ensuring that Sacred Heart Secondary Catholic Voluntary Academy and St Benedict's Primary Catholic Voluntary Academy, have been converted into the Trust
- Building up of the finance and business functions to support the strategic direction and support financial planning

KEY PERFORMANCE INDICATORS

The Indicators that the Trust initially focused on were in the Trusts application to become an academy.

Details of performance are below:

ST Bede's	2014	2015
% achieving L4 or above at KS2 combined reading, writing and mathematics	100%	100%
% of all pupils making expected progress measures in reading	100%	100%
% of all pupils making expected progress measures in writing	100%	100%
% of all pupils making expected progress measures in mathematics	100%	100%
Attendance	96.80%	96.10%
Ofsted inspection March 2009	Outstanding	

ST Joseph's	2014	2015
% achieving L4 or above at KS2 combined reading, writing and mathematic	92%	91.30%
% of all pupils making expected progress measures in reading	92%	100%
% of all pupils making expected progress measures in writing	92%	91.30%
% of all pupils making expected progress measures in mathematics	92%	100%
Attendance	96.50%	95.80%
Ofsted inspection March 2014	Requires improvement	

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

KEY PERFORMANCE INDICATORS (continued)

ST Paulinus	2014	2015
% achieving L4 or above at KS2 combined reading, writing and mathematic	100%	100%
% of all pupils making expected progress measures in reading	96%	96%
% of all pupils making expected progress measures in writing	92%	100%
% of all pupils making expected progress measures in mathematics	92%	100%
Attendance	96.60%	96.10%
Ofsted inspection February 2014	Good	

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.

FINANCIAL REVIEW

Principal funding sources

Most of the academy trusts 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 2015 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 Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2005), 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 academy trust also has additional funds from the provision of after school and breakfast clubs, from minibuss 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 2015, total expenditure of £3,077,000 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 £64,000.

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

At 31 August 2015 the net book value of fixed assets was £5,710,000 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.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

FINANCIAL REVIEW (continued)

Principal funding sources (continued)

The provisions of Financial Reporting Standard No.17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £572,000 recognised on the balance sheet.

The Academy Trust held fund balances at 31 August 2015 of £5,575,000 comprising £5,235,000 of restricted funds and £340,000 of unrestricted funds.

Reserves policy

The Academy 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 that meet the objectives of the schools and charity.
- To cover ongoing costs in relation to 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 an academy 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 £384,000.

This is considered sufficient to cover one month's operating costs of the three schools within the Multi Academy Trust and the two schools which joined the Multi Academy Trust on the 1 September 2015. The level of reserves will be reviewed on an annual basis.

The academy's current level of free reserves are in surplus by £340,000 and therefore are considered to be below the level of reserves required for the ongoing needs of the academy. The directors will be looking to improve the reserves position during 2015 - 2016 and will be carrying out robust reviews of risk management and reviews of the risk register which will further inform the requirements for reserves. The importance of reserves is recognised for the sustainability of the Trust and to deal with unforeseen events.

Investment policy and performance

The Academy Trust agreed that an investment policy would be fully established once the cash flow position is known. The current approved policy states that any investments must be low risk and ethically viable and must comply with the Dioceses Ethical Investment policy.

Principal risks and uncertainties

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 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 directors have implemented a number of systems to assess 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. 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.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

Principal risks and uncertainties (continued)

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.

The Academy Trust is subject to a number of risks and uncertainties in common with other academies. The Academy Trust has in place procedures to identify and mitigate financial risks.

PLANS FOR FUTURE PERIODS

Future developments

The Academy Trust is in the process of reviewing and publishing its priorities as two more key Catholic schools have been admitted into the Academy Trust. These are Sacred Heart Secondary Catholic Voluntary Academy and St Benedict's Primary Catholic Voluntary Academy.

The plans for the next year reflect the main priorities which are to:

- ensure that the attainment and progress of learners is above the National average;
- continue to share best practice in teaching so every teacher aspires to be outstanding and that will be supported by the Trust's landmark teaching alliance;
- increase collaboration between schools;
- develop a longer term asset management plan for the schools that are non pfi;
- develop pupil's spiritual, moral, cultural and social development and
- develop the Trust Governance.

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, incorporating the Strategic report, was approved by order of the Board of Directors, as the company directors, on 14 December 2015 and signed on the board's behalf by:



F J Campbell
Chair of Directors

NICHOLAS POSTGATE ACADEMY TRUST
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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 Bede's, 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 Directors' responsibilities statement. The Board of Directors has formally met 4 times during the period. Attendance during the period at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
F J Campbell, Chair	4	4
E J Nicholls, Vice Chair	3	4
M E Bayldon	3	4
S R Broughton	1	3
M Campbell	1	1
P Clifford	4	4
B Coulston	4	4
J Craven	4	4
D A Fearnley	4	4
S K Geaves, Principal	4	4
J G Gillis	3	3
M E Henry	3	4
P Hibbert	4	4
M Lowe	1	1
A D Montague	3	4
K M Siedle, Accounting Officer	4	4
A G Toward, Principal	4	4

There have been two changes to the main Board of Directors in the year as two Chairs from Sacred Heart and St Joseph's ended their terms. At both Schools new Chairs were appointed to the Board of Directors as soon as possible. The Board of Directors this year focused on setting up sub Committees and defining their responsibilities and remits.

In 2015 the Board of Directors look forward to reviewing how it operates as a Board and with LMB'S to improve its effectiveness and to strengthen Governance of the Academy Trust.

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GOVERNANCE STATEMENT (continued)

Governance reviews:

The Nicholas Postgate Academy Trust re procured its Director's support function, this will commence in September 2015. The new provider has more experience of working with multi academy trusts and will in the first terms start working with the Board of Directors to review the governance arrangements and operations. To date progress and plans are as follows:

- Meeting dates have been set between the Board and LMB's on a more coordinated basis which will enable improved information flow and will assist in quicker approval routes.
- Development has started on a Trust annual work plan to inform agenda items and coordinate planning of information.
- The Trust Scheme of Delegation and associated policies will be reviewed to ensure they work well and are fully embedded and understood by all.
- The new Governance support provider will work with the Academy Trust to revisit a review of skills and to develop a tailor made training programme to improve Board effectiveness. This will include a review of the 21 Key questions to Multi Academy Trusts.

The Finance and General Purposes Sub 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 trusts finances, staffing and resources, including proper planning, monitoring and probity.

This includes:

- Review of insurance policies
- Safeguarding assets
- Overseeing financial planning and approving annual budgets, also ensuring short term budgets are in line with longer term strategies
- Prepare, monitor and review finance and staffing policies and recommend approval to the Board
- Monitor the finance position through accurate and timely reports which users can understand
- Ensure that proper records and accounts are maintained.

In its first year of operation the Finance sub-committee has approved new finance policies required as an Academy trust and also considered existing policies, approved budgets and approved financial returns prior to submission and agreed a monitoring process for budgets. It also considered matters such as the living wage impact and the CIF capital bids prior to submission.

In addition to the post of Head of Finance & Corporate Services the Chair of the Committee is a qualified accountant.

Attendance at meetings in the period was as follows:

Director	Meetings attended	Out of a possible
Canon M E Bayldon	3	3
S R Broughton	0	1
F J Campbell	3	3
B Coulston	2	3
S K Geaves, Principal	3	3
A D Montague	3	3

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.

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GOVERNANCE STATEMENT (continued)

The Committee will:

- Gain assurance that the Academy Trusts risk management, control and governance arrangements are adequate and effective
- Appoint and engage the external auditor and internal auditor and review the terms of engagement
- Monitor and maintain the risk management policy
- Monitor and ensure all audit recommendations are implemented

In the first year the committee approved its terms of reference, reviewed current risk analysis, business continuity and evaluate the initial internal audit report.

Attendance at meetings in the period was as follows:

Director	Meetings attended	Out of a possible
D A Fearnley	3	3
E J Nicholls, Vice Chair	3	3
P Clifford	3	3

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Head teacher of St Bede's has responsibility for ensuring that the academy 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 available. The Accounting Officer for the academy trust ensured that the following were delivered to improve value for money during the year by:

- Looking at costs of shared services and re procuring HR and Governors services which made cost savings and delivered a more effective, tailor made service to the academy trust.
- Explored discounts available as a Multi Academy Trust on existing supplier's.
- Carried out an annual review of existing contracts particularly in relation to services provided by the local authority to determine whether services should continue, be extended or be procured externally.
- The Academy Trust developed a balanced budget and looked at utilising resources in the best way for educational purposes.
- The Academy Trust was successful in bidding for capital CIF bids of £265,000 which have been invested into the academy buildings. These investment will yield revenue savings in terms of energy bills and will improve the condition of the assets which will benefit the staff and pupils.
- Policies on reserves and cash flow statements have also been prepared which will allow the Academy Trust to make informed decisions on short term investments to generate more bank interest.
- The Academy Trust has approved the use of a standardised Head teachers report. This will allow easier comparison and analysis of data between academy schools which will inform data for internal analysis.
- The Academy Trust primary schools all achieved the targets they set out in the academy application form and each school is also continuing to progress its own individual school improvement priorities.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 period 4 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks is not fully embedded and needs more development to be fully effective which has been in place for the period 4 September 2014 to 31 August 2015. Discussions at the board meeting resulted in a recommendation to set up a dedicated risk working party to develop this process and policy further. This will lead to a more robust record of risks identified at both Board and local levels which are reported and reviewed regularly.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of 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 academy trust's financial systems. 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 Director 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

On a termly basis, the external auditors report to the Board of Directors through the audit committee which is then also fed back to the finance and general purposes committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

As this is the first year of the academy trust only two internal reviews were carried out this year. The report received highlighted the need to reconcile control accounts more regularly and to move to monthly accruals and deferrals to improve management reporting. There was also a recommendation to review procurement levels based on the auditor's benchmarked knowledge of similar academies.

These actions will be implemented and addressed immediately.

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head teacher of St Bede's has responsibility for reviewing the effectiveness of the system of internal control. During the period 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 Head of Finance & Corporate Services within the academy trust who has 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 14 December 2015 and signed on its behalf, by:



F J Campbell
Chair of Directors



K M Siedle
Accounting Officer

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy 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 (2014).

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.

K M Siedle

K M Siedle
Accounting Officer

14 December 2015

NICHOLAS POSTGATE ACADEMY TRUST

(A company limited by guarantee)

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2015

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 (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

The Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from DfE/EFA 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 14 December 2015 and signed on its behalf by:



F J Campbell
Chair of Directors

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NICHOLAS POSTGATE ACADEMY TRUST

We have audited the financial statements of Nicholas Postgate Academy Trust for the period ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the directors of the academy 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 academy trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 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 period 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 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
14 December 2015

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 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 period 4 September 2014 to 31 August 2015 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 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 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 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 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 4 September 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy 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 our conclusion includes:

- Review of Board of Directors 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 of registers of interests;
- 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 period 4 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Christopher Beaumont BA (Hons) FCA DChA

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

14 December 2015

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income - transfer from local authority on conversion	2	310	(420)	5,494	5,384
Other voluntary income	2	8	-	2	10
Activities for generating funds	3	294	-	-	294
Investment income	4	1	-	-	1
Incoming resources from charitable activities	5	-	2,701	284	2,985
TOTAL INCOMING RESOURCES		613	2,281	5,780	8,674
RESOURCES EXPENDED					
Charitable activities	7	278	2,546	119	2,943
Governance costs	6	-	134	-	134
TOTAL RESOURCES EXPENDED	8	278	2,680	119	3,077
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		335	(399)	5,661	5,597
Transfers between Funds	18	-	(81)	81	-
NET INCOME FOR THE PERIOD		335	(480)	5,742	5,597
Actuarial gains and losses on defined benefit pension schemes		-	(27)	-	(27)
NET MOVEMENT IN FUNDS FOR THE PERIOD		335	(507)	5,742	5,570
<i>Total funds at 4 September 2014</i>		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2015		335	(507)	5,742	5,570

All of the academy trust's activities derive from acquisitions in the current financial period.

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

The notes on pages 25 to 46 form part of these financial statements.

NICHOLAS POSTGATE ACADEMY TRUST

(A company limited by guarantee)

REGISTERED NUMBER: 09203984

**BALANCE SHEET
AS AT 31 AUGUST 2015**

	Note	£000	2015 £000
FIXED ASSETS			
Tangible assets	14		5,710
CURRENT ASSETS			
Debtors	15	146	
Cash at bank		877	
		<u>1,023</u>	
CREDITORS: amounts falling due within one year	16	(483)	
NET CURRENT ASSETS			<u>540</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,250</u>
CREDITORS: amounts falling due after more than one year	17		(108)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			<u>6,142</u>
Defined benefit pension scheme liability	25		(572)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>5,570</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	18	65	
Restricted fixed asset funds	18	5,742	
		<u>5,807</u>	
Restricted funds excluding pension liability			
Pension reserve		(572)	
		<u></u>	
Total restricted funds			5,235
Unrestricted funds	18		335
TOTAL FUNDS			<u><u>5,570</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 14 December 2015 and are signed on their behalf, by:



F J Campbell
Chair of Directors

The notes on pages 25 to 46 form part of these financial statements.

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2015

	Note	2015 £000
Net cash flow from operating activities	20	413
Returns on investments and servicing of finance	21	1
Capital expenditure and financial investment	21	(76)
Cash transferred on conversion to an academy trust	23	414
CASH INFLOW BEFORE FINANCING		752
Financing	21	125
INCREASE IN CASH IN THE PERIOD		877

All of the cash flows are derived from acquisitions in the current financial period.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2015

	2015 £000
Increase in cash in the period	877
Cash outflow from decrease in debt and lease financing	(125)
Debt due	-
MOVEMENT IN NET FUNDS IN THE PERIOD	752
NET FUNDS AT 31 AUGUST 2015	752

The notes on pages 25 to 46 form part of these financial statements.

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

1.3 Incoming resources

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

1.4 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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 one year from the date of approval of the financial statements.

1.6 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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The premises are held on 125 year leases with Redcar and Cleveland Borough Council. As the risks and rewards have transferred to the academy, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at existing use valuation by Mouchel, on behalf of the Education Funding Agency. The Directors consider that obtaining an additional valuation would outweigh the benefit.

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost less depreciation. 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	-	50 years straight line
Motor vehicles	-	4 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

1.7 Operating leases

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

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

1.8 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.

1.9 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 quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.10 Conversion to an academy trust

The conversion from state maintained schools to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the schools 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 St Bede's Catholic Primary School, St Paulinus Catholic Primary School & St Joseph's Catholic Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised in Voluntary income - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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 23.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Voluntary income - transfer from local authority on conversion	310	5,074	5,384
Donations	8	2	10
Voluntary income	318	5,076	5,394

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Sundry income	189	-	189
Lettings income	3	-	3
Uniforms income	4	-	4
Trip income	31	-	31
Staff absence insurance	18	-	18
Catering income	49	-	49
	294	-	294

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

4. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Bank interest receivable	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
DfE/EFA revenue grants			
Devolved Formula Capital	-	19	19
Academies Capital Maintenance Fund	-	265	265
General Annual Grant (GAG)	-	2,053	2,053
Start Up Grant A	-	4	4
Pupil Premium	-	67	67
Other DfE/EFA Grants	-	67	67
Primary Chain Grant	-	120	120
	<u>-</u>	<u>2,595</u>	<u>2,595</u>
Other government grants			
National College for Teaching and Leadership	-	127	127
SEN	-	49	49
Other Government Grants	-	211	211
	<u>-</u>	<u>387</u>	<u>387</u>
Other funding			
Other Grants	-	3	3
	<u>-</u>	<u>3</u>	<u>3</u>
	<u>-</u>	<u>2,985</u>	<u>2,985</u>

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

6. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Auditors' remuneration - internal assurance fees	-	1	1
Auditors' remuneration	-	9	9
Auditors' remuneration - non audit	-	2	2
Legal and professional fees	-	55	55
Clerking costs	-	9	9
Wages and salaries	-	47	47
National insurance	-	4	4
Pension cost	-	7	7
	<hr/>	<hr/>	<hr/>
	-	134	134
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

7. CHARITABLE ACTIVITIES

	Total funds 2015 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	986
National insurance	72
Pension cost	182
Educational supplies	126
Staff development	12
Travel and subsistence	5
Other direct costs	50
	<hr/> 1,433 <hr/>
SUPPORT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	562
National insurance	21
Pension cost	71
Depreciation	119
Pension income	5
Technology costs	59
Recruitment and support	1
Maintenance of premises and equipment	99
Cleaning	38
Rates	19
Energy	28
Insurance	36
Security	2
Transport	8
Catering	120
Occupancy costs	12
Bank interest and charges	5
Other support costs	305
	<hr/> 1,510 <hr/>
	<hr/> 2,943 <hr/>

NICHOLAS POSTGATE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

8. RESOURCES EXPENDED

	Staff costs	Non Pay Premises	Expenditure Other costs	Total
	2015	2015	2015	2015
	£000	£000	£000	£000
Direct costs	1,240	-	193	1,433
Allocated support costs	654	353	503	1,510
Charitable activities	1,894	353	696	2,943
Governance	58	-	76	134
	1,952	353	772	3,077

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; or
- Cash losses.

9. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £000
Depreciation of tangible fixed assets:	
- owned by the charity	119
Auditors' remuneration	9
Auditors' remuneration - non-audit	2
Auditors' remuneration - internal assurance fees	1
Operating lease rentals:	
- other operating leases	7

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

10. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000
Wages and salaries	1,574
Social security costs	97
Other pension costs (Note 25)	260
	<hr/> 1,931
Supply teacher costs	21
	<hr/> <hr/> 1,952

Included within other pension costs is a debit of £43,000 relating to the pension deficit actuarial adjustment.

b. Staff severance payments

There were no staff severance payments during the period.

c. Staff numbers

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

	2015 No.
Teachers	31
Administration and support	25
Management	1
Premises	3
Other	2
	<hr/> 62

d. Higher paid staff

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

	2015 No.
In the band £60,001 - £70,000	1

The above employee participated in the Teachers' Pension Scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

11. 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:

	2015 £000
St Bede's Voluntary Catholic Primary Academy	13
St Paulinus Voluntary Catholic Primary Academy	1
St Joseph's Voluntary Catholic Primary Academy	1
Nicholas Postgate Trust	53
	<hr/>
Total	68

12. DIRECTORS' AND OFFICERS' INSURANCE

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees 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 trustees and officers indemnity element from the overall cost of the RPA scheme.

13. 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 for the eleven month period from conversion was as follows:

	11 month period	Annualised
K Siedle, Executive Head teacher (St Bede's)		
Remuneration	£60,000 - £65,000	£65,000 - £70,000
Employer's pension contributions	£5,000 - £10,000	£5,000 - £10,000
A Toward, Head teacher (St Joseph's)		
Remuneration	£50,000 - £55,000	£55,000 - £60,000
Employer's pension contributions	£5,000 - £10,000	£5,000 - £10,000
S Geaves, Head teacher (St Paulinus)		
Remuneration	£45,000 - £50,000	£50,000 - £55,000
Employer's pension contributions	£5,000 - £10,000	£5,000 - £10,000

Three directors were reimbursed a total of £1,708 in respect of expenses incurred in respect of their duties as employees of the academy trust.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 4 September 2014	-	-	-	-	-
Additions	5,718	2	28	81	5,829
At 31 August 2015	5,718	2	28	81	5,829
Depreciation					
At 4 September 2014	-	-	-	-	-
Charge for the period	93	1	5	20	119
At 31 August 2015	93	1	5	20	119
Net book value					
At 31 August 2015	5,625	1	23	61	5,710

15. DEBTORS

	2015 £000
Trade debtors	24
Other debtors	56
Prepayments and accrued income	66
	<u>146</u>

**16. CREDITORS:
Amounts falling due within one year**

	2015 £000
Other loans	17
Trade creditors	197
Other taxation and social security	33
Other creditors	30
Accruals and deferred income	206
	<u>483</u>
	<u>£000</u>
Deferred income	
Resources deferred during the year	89

Deferred income relates to universal infant free school meals and rates relief that straddle the academic year end and teaching alliance fees received in advance.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

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

	2015
	£000
Other loans	108
	<hr/> <hr/>

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

	2015
	£000
Repayable by installments	44
	<hr/> <hr/>

Included within other creditors are loans of £99,000 to St Paulinus and £26,000 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	4 equal repayments

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

18. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
General reserves	-	514	(228)	(60)	-	226
Private school fund	-	23	(1)	-	-	22
Teaching School	-	76	(49)	-	-	27
Unrestricted fixed asset funds	-	-	-	60	-	60
	-	613	(278)	-	-	335
Restricted funds						
General Annual Grant (GAG)	-	2,053	(1,972)	(81)	-	-
Start up Grant A	-	4	(4)	-	-	-
Pupil premium	-	92	(92)	-	-	-
NCSL Teaching School	-	127	(62)	-	-	65
Other DfE/EFA grants	-	119	(119)	-	-	-
SEN funding	-	49	(49)	-	-	-
Primary chain grant	-	120	(120)	-	-	-
Other government grants	-	211	(211)	-	-	-
Other grants	-	3	(3)	-	-	-
Pension reserve	-	(497)	(48)	-	(27)	(572)
	-	2,281	(2,680)	(81)	(27)	(507)
Restricted fixed asset funds						
DfE/EFA capital grants	-	310	(1)	-	-	309
Capital expenditure from GAG	-	-	(6)	81	-	75
Private sector capital sponsorship	-	2	-	-	-	2
Inherited on conversion	-	5,468	(112)	-	-	5,356
	-	5,780	(119)	81	-	5,742
Total restricted funds	-	8,061	(2,799)	-	(27)	5,235
Total of funds	-	8,674	(3,077)	-	(27)	5,570

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

18. STATEMENT OF FUNDS (continued)

The Primary Chain Grant is a development grant available to fund a two year chain development programme for chains of 3 schools creating a Multi Academy Trust.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 25.

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 spent at the 31 August 2015.

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 2015.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

St Bede's Voluntary Catholic Primary Academy	142
St Paulinus Voluntary Catholic Primary Academy	165
St Joseph's Voluntary Catholic Primary Academy	93
	<hr/>
Total before fixed asset fund and pension reserve	400
Restricted fixed asset fund	5,742
Pension reserve	(572)
	<hr/>
Total	5,570
	<hr/> <hr/>

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	Educationa l supplies £000	Other costs excluding depreciation £000	Total £000
St Bede's Voluntary Catholic Primary Academy	415	195	55	436	1,101
St Paulinus Voluntary Catholic Primary Academy	423	221	55	201	900
Nicholas Postgate Trust	-	-	-	25	25
St Joseph's Voluntary Catholic Primary Academy	402	238	54	238	932
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,240	654	164	900	2,958
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000
Tangible fixed assets	-	-	5,710	5,710
Current assets	340	525	158	1,023
Creditors due within one year	(5)	(460)	(18)	(483)
Creditors due in more than one year	-	-	(108)	(108)
Provisions for liabilities and charges	-	(572)	-	(572)
	<u>335</u>	<u>(507)</u>	<u>5,742</u>	<u>5,570</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000
Net incoming resources before revaluations	5,597
Returns on investments and servicing of finance	(1)
Assets inherited on conversion	(5,469)
Cash inherited on conversion	(414)
Depreciation of tangible fixed assets	119
Capital grants from DfE	(284)
Increase in debtors	(146)
Increase in creditors	466
FRS17 inherited on conversion	497
FRS 17 adjustments	48
Net cash inflow from operations	<u><u>413</u></u>

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £000
Returns on investments and servicing of finance	
Interest received	<u><u>1</u></u>
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(360)
Capital grants from DfE	284
Net cash outflow capital expenditure	<u><u>(76)</u></u>

NICHOLAS POSTGATE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2015 £000
Financing	
Loans inherited on conversion	132
Repayment of loans	(7)
	<hr/>
Net cash inflow from financing	125
	<hr/> <hr/>

22. ANALYSIS OF CHANGES IN NET FUNDS

	4 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	-	877	-	877
Debt:				
Debts due within one year	-	-	(17)	(17)
Debts falling due after more than one year	-	7	(115)	(108)
	<hr/>	<hr/>	<hr/>	<hr/>
Net funds	-	884	(132)	752
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23. CONVERSION TO AN ACADEMY TRUST

On 1 October 2014 St Bedes Catholic Primary School, St Paulinus Catholic Primary School and St Joseph's Catholic Primary School 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 using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

The following tables sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

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

Nicholas Postgate Trust

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total Funds £000
Tangible fixed assets				
- Other tangible fixed assets	-	-	20	20
Net assets/(liabilities)	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>

None of the above assets were transferred as cash.

St Bede's

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	1,446	1,446
- Other tangible fixed assets	-	-	2	2
Other assets	86	21	-	107
LGPS pension surplus/(deficit)	-	(173)	-	(173)
Net assets/(liabilities)	<u>86</u>	<u>(152)</u>	<u>1,448</u>	<u>1,382</u>

The above net assets include £107,000 that were transferred as cash.

St Joseph's

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	1,459	1,459
Other assets	98	33	9	140
LGPS pension surplus/(deficit)	-	(168)	-	(168)
Loan from diocese	-	-	(33)	(33)
Net assets/(liabilities)	<u>98</u>	<u>(135)</u>	<u>1,435</u>	<u>1,398</u>

The above net assets include £140,000 that were transferred as cash

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**NOTES TO THE FINANCIAL STATEMENTS
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St Paulinus

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
<i>Tangible fixed assets</i>				
- Leasehold land and buildings	-	-	2,622	2,622
- Other tangible fixed assets	-	-	51	51
Other assets	126	24	17	167
LGPS pension surplus/(deficit)	-	(157)	-	(157)
Loan from diocese	-	-	(99)	(99)
	<u>126</u>	<u>(133)</u>	<u>2,591</u>	<u>2,584</u>
Net assets/(liabilities)				

The above net assets include £167,000 that were transferred as cash

24. CAPITAL COMMITMENTS

At 31 August 2015 the academy trust had capital commitments as follows:

	2015 £000
Contracted for but not provided in these financial statements	125

25. 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 defined benefit schemes.

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

Contributions amounting to £20,000 were due to the TPS and £10,000 were due to the LGPS at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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25. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The total contribution made to the TPS in the period amounted to £236,000 of which employer's contributions totalled £140,000 and employee's contributions totalled £96,000.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £108,000, of which employer's contributions totalled £77,000 and employees' contributions totalled £31,000. The agreed contribution rates for future years are 15% 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.

As described in note 23 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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**NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows:

	2015 £000
Present value of funded obligations	(1,238)
Fair value of scheme assets	666
	<hr/>
Net liability	(572)
	<hr/> <hr/>

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

	2015 £000
Current service cost	(120)
Interest on obligation	(41)
Expected return on scheme assets	36
	<hr/>
Total	(125)
	<hr/> <hr/>
Actual return on scheme assets	8
	<hr/> <hr/>

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

	2015 £000
Current service cost	120
Interest cost	41
Contributions by scheme participants	31
Actuarial Gains	(1)
Inherited on conversion	1,049
Benefits paid	(2)
	<hr/>
Closing defined benefit obligation	1,238
	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

25. PENSION COMMITMENTS (continued)

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

	2015
	£000
Expected return on assets	36
Actuarial (losses)	(28)
Contributions by employer	77
Contributions by employees	31
Inherited on conversion	552
Benefits paid	(2)
	<hr/>
	666 <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £27,000.

The academy trust expects to contribute £87,000 to its Defined benefit pension scheme in 2016.

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

	2015
Equities	82.30 %
Property	6.20 %
Government bonds	1.70 %
Corporate bonds	1.60 %
Cash	6.40 %
Other	1.80 %

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

	2015
Discount rate for scheme liabilities	3.80 %
Rate of increase in salaries	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %
Pension accounts revaluation rate	2.00 %
Commutation of pensions to lump sums	80.00 %

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

	2015
Retiring today	
Males	23.0
Females	25.5
Retiring in 20 years	
Males	25.2
Females	27.8

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**NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

Amounts for the current period are as follows:

Defined benefit pension schemes

	2015
	£000
Defined benefit obligation	(1,238)
Scheme assets	666
	<hr/>
Deficit	(572)
	<hr/>
Experience adjustments on scheme liabilities	1
Experience adjustments on scheme assets	(28)
	<hr/>

26. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other
	2015	2015
	£000	£000
Expiry date:		
Within 1 year	-	1
Between 2 and 5 years	-	6
	<hr/>	<hr/>

27. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.