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COMPANY REGISTRATION NUMBER 07734360

**Northgate School Arts College
Company Limited by Guarantee
Financial Statements
31 August 2013**

MHA MACINTYRE HUDSON

Chartered Accountants & Statutory Auditor
Peterbridge House
The Lakes
Northampton
NN4 7HB

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Northgate School Arts College Company Limited by Guarantee

Financial Statements

Year ended 31 August 2013

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Northgate School Arts College Company Limited by Guarantee

Reference and Administrative Details

Company Name Northgate School Arts College

Company Registration Number 07734360

Principal and Registered Office Queens Park Parade
Kingsthorpe
Northampton
England
NN2 6LR

Governors Mr M Kendall (Chair)*
Miss S Webb (Head Teacher and Accounting Officer)*
Mrs J Cartwright*
Mr J Buckby (Retired 26 September 2012)*
Mr S Clark (Vice Chair)
Mrs J Woods*
Mrs M Twigg*
Mrs M Richards
Mr N Thomas *
Mrs R Meech (Retired 13 September 2012)
Mr J Collyer
Mr D Skuce
Mrs A Slater (Appointed January 2013)
Mrs A Hodson (Appointed June 2013)

* Members of the Finance and General Purpose Committee

Secretary Ms C J Cope

Senior Management Team	Miss S Webb	Head Teacher
	Mr M Trundley	Deputy Head Teacher
	Mrs F Shears	Assistant Head Teacher
	Mrs J Fitzpatrick	Assistant Head Teacher
	Mrs C Cope School	Business Manager

Northgate School Arts College Company Limited by Guarantee

Reference and Administrative Details *(continued)*

Auditor

MHA MacIntyre Hudson
Chartered Accountants
& Statutory Auditor
Peterbridge House
The Lakes
Northampton
NN4 7HB

Bankers

Lloyds TSB
2 George Row
Northampton
NN1 1DJ

Solicitors

Anthony Collins
134 Edmund Street
Birmingham
B3 2ES

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report

Year ended 31 August 2013

The Governors, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charitable company for the year ended 31 August 2013

Reference and administrative details

Reference and administrative details are shown in the schedule of reference and administrative details on pages 1 to 2 of the financial statements

The Governors

The Governors who served the academy during the period were as follows

Mr M Kendall (Chair)*
Miss S Webb (Principal and Accounting Officer)*
Mrs J Cartwright*
Mr J Buckby (retired 26 September 2012)*
Mr S Clark (Vice Chair)
Mrs J Woods*
Mrs M Twigg*
Mrs M Richards
Mr N Thomas *
Mrs R Meech (retired 13 September 2012)
Mr J Collyer
Mr D Skuce
Mrs A Slater (appointed January 2013)
Mrs A Hodson (appointed June 2013)

* Members of the Finance and General Purpose Committee

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report *(continued)*

Year ended 31 August 2013

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Governors act as the trustees for the charitable activities of Northgate School Arts College School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Northgate School Arts College School.

Details of the Governors who served throughout the year except as noted 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.

Governors' Indemnities

The Academy has purchased insurance to cover Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Details of the costs can be found in note 11 to the accounts.

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report *(continued)*

Year ended 31 August 2013

Principal Activities

Northgate School Arts College principal activities are to

'advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school specially organised to make special educational provision for pupils with Special Education Needs'

Method of Recruitment and Appointment or Election of Governors

The Governing Body is responsible for appointing Governors except for parent Governors and staff governors who are elected by a secret ballot. There is no set term of office.

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new Governors are given a tour of the Academy and Bee Hive and the chance to meet with pupils and staff.

All Governors are provided with access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governor, these are held on the Governors' portal. As there are normally only one or two new Governors a year, induction tends to be done informally and is tailored specifically to the individual, however the Local Authority do offer Governor Induction courses, and these are available to those Governors who would like to attend.

Organisational Structure

The Academy staff structure now consists of three levels, The Governors, The Senior Managers and the Staff Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst securing clear accountability.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Managers are the Executive Head, Head of School, two Assistant Heads and the School Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and appointment of staff, however a Governor will always be on the recruitment board when appointing a member of Senior Management. Some spending control is devolved to budget holders of the Staff Team, with limits above which a Senior Manager must authorise and countersign.

The Teaching Staff Team includes the Senior Management, Director of Arts, Foundation Learning Manager and 14 Curriculum Area Managers. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and pupils.

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report *(continued)*

Year ended 31 August 2013

Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision around the school grounds) and internal financial controls (see below) in order to minimise risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected Organisations, including Related Party Relationships

During the year ending 31 August 2013 there were purchases from KCOM Group plc for £9,246 (2012: £2,742) relating to broadband services. In the prior year this was procured from Synetrix Limited. These broadband service contracts were let by emPSN Services Limited on their behalf. Mr M Kendall, a Governor of the Academy Trust and Chair of Governors at Northgate School Arts College, is a director of emPSN Services Limited.

Details of transactions with related parties can be found in note 19.

Objectives and activities

Objects and Aims

The principal object and activity of the charitable company is the operation of Northgate School Arts College (Academy Trust) and The Bee Hive, to provide education for pupils with a range of SEN (Special Educational Needs) between the ages of 11 and 19 with an emphasis on the Arts.

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report *(continued)*

Year ended 31 August 2013

Objectives, Strategies and Activities

The main objectives of the Academy during the year ended 31 August 2013 are summarised below

- To ensure that every child enjoys the same high quality, outstanding education in terms of resourcing, tuition and care
- To raise the standard of educational achievement of all pupils
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To continue to maintain close links with the local community and the Northamptonshire Special Schools, and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

The Academy's main strategy is encompassed in its ethos and aims "All pupils must experience the opportunity to develop a deep sense of personal worth and confidence" To this end the activities provided include

- Teaching and learning opportunities for all pupils to attain academic qualifications
- Training opportunities for all staff
- A programme of arts, sports and after school leisure activities for all pupils
- Timetabled and extra-curricular opportunities for all pupils to access a wide range of Arts based activities, and
- A programme of independent information advice and guidance to help pupils transition to the most appropriate further education provider

One member of staff successfully completed a Registered Teacher Programme, to become a fully qualified teacher. A member of staff has completed a Postgraduate course in Mathematics and one continues to compile a research paper on Pathological Demand Avoidance (PDA) as part of a Masters degree in Teaching and Learning.

Public Benefit

The Academy Trust promotes education for the benefit of the local community of Northampton and Northampton South and offers recreational facilities to a variety of local community groups outside of school hours for the benefit of the general public. Community based projects are also undertaken throughout the year by staff and pupils which further enhances the public benefit. The Community supports in-school projects throughout the year.

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report *(continued)*

Year ended 31 August 2013

Achievements and Performance

This is the Academy's second year of operation and pupil numbers continue to grow. Total pupils in the year ended 31 August 2013 was 143, the pupil roll in the new academic year 1 September 2013 was 164 and arrangements have been made with the Local Authority to fund in full, despite their own limited budgets.

Examination results for 2013 were again outstanding as a result of the progress made by pupils and their attainment as evidenced by externally accredited results. Judgements are based on analysis against National Progression Guidance and national expectations of progress.

There were a total of 39 entries for 13 pupils in GCSE subjects and 95% of entries resulted in a GCSE grade. At Entry Level (EL) every pupil (100%) was entered for at least one EL course with 148 entries overall and 97% of entries resulted in a successful outcome. Six pupils were entered for Level 1 Functional Skills, of which 50% achieved a pass at Level One.

To ensure that standards are continually raised, the Academy operates a programme of observation of lessons, is visited by inspectors, undertakes a comparison of results from Key Stage 2 to Key Stage 3 and through to Key Stage 4. The Academy also participates in national programmes looking at added value through the key stages.

The Academy offers 4 subjects at GCSE being English Literature, English Language, Mathematics and Science and 11 subjects at Entry Level, including English, Mathematics and Science. The broad range of subjects reflects the school's Arts status and includes Art, Drama, Music and Media. Pupils also access Arts and ASDAN Awards.

The Academy works as part of a consortium of secondary special schools to offer accredited courses in Horticulture and Performing Arts and a number of students from other schools have gained accreditation for work completed at Northgate.

All pupils access community placements, such as working with The Voluntary Agency to complete gardening activities in the local community and appropriate work experience opportunities with local supermarkets, nursery schools etc. Pupils also access work related learning opportunities within The Bee Hive. The Academy also provides work experience placements for students from local mainstream schools, FE Colleges and HE Colleges to support the strong links in the community. The majority of pupils leave Northgate and join appropriate courses at local FE colleges.

Three members of staff successfully completed a two year QTS course at Northampton University and graduated in July. A further 3 members of staff now start their first year in September 2013.

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report *(continued)*

Year ended 31 August 2013

Going Concern

After making appropriate enquiries, the Governing Body 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 Statement of Accounting Policies.

Key Financial Performance Indicators

The Academy Trust uses a number of financial key performance indicators to monitor financial success of the Academy Trust and progress/improvement against the targets set.

Staffing costs are monitored as a percentage of total income. For the year ended 31 August 2013, staffing costs amounted to 79% of total income (2012 - 79%).

The Academy Trust also monitors its operating surplus and deficit as percentage of total income. For the year ended 31 August 2013 the operating surplus equated to 12.9% of the total income (excluding restricted fixed asset funds).

The Academy Trust also uses a number of non-financial key performance indicators to monitor its performance. These include:

- Pupil progress and accreditation results
- Staff retention and turnover rates - the Academy Trust is pleased to report that it has retained 90% of the staff for the forthcoming year. Staff retention from 2012 to 2013 was 92%.
- Student attendance rates - for the year ended 31 August 2013 student attendance was 92.47% (2012 - 92.4%).

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report *(continued)*

Year ended 31 August 2013

Financial Review

The Academy's income is obtained from the DfE and the Local Authority in the form of recurrent grants disbursed via the EFA (Education Funding Agency) and Northamptonshire County Council, the use of which is restricted to particular purposes. The grants received from the DfE and LA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also received grants for fixed assets from the EFA and other funding bodies. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting 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.

During the year ended 31 August 2013, total restricted general funds expenditure of £2,504,891 was covered by recurrent grant funding from the DfE together with other incoming resources. The excess income over expenditure for the year (excluding restricted fixed asset funds) was £374,937.

At 31 August 2013 the net book value of fixed assets was £5,318,494 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Details of the FRS17 statement can be found in note 15 to the accounts.

In the year capital funding of £371,921 was receivable from the EFA, as detailed in note 4. In addition a 125 year lease in respect of a new school site was granted to the school by the Local Authority at a peppercorn rent. This has been included as a donated asset and is included in voluntary income at the depreciated replacement cost value of £689,918.

Financial and Risk Management Objectives and Policies

The Trustees believe that its risk management procedures mitigate as far as reasonably possible the principal risks and uncertainties facing the Academy Trust.

The Academy Trust does not have significant trade debtors as invoiced income is a minor ancillary activity.

Cash flow is monitored daily by the Academy Trust and budgets presented to the Governing Body consider cash flow and liquidity in detail. The Academy Trust has built up sufficient operating cash reserves to deal with the business as usual, operating risks and to secure future small capital projects.

Principal Risks and Uncertainties

Through the Academy's risk management procedures, it has considered its principal risks and uncertainties and planned mitigating action wherever possible. The principal risks and uncertainties identified by the Governing Body are:

- Change in Government funding regime - the Academy receives 95% of its revenue income from Government agencies
- Reduction in student numbers either through competition or a damaged reputation/falling standards - the Academy prides itself on the OFSTED grading from 2013 inspection as a school rated as Outstanding, and recognises the importance of maintaining these standards

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report *(continued)*

Year ended 31 August 2013

Key controls that the Academy has in place to mitigate these risks include,

- Attendance at Government funding agency conferences and participation in focus groups to keep up to date with and influence as far as possible Academy funding methodology
- Appropriate organisational structure with several tiers of review
- Internal quality assurance reviews and self-assessments
- Focus on maintaining its Ofsted Outstanding rating
- Quality of opportunity and outcomes for the pupils and families who attend the Academy

Reserves Policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £nil (2012 - £6,272) which is less than is needed. The Academy intends to build up free reserves to the level needed and a more detailed reserves policy will be formulated in the forthcoming year.

The LGPS deficit is viewed as a long term balance.

Financial Position

The Academy held funds balances at 31 August 2013 of £5,496,795 comprising £410,182 of restricted general funds, £5,326,613 of restricted fixed asset funds, and a pension reserve deficit of £240,000.

Investment Policy

The Governing Body has approved a treasury management statement as part of the Financial Procedures Manual, which documents the Academy Trust's investment policy.

The Trust's investment policy is to invest surplus cash reserves with High Street banks with a high credit rating where the capital invested is guaranteed. Investment returns are market tested periodically to ensure that returns are maximised whilst safeguarding the funds invested.

Northgate School Arts College Company Limited by Guarantee

Governors' Annual Report *(continued)*

Year ended 31 August 2013

Plans for future periods

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure transition to the appropriate further education or work with training environment for its students. The Academy will also increase its recruitment up to the new agreed levels, accepting transfers from other schools and colleges into years 7 through 12 where possible.

The Academy took over the lease of a second site in February 2013 and gained a sixth form centre in September 2013. This provides students with access to realistic work and vocational learning activity. The Academy is hoping to secure additional Capital funding in year 2013 to further develop the provision offered by The Bee Hive.

Funds Held as Custodian trustee on Behalf of Others

The Academy does not act as custodian or hold funds on behalf of others.

Independent auditor

In so far as the Governors are aware

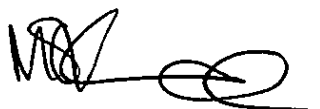
- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

MHA MacIntyre Hudson are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Approved by order of the members of the Governing Body on 27/11/13 and signed on their behalf by

Registered office
Queens Park Parade
Kingsthorpe
Northampton
England
NN2 6LR

Signed on behalf of the Governors



Mr M Kendall
Chair

Northgate School Arts College Company Limited by Guarantee

Governance Statement

Year ended 31 August 2013

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Northgate School Arts College has an effective and appropriate system in 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 Governing Body has delegated the day to day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northgate Schools Arts College and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
Mr M Kendall (Chairman)	6	6
Mr S Clark (Vice Chair)	6	6
Miss S Webb	6	6
Mr M Trundley	6	6
Mrs J Woods	5	6
Mrs M Twigg	6	6
Mrs M Richards	3	6
Mr N Thomas	5	6
Mrs J Cartwright	4	6
Mr J Collyer (staff governor)	6	6
Mr D Skuce (staff governor)	4	6
Mrs A Slater (appointed January 2013)	4	6
Mrs A Hodson (appointed June 13)	1	2

Northgate School Arts College Company Limited by Guarantee

Governance Statement *(continued)*

Year ended 31 August 2013

During the year 2 Governors retired, and 2 Governors were appointed

The Business (acting as the Finance and General Purposes) Committee is a sub-committee of the main Governing Body. Its purpose is,

- To advise the Governing Body on a regular basis of the effectiveness of the Academy's internal control system including its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money) and to produce an annual written report for their approval
- To advise the Governing Body on all aspects of Finance, Pay and Performance in determining and achieving the Academy's value, vision and objectives

Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
Mr M Kendall	8	8
Miss S Webb	8	8
Mrs J Woods	7	8
Mrs M Twigg	7	8
Mr N Thomas	7	8
Mrs J Cartwright	3	8

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 an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northgate School Arts College for the year ended 31 August 2013 and up to date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

Northgate School Arts College Company Limited by Guarantee

Governance Statement *(continued)*

Year ended 31 August 2013

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 Governing Body,
- regular reviews by the Business 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors agreed to continue to use MHA MacIntyre Hudson to support the Academy in the role of external reviewer by undertaking testing on a termly basis. The external reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

The external reviewer undertakes termly financial management checks and report their findings and any action required therein. The reviews are presented at the next Business Committee meeting.

There were no significant issues raised from the external reviewer's work.

Northgate School Arts College Company Limited by Guarantee

Governance Statement *(continued)*

Year ended 31 August 2013

Review of Effectiveness

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

- the work of the external reviewer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Business 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 Governing Body on

and signed on its behalf by

Mr M Kendall
Chair and Governor



Miss S Webb
Head Teacher
and
Accounting
officer

Northgate School Arts College Company Limited by Guarantee

Statement on Regularity, Propriety and Compliance

Year ended 31 August 2013

As accounting officer of Northgate School Arts College I have considered my responsibility to notify the academy trust's Governing Body 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.

I confirm that I and the academy trust's Governing Body 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.

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

Signed



Miss S A Webb
Accounting officer

Northgate School Arts College Company Limited by Guarantee

Statement of Governors' Responsibilities

Year ended 31 August 2013

The Governors (who act as governors for Northgate School Arts College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Annual 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to

select suitable accounting policies and then apply them consistently,

observe the methods and principles in the Charities SORP,

make judgements 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, and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

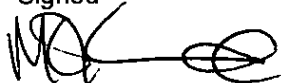
The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Governors 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 Governing Body on 27/1/13 and signed on their behalf by

Signed



Mr M Kendall
Chair and Governor

Northgate School Arts College Company Limited by Guarantee

Independent Auditor's Report to the Members of Northgate School Arts College

Year ended 31 August 2013

We have audited the financial statements of Northgate School Arts College for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, Accounting Policies 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 Accounts Direction 2013 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Responsibilities of the Governors (set out on page 18), the Governors (who are also the directors of the charitable company 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 governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

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

Northgate School Arts College Company Limited by Guarantee

Independent Auditor's Report to the Members of Northgate School Arts College *(continued)*

Year ended 31 August 2013

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial year for the which the financial statements are prepared is consistent with the financial statements

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 Governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



ELAINE OLSON-WILLIAMS FCCA
(Senior Statutory Auditor)
For and on behalf of
MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor

Peterbridge House
The Lakes
Northampton
NN4 7HB

16 Dec 2013

Northgate School Arts College Company Limited by Guarantee

Independent Reporting Accountant's Assurance Report on Regularity to Northgate School Arts College and the Education Funding Agency

Year ended 31 August 2013

In accordance with the terms of our engagement letter dated 17 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northgate School Arts College during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

Respective responsibilities of Northgate School Arts College's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Northgate School Arts College's funding agreement with the Secretary of State for Education dated August 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Northgate School Arts College Company Limited by Guarantee

**Independent Reporting Accountant's Assurance Report on Regularity to Northgate School Arts College
and the Education Funding Agency**

Year ended 31 August 2013

The work undertaken to draw to our conclusion includes

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity
- review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy
- testing of a sample of payroll payments to staff
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of grants received and other income streams
- evaluating the internal control procedures and reporting lines, and testing as appropriate,
- and making appropriate enquiries of the Accounting Officer

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 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



ELAINE OLSON-WILLIAMS FCCA
For and on behalf of
MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor

Peterbridge House
The Lakes
Northampton
NN4 7HB

16 Dec 2013

Northgate School Arts College Company Limited by Guarantee

Statement of Financial Activities (Incorporating the Income and Expenditure Account and Statement of Total Recognised Gains and Losses) Year ended 31 August 2013

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds Year to 31 Aug 13 £	Total Funds Period from 9 Aug 11 to 31 Aug 12 £
Incoming resources						
Incoming resources from generating funds						
Voluntary income	1	–	10,055	–	10,055	68,008
Transfer from Local Authority	1	–	–	689,918	689,918	3,805,581
Activities for generating funds	2	1,743	56,333	–	58,076	54,598
Investment income	3	937	–	–	937	2,021
Income from charitable trading activities						
Funding for academy's educational operations	4	–	2,819,712	371,921	3,191,633	2,777,312
Total incoming resources		2,680	2,886,100	1,061,839	3,950,619	6,707,520
Resources expended						
Costs of generating funds						
Costs of generating voluntary income		7,810	9,470	–	17,280	68,946
Pension deficit transferred from Local Authority		–	–	–	–	183,000
Fundraising trading		1,142	59,995	–	61,137	47,116
Charitable activities						
Academy trust educational operations	6	–	2,391,848	112,955	2,504,803	2,133,240
Governance costs	7	–	43,578	–	43,578	47,244
Total resources expended	5	8,952	2,504,891	112,955	2,626,798	2,479,546
Net incoming resources before transfers	8	(6,272)	381,209	948,884	1,323,821	4,227,974
Gross transfers between funds		–	(264,398)	264,398	–	–
Net income for the year		(6,272)	116,811	1,213,282	1,323,821	4,227,974
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes		–	24,000	–	24,000	(79,000)
Net movement in funds		(6,272)	140,811	1,213,282	1,347,821	4,148,974
Reconciliation of funds						
Total funds brought forward at 1 September 2012		6,272	29,371	4,113,331	4,148,974	–
Total funds carried forward at 31 August 2013		–	170,182	5,326,613	5,496,795	4,148,974

All of the academy trust's activities derive from continuing operations during the above two financial periods
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

The accounting policies and notes on pages 26 to 45 form part of these financial statements.

Northgate School Arts College
Company Limited by Guarantee
 Company Registration Number 07734360

Balance Sheet

31 August 2013

Fixed assets			
Tangible assets	12	5,318,494	3,429,921
Current assets			
Stocks		405	405
Debtors	13	143,389	576,772
Cash at bank and in hand		328,265	450,477
		472,059	1,027,654
Creditors: amounts falling due within one year	14	(53,758)	(53,601)
Net current assets		418,301	974,053
Total assets less current liabilities		5,736,795	4,403,974
Net assets excluding pension liability		5,736,795	4,403,974
Defined benefit pension scheme liability	15	(240,000)	(255,000)
Net assets including pension liability		£5,496,795	£4,148,974
Funds of the academy trust:	17		
Restricted income funds.			
Fixed asset fund		5,326,613	4,113,331
General funds		410,182	284,371
Pension reserve	15	(240,000)	(255,000)
Total restricted income funds		5,496,795	4,142,702
Unrestricted income funds.			
General fund		–	6,272
Total funds		£5,496,795	£4,148,974

These financial statements were approved by the Governors, and authorised for issue on 27/11/13 and are signed on their behalf by



Mr M Kendall
Chair and Governor



Miss S Webb
Head Teacher and Governor

The accounting policies and notes on pages 26 to 45 form part of these financial statements

Northgate School Arts College Company Limited by Guarantee

Cash Flow Statement

Year ended 31 August 2013

	Note	Year to 31 Aug 13 £	Period from 9 Aug 11 to 31 Aug 12 £
Net cash inflow from operating activities	22	816,541	180,405
Cash transferred on conversion to an Academy Trust		–	324,170
Returns on investments and servicing of finance	23		
Interest received		937	2,021
Net cash inflow from returns on investments and servicing of finance		937	2,021
Capital expenditure	24	(939,690)	(56,119)
(Decrease)/increase in cash in the year		<u>£(122,212)</u>	<u>£450,477</u>
Reconciliation of net cash flow to movement in net funds			
		2013 £	2012 £
Net funds at 1 September 2012		450,477	–
Net funds at 31 August 2013		<u>328,265</u>	<u>450,477</u>

The accounting policies and notes on pages 26 to 45 form part of these financial statements.

Northgate School Arts College Company Limited by Guarantee

Accounting Policies

Year ended 31 August 2013

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Incoming resources

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

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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.

Donations

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

Other income

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

Donated Services and Gifts in Kind

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 academy trust's policies.

Northgate School Arts College Company Limited by Guarantee

Accounting Policies *(continued)*

Year ended 31 August 2013

Resources expended

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

All resources expended are inclusive of irrecoverable VAT.

Costs of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance costs

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

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 Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency 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 Education Funding Agency.

Conversion to Academy Trust

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

The assets and liabilities transferred on conversion from Northgate School Arts College to the Academy Trust have been valued at estimated depreciated replacement cost being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their estimated depreciated replacement cost is in accordance with the accounting policies set out for Northgate School Arts College. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as income/expenditure in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Northgate School Arts College Company Limited by Guarantee

Accounting Policies *(continued)*

Year ended 31 August 2013

Fixed assets

Assets costing over £750 for furniture and equipment and £500 for computer equipment are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Assets transferred at inception have been included at the estimated depreciated replacement cost.

Depreciation on fixed 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.

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

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

Impairment losses are recognised in the Statement of Financial Activities.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	- 33% Straight line
Motor vehicles	- 25% Straight line
Leasehold property	- 2% Straight line
Fixtures and fittings	- 25% Straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals under operating leases are charged on a straight line basis over the lease term.

Northgate School Arts College Company Limited by Guarantee

Accounting Policies *(continued)*

Year ended 31 August 2013

Pension costs

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 15, 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.

Going concern

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

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.

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

1. Voluntary income

	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 2012 £
Transfer from Local Authority	–	689,918	689,918	3,805,581
Donations	10,055	–	10,055	68,008
	<u>10,055</u>	<u>689,918</u>	<u>699,973</u>	<u>3,873,589</u>

2. Incoming resources from activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Rental income	1,743	–	1,743	4,830
School uniform, staff vending machines	–	8,160	8,160	10,777
GUTP / teacher recharges	–	48,173	48,173	38,071
Other income	–	–	–	920
	<u>1,743</u>	<u>56,333</u>	<u>58,076</u>	<u>54,598</u>

3. Investment income

	Unrestricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Bank interest receivable	937	937	2,021

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

4. Funding for academy's educational operations

	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 2012 £
DfE/EFA grants				
General Annual Grant	2,204,566	–	2,204,566	1,991,507
Start up grant	–	–	–	25,000
Pupil Premium	34,657	–	34,657	16,642
Other EFA grants	15,700	–	15,700	–
Other recharges	19,543	–	19,543	–
Local authority	524,509	–	524,509	16,850
	<u>2,798,975</u>	<u>–</u>	<u>2,798,975</u>	<u>2,049,999</u>
Other Government grants				
Capital grant	–	371,921	371,921	691,190
Other grants	–	–	–	27,496
	<u>–</u>	<u>371,921</u>	<u>371,921</u>	<u>718,686</u>
Other income				
Educational visit	20,737	–	20,737	8,627
	<u>20,737</u>	<u>–</u>	<u>20,737</u>	<u>8,627</u>
	<u>2,819,712</u>	<u>371,921</u>	<u>3,191,633</u>	<u>2,777,312</u>

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

5. Resources expended

	Staff costs £	Premises £	Other costs £	Total Funds 2013 £	Total Funds 2012 £
Costs of generating voluntary income					
Pension deficit transferred from Local Authority			–	–	183,000
Other costs	7,810	–	9,470	17,280	68,946
	<u>7,810</u>	<u>–</u>	<u>9,470</u>	<u>17,280</u>	<u>251,946</u>
Costs of activities for generating funds:					
GUTP / teacher recharges	48,173	–	–	48,173	38,071
Hire of facilities	1,142	–	–	1,142	4,073
School uniform, staff, vending machines	–	–	11,822	11,822	4,972
	<u>49,315</u>	<u>–</u>	<u>11,822</u>	<u>61,137</u>	<u>47,116</u>
Academy's educational operations:					
Direct costs	1,731,329	–	178,443	1,909,772	1,628,799
Support Costs	198,759	209,611	186,661	595,031	504,441
	<u>1,930,088</u>	<u>209,611</u>	<u>365,104</u>	<u>2,504,803</u>	<u>2,133,240</u>
Governance costs including allocated support costs	–	–	43,578	43,578	47,244
	<u>1,987,213</u>	<u>209,611</u>	<u>429,974</u>	<u>2,626,798</u>	<u>2,479,546</u>

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

6. Academy's educational operations

	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 2012 £
<i>Direct costs</i>				
Teaching & educational support staff	1,731,329	–	1,731,329	1,464,949
Educational supplies	111,697	–	111,697	124,844
Examination fees	5,744	–	5,744	7,656
Staff development	32,104	–	32,104	16,605
	28,898	–	28,898	14,745
	<u>1,909,772</u>	<u>–</u>	<u>1,909,772</u>	<u>1,628,799</u>
<i>Allocated support costs</i>				
Support staff costs	198,759	–	198,759	183,566
Depreciation	–	112,955	112,955	107,609
Recruitment and support	–	–	–	2,768
Maintenance of premises & equipment	117,157	–	117,157	81,330
Gas	36,895	–	36,895	34,661
Cleaning	3,004	–	3,004	3,475
Insurance	22,766	–	22,766	16,234
Security & transport	3,477	–	3,477	4,192
Catering	14,342	–	14,342	13,491
Bank charges	124	–	124	–
Legal & professional services	82,922	–	82,922	54,326
Other support costs	2,630	–	2,630	2,789
	<u>482,076</u>	<u>112,955</u>	<u>595,031</u>	<u>504,441</u>
	<u>2,391,848</u>	<u>112,955</u>	<u>2,504,803</u>	<u>2,133,240</u>

7. Governance costs

	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Audit and accountancy fees	10,056	10,056	12,274
Other professional fees	9,017	9,017	14,109
Legal and professional fees (governance)	24,505	24,505	20,861
	<u>43,578</u>	<u>43,578</u>	<u>47,244</u>

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

8. Net incoming/(outgoing) resources for the year

This is stated after charging

	2013 £	2012 £
Staff pension contributions	210,329	179,310
Operating leases		
Fees payable to auditor		
Audit services	6,300	6,000
Other services	3,756	6,274
Depreciation	112,955	107,609

9 Staff costs and emoluments

	2013 £	2012 £
Wages and salaries	1,662,304	1,473,784
Social security costs	114,579	101,228
Other pension costs	210,329	179,310
	<u>£1,987,212</u>	<u>£1,754,322</u>

Particulars of employees

The average number of employees during the year,	2013	2012
Teachers	18	19
Administration and support	48	40
Management	5	5
	<u>71</u>	<u>64</u>

The number of employees whose remuneration for the year fell within the following bands, were

	2013	2012
£70,000 to £79,999	1	1
	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for the staff members amounted to £10,010 (2012 - £9,768)

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

10 Governors' remuneration and expenses

The Head Teacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff and not in their services as Governors. Other Governors did not receive any payments from the Academy in respect of their role as Governors. The value of Governors' remuneration was as follows

	2013 £	13 months to 2012 £
S A Webb, (Head Teacher & Governor)	70-75k	£75k-80k
Mr D Skuce	40k-45k	£45k-50k
Mr J Collyer	15k-20k	£15k-20k

No expenses were paid to governors for the period to 31 August 2013

Other related party transactions involving the trustees are set out in note 19

11. Governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2013 was £23,915 (2012 - £19,304). The fidelity guarantee for all Governor's and employees amounted to £276 (2012 - £268)

12 Tangible fixed assets

	Fixtures & fittings £	Computer equipment £	Motor vehicles £	Leasehold property £	Total £
Cost					
At 1 September 2012	14,561	41,558	62,411	3,419,000	3,537,530
Additions	6,539	31,564	—	1,963,426	2,001,529
At 31 August 2013	£21,100	£73,122	£62,411	£5,382,426	£5,539,059
Depreciation					
At 1 September 2012	2,202	5,855	23,337	76,216	107,610
Charge for the year	3,596	11,476	20,538	77,345	112,955
At 31 August 2013	£5,798	£17,331	£43,875	£153,561	£220,565
Net book value					
At 31 August 2013	15,302	55,791	18,536	5,228,865	5,318,494
At 31 August 2012	12,359	35,703	39,074	3,342,784	3,429,920

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

12 Tangible fixed assets (continued)

During the year the school was gifted a 125 year lease of a new school site known as The Bee Hive. A valuation of the site was compared to Lambert Smith Hampton. The value of this gift has been included at £689,918, being the depreciated replacement cost.

13 Debtors

	2013 £	2012 £
Trade debtors	1,495	3,271
VAT recoverable	11,787	1,484
Prepayments and accrued income	130,107	572,017
	<u>£143,389</u>	<u>£576,772</u>

14 Creditors: Amounts falling due within one year

	2013 £	2012 £
Taxation and social security	37,820	31,886
Accruals and deferred income	15,938	21,715
	<u>£53,758</u>	<u>£53,601</u>

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

15 Pensions and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Northamptonshire County Council. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

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

The Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

15. Pensions and similar obligations *(continued)*

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

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

Teachers' Pension Scheme Changes

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

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

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

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

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

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Notes to the Financial Statements

Year ended 31 August 2013

15 Pensions and similar obligations *(continued)*

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £140,000, of which employer's contributions totalled £106,000 and employees' contributions totalled £34,000. The agreed contribution rates for future years are **22.8** per cent for employers. The contribution rate for employees is determined by reference to their full time equivalent pay as follows -

Band	Whole time pay rate	Contribution rate
1	£0 to £13,500	5.5%
2	£13,501 to £21,000	5.8%
3	£21,001 to £34,000	6.5%
4	£34,001 to £43,000	6.8%
5	£43,001 to £60,000	8.5%
6	£60,001 to £85,000	9.9%
7	£85,001 to £100,000	10.5%
8	£100,001 to £150,000	11.4%
9	More than £150,000	12.5%

Principal actuarial assumptions

	At 31 Aug 2013 %	At 31 Aug 2012 %
Discount rate	4.6	4.1
Expected return on scheme assets	5.9	4.8
Rate of increase in salaries	5.1	4.5
Rate of increase in pensions payment	2.8	2.2

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Notes to the Financial Statements

Year ended 31 August 2013

15. Pensions and similar obligations *(continued)*

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

	At 31 Aug 2013	At 31 Aug 2012
Retiring today		
Males	21.4	21.4
Females	23.3	23.3
Retiring in 20 years		
Males	23.4	23.4
Females	25.5	25.5

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were

	Expected return at 31 Aug 2013 %	Fair value at 31 Aug 2013 £	Expected return at 31 Aug 2012 %	Fair value at 31 Aug 2012 £
Equities	6.7	564,000	5.5	380,000
Bonds	3.5	139,000	3.0	127,000
Property	4.7	39,000	3.7	33,000
Cash	3.6	31,000	2.8	11,000
Total market value of assets		773,000		551,000
Present value of scheme liabilities - funded		(1,013,000)		(806,000)
Deficit in the scheme		(240,000)		(255,000)

The expected rate of return is based on the long-term future expected investment return for each asset class at the beginning of the period. The actual return on scheme assets was 13.1% for the period 1 September 2012 to 31 August 2013.

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

15 Pensions and similar obligations *(continued)*

Amounts recognised in the Statement of Financial Activities

	2013 £	2012 £
Current service cost (net of employee contributions)	109,000	74,000
Total operating charge	109,000	74,000

Analysis of pension finance costs

	2013 £	2012 £
Expected return on pension scheme assets	30,000	27,000
Interest on pension liabilities	(36,000)	(33,000)
Pension finance costs	(6,000)	(6,000)

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is £55,000 loss (2012 £79,000 loss).

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.

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

	2013 £	2012 £
At 1 September 2012	806,000	578,000
Current service cost	109,000	74,000
Interest on pension liabilities	36,000	33,000
Employee contributions	34,000	27,000
Actuarial loss	28,000	94,000
At 31 August 2013	1,013,000	806,000

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

	2013 £	2012 £
At 1 September 2012	551,000	395,000
Expected return on pension scheme assets	30,000	27,000
Actuarial gain	52,000	15,000
Employer contributions	106,000	87,000
Employee contributions	34,000	27,000
At 31 August 2013	773,000	551,000

The estimated value of employer contributions for the year ended 31 August 2014 is £102,000.

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

15. Pensions and similar obligations *(continued)* Reconciliation of opening and closing deficit

	2013 £	2012 £
Pension scheme liability transferred	(255,000)	(183,000)
Current service cost (net of employee contributions)	(109,000)	(74,000)
Employer contributions	106,000	87,000
Other finance costs	(6,000)	(6,000)
Actuarial gain/(loss)	24,000	(79,000)
Deficit at 31 August 2013	(240,000)	(255,000)

The history of experience adjustments is as follows

	2013 £	2012 £
Present value of defined benefit obligations	(1,013,000)	(806,000)
Fair value of share of scheme assets	773,000	551,000
Deficit in the scheme	(240,000)	(255,000)
Experience adjustments on share of scheme assets		
Amount (£)	52,000	15,000
Experience adjustments on scheme liabilities		
Amount (£'000)	28,000	94,000

16. Commitments under operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as set out below

	Assets other than land and buildings	
	2013 £	2012 £
Operating leases which expire:		
Within 2 to 5 years	10,000	-

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

17 Funds

	Balance at 1 Sep 2012 £	Incoming resources £	Resources expended £	Gains and losses £	Transfer £	Balance at 31 Aug 2013
Restricted general funds						
General annual grant (GAG)	–	2,204,566	(1,864,525)	–	(264,398)	75,643
Local Authority	–	492,509	(416,868)	–	–	75,641
Other DfE/YPLA grants	–	101,900	(110,800)	–	16,111	7,211
Defined benefit pension scheme	(255,000)	–	(9,000)	24,000	–	(240,000)
GUTP/ Teacher Recharges	–	48,173	(48,173)	–	–	–
Miscellaneous restricted funds	58,714	38,952	(55,525)	–	(16,111)	26,030
Transfer from the local authority	225,657	–	–	–	–	225,657
	<u>29,371</u>	<u>2,886,100</u>	<u>(2,504,891)</u>	<u>24,000</u>	<u>(264,398)</u>	<u>170,182</u>
Restricted fixed asset funds						
DfE/YPLA capital grant	690,094	371,921	(1,544)	–	–	1,060,471
Capital expenditure from GAG	41,379	–	(14,658)	–	257,438	284,159
Fixed assets transferred from Local Authority	3,381,858	689,918	(96,753)	–	6,960	3,981,983
	<u>4,113,331</u>	<u>1,061,839</u>	<u>(112,955)</u>	<u>–</u>	<u>264,398</u>	<u>5,326,613</u>
Total restricted funds	<u>4,142,702</u>	<u>3,947,939</u>	<u>(2,617,846)</u>	<u>24,000</u>	<u>–</u>	<u>5,496,795</u>
Unrestricted funds						
General unrestricted funds	6,272	2,680	(8,952)	–	–	–
Total unrestricted funds	<u>6,272</u>	<u>2,680</u>	<u>(8,952)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total funds	<u>4,148,974</u>	<u>3,950,619</u>	<u>(2,626,798)</u>	<u>24,000</u>	<u>–</u>	<u>5,496,795</u>

The transfer between the restricted General Annual Grant fund and restricted fixed asset funds represents amounts capitalised during the period

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

Restricted general funds will be used for educational purposes in line with the Academy's objects and its funding agreement with the Education Funding Agency

Restricted fixed assets funds amounting to £4,628,577 (2012 £3,429,921) will be reserved against future depreciation charges, and the remainder relates to unspent capital grants which will be utilised to enhance the Academy's facilities. Under the funding agreement with the secretary of state, the academy trust was not subject to any limits on GAG carry forward as at the 31 August 2013

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

18 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted funds	Restricted general funds	Restricted fixed asset fund	Total
	£	£	£	£
Tangible fixed assets	–	–	5,318,494	5,318,494
Current assets	–	463,941	8,118	472,059
Current liabilities	–	(53,758)	–	(53,758)
Pension scheme liability	–	(240,000)	–	(240,000)
	<u>–</u>	<u>170,183</u>	<u>5,326,612</u>	<u>5,496,795</u>

19. Related party transactions

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

During the year ending 31 August 2013 there were purchases from KCOM Group plc for £9,246 (2012 £2,742) relating to broadband services. In the prior year this was procured from Synetrix Limited. These broadband service contracts were let by emPSN Services Limited on their behalf. Mr M Kendall, a Governor of the Academy Trust and Chair of Governors at Northgate School Arts College is a director of emPSN Services Limited.

During the year ending 31 August 2013 there were purchases of £19,333 and income of £498 from Northampton AIP, a company in which S Webb, the Head Teacher and governor, has an interest. There were no amounts outstanding at the year end.

During the year ending 31 August 2013 there was income from Maplefields School Trust of £4,250. A company which A Hodson, a governor, has an interest. There were no amounts outstanding at the year end.

20. Ultimate controlling party

There is no ultimate controlling party.

21 Company limited by guarantee

The Academy Trust is a company limited by guarantee and does not have share capital.

Northgate School Arts College Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2013

22. Reconciliation of net incoming resources before transfers to net cash inflow from operating activities

	2013 £	2012 £
Net incoming resources before transfers	1,323,822	4,227,974
Fixed assets transferred from Local Authority	(689,918)	(3,481,411)
Cash transferred on conversion to an Academy Trust	–	(324,170)
Depreciation	112,955	107,609
Capital grants received from DfE	(371,921)	–
Interest receivable	(937)	(2,021)
FRS 17 pension cost less contributions payable	3,000	(13,000)
FRS 17 pension finance income	6,000	6,000
Decrease/(increase) in stocks	–	(405)
Decrease/(increase) in debtors	433,383	(575,288)
Increase in creditors	158	53,601
Net cash inflow from operating activities	816,541	180,405

23 Returns on investments and servicing of finance

	2013 £	2012 £
Interest received	937	2,021

24 Analysis of changes in net funds

	2013 £	2012 £
Capital grants received from DfE	371,921	–
Purchase of tangible fixed assets	(1,311,611)	(56,119)
Net cash outflow from capital expenditure and financial investment	(939,690)	(56,119)

25. Analysis of changes in net funds

	1 Sep 12 £	Cash flows £	31 Aug 13 £
Cash in hand and at bank	450,477	(122,212)	328,265

26. Members' liability

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