

Registered number: 07734360

REGISTRAR COPY

**NORTHGATE SCHOOL ARTS COLLEGE**

(A company limited by guarantee)

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**NORTHGATE SCHOOL ARTS COLLEGE**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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|  |   |
|--|---|
| <b>Members</b>                         | Mr M Kendall<br>Mrs J Cartwright<br>Miss S Webb   |
| <b>Governors</b>                       | Mr M Kendall, Chair <sup>1</sup><br>Miss S Webb, Executive Head Teacher and Accounting Officer <sup>1,2</sup><br>Mrs J Cartwright <sup>1</sup><br>Mrs M Richards <sup>2,3</sup><br>Mr D Skuce, Staff Governor <sup>2</sup><br>Mr N Thomas (resigned 31 August 2017) <sup>1,2,3</sup><br>Mrs S Thomas <sup>1</sup><br>Mrs J Woods <sup>3</sup><br>Mrs D Chandley <sup>1</sup><br><br><sup>1</sup> Business committee<br><sup>2</sup> Premises committee<br><sup>3</sup> Teaching and Standards committee |
| <b>Company registered number</b>       | 07734360  |
| <b>Company name</b>                    | Northgate School Arts College   |
| <b>Principal and registered office</b> | Queens Park Parade<br>Kingsthorpe<br>Northampton<br>Northamptonshire<br>NN2 6LR   |
| <b>Company secretary</b>               | Ms D Fickling   |
| <b>Senior management team</b>          | Miss S Webb, Executive Head Teacher<br>Mrs F Shears, Head of School<br>Mrs S Nembhard, Deputy Head Teacher (Acting)<br>Miss L Cole, Deputy Head Teacher (Acting)<br>Ms D Fickling, Business Manager   |
| <b>Independent auditor</b>             | MHA MacIntyre Hudson<br>Chartered Accountants<br>Statutory Auditors<br>Peterbridge House<br>The Lakes<br>Northampton<br>NN4 7HB   |
| <b>Bankers</b>                         | Lloyds Bank Plc<br>2 George Row<br>Northampton<br>NN1 1DJ   |

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Advisers (continued)**

**Solicitors**

Anthony Collins  
134 Edmund Street  
Birmingham  
B3 2ES

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**NORTHGATE SCHOOL ARTS COLLEGE**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The governors present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended to 31 August 2017. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Northamptonshire. It has a pupil capacity of 200 and had a roll of 220 in the school census dated May 2017. The Academy is on three sites with Northgate School catering for pupils 11 to 16 years of age, The Bee Hive which is the Post 16 provision and Sweet Bee which is a work based learning environment for pupils to embed skills learnt on the other sites.

**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 of Northgate School Arts College are also the directors of the charitable company for the purposes of company law.

The Charitable Company is known as Northgate School Arts College Academy.

Details of the governors who served during the 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**

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy trust. The cost of this insurance in the year was £2,154.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The governors of the Academy comprise of the Chair of the Governing Body, the Executive Head Teacher of the Academy (also the Accounting Officer), one parent member and other elected members of the Governing Body. Two Governors have joined the Governing body since it was established. The Governors are actively recruiting Governors at this time. All other governors were appointed when the academy was established and are signatories to the Memorandum of Association.

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**NORTHGATE SCHOOL ARTS COLLEGE**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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Parent Governors are elected following letters to current parents requesting interested parties to apply. Elections would be held should there be more applicants than places. Interested parties are interviewed prior to joining the FGB. Other Governors have been sort using local advertising, the Local Authority Governance service and the National Association of Governors information. To date none have been appointed.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

The Academy has a Governor Induction Pack including; Policy and Checklist. The governors have all completed their necessary training within their roles. The training and induction provided for new governors will depend on their existing experience. Induction will provide training on charity and education, legal and financial matters. All new governors are given a tour of the academy and Bee Hive and the opportunity to meet with staff and pupils.

*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. Induction tends to be done informally and is tailored specifically to be the individual however access to independent training is available for governors who wish to attend.*

**ORGANISATIONAL STRUCTURE**

The academy trust staff structure 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 trust, capital expenditure and senior staff appointments.

The Senior Managers are the Executive Head, Head of School, two Deputy Head's (both Acting at this time) an Assistant Head and School Business Manager. These managers control the Academy at an executive level implementing policy laid down by the governors and reporting back to them. As a group the Senior Managers are responsible for authorisation of spending with agreed budgets and appointment of staff, however a governor will always be on the recruitment panel when appointing a member of Senior Management. Some spending control (curriculum areas) 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 Academy Leadership Team plus 23.0 FTE teaching staff. The teaching team is supported by a range of Learning Support Staff (LSA's) working at Level 2 and above to cover roles such as Family Support Worker, Cover Supervisors, Behaviour Support, Outreach and Medical and Welfare staff.

At The Bee Hive and Sweet Bee the staff team includes a Work Experience Co-ordinator, Job Coaches, Centre Management staff, Retail Assistants and a Driver.

The Leadership Teams are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities, resources and pupils.

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**NORTHGATE SCHOOL ARTS COLLEGE**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The review of pay for senior leadership personnel takes account of the performance of the organisation, and individuals' results, and is measured using the Whole School Pay and Appraisal policies.

The Executive Head Teachers salary together with the Head of School's salaries are reviewed by the Chair and Vice Chair of Governors on an annual basis supported by an external Education Advisor.

**RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

During the year ending 31 August 2017 there were purchases from KCOM Group plc for £9,456 (2016 - £9,246) relating to broadband services. The broadband service contracts were let by emPSN Service Limited on their behalf. Mr M Kendall, Chair of Governors for the academy trust, is a director of emPSN Services Ltd. EmPSN Service is a Teckal Compliant public sector owned Company, of which NSAC is a member.

Miss S Webb, trustee of Northgate School Arts College, is currently a trustee of Cobblers in the Community Charity and Northampton Esco CIC. Miss S Webb was a trustee of Education Excellence For All Trust during the year, she resigned as a trustee of Education Excellence For All Trust on 5 January 2017.

Mr M Kendall trustee of Northgate School Arts College, was a trustee of Education Excellence For All Trust during the year, he resigned as a trustee of Education Excellence For All Trust on 5 January 2017

**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 18 with the emphasis on Arts.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives of the Academy during the year ended 31 August 2017 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 organisation 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.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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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 extracurricular 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.

**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 governors of the academy trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties.

**Strategic report**

**Achievements and performance**

This is the Academy's sixth year of operation and pupil numbers continue to grow. Total pupils in year ended 31 August 2017 was 220, the pupil roll in the new academic year 1 September 2017 is 220.

Examination results for 2017 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 of individual pupils progress from their starting point and takes into account their individual special educational needs.

The total year 11 entries in GCSE, Entry Level and Functional skills exams for the 32 pupils totaled 275, of which 264 were passed, a pass rate of 96%. The breakdown of results is 66 GCSE entries with 93.8% pass rate, 193 Entry level entries with 98.4% pass rate and 16 Functional skill entries with 81.2% pass rate. 19 pupils in Key stage 4 were entered for ASDAN awards; they all achieved a bronze award.

The Academy works as part of a consortium of secondary special schools to offer accredited courses in Horticulture, Performing Arts/Media and Small Animal Welfare to students from other special schools.

Work experience opportunities are offered through the Bee Hive business and students access catering, hospitality, retail, reception/administration, café service and environmental management. Sweet Bee is a shop open to the community that offers students the opportunity to embed literacy and numeracy skills as well as supports the development of communication skills. Post 16 pupils also access external work placements with a wide variety of local companies, small businesses and community projects.

The academy offers work placements to students from local mainstream schools, the FE colleges and Northampton University.

Governors have attended a range of external and internal training events including, preparation for Ofsted,



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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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Assessment – life after levels and Safeguarding. The Chair of Governors, working with the local Teaching School has established a Chair of Governors group that meets termly.

**KEY PERFORMANCE INDICATORS**

The academy trust uses a number of financial key performance indicators to monitor financial success of the academy trust and progress/ improve against the targets set.

Staffing costs are monitored as a percentage of total income. For the year ending 31 August 2017 staffing costs amounted to 82% (2016 - 72%) of total income.

The academy trust also monitors its operating surplus and deficit as a percentage of its total income. For the year ended 31 August 2017 the operating (deficit)/surplus equated to (6)% (2016 - 5%) of the total income (excluding restricted fixed asset funds).

**GOING CONCERN**

After making appropriate enquiries, the board of trustees 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.

**FINANCIAL REVIEW**

The academy's income is obtained from the DfE and the Local Authority in the form of recurrent grants disbursed via the ESFA (Education and Skills Funding Agency) and Northampton 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 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the ESFA and other funding bodies. In accordance with the Charities Statement of Recommended Practice (SORP), 'Accounting and Reporting of Charities' (SORP 2015) such grants are shown in the Statement of Financial Activities as restricted income in the fixed income asset fund. The restricted fixed assets fund balance is reduced by annual depreciation charges over the expected useful life of the asset concerned.

During the year ended 31 August 2017, total restricted general funds expenditure of £3,841,762 was covered by recurrent grant funding from the DfE together with other income resources. The excess expenditure over income (2016 - excess income over expenditure) for the year before transfers was a deficit of £234,697 (2016 - surplus of £212,058)

At 31 August 2017, the net book value of fixed assets was £5,088,757 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 FRS 102 defined benefit pension scheme statement can be found in note 19 to the accounts.

In the year capital funding of £20,994 was received from the ESFA, as detailed in note 2.

In the year £51,678 was received in the form of direct donations from individuals and charitable trusts. These monies were given for specific tasks and spent accordingly.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Bee Hive business had trading income of £165,267. This income is off-set against the staff and running costs of the provision.

The Sweet Bee had a trading income of £42,535.

**RESERVES POLICY**

The governors review the reserve levels of the academy trust 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 trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £30,489 (2016 - £3,013) which is less than is needed. The academy trust intends to build up free reserves to the level needed and a more detailed reserves policy will be formulated in the coming year.

The LGPS deficit of £989,000 (2016 - £1,367,000) is viewed as a long term balance.

At 31 August 2017 the total funds comprised:

|              |                   |                  |
|--------------|-------------------|------------------|
| Unrestricted |                   | 30,489           |
| Restricted:  | Fixed asset funds | 5,088,757        |
|              | Pension reserve   | (989,000)        |
|              | Other             | 547,927          |
|              |                   | <u>4,678,173</u> |

**INVESTMENT POLICY AND PERFORMANCE**

The governing body has approved a treasury management statement as part of the Financial Procedures Management (Financial Management Policy), which documents the academy trust's Investment Policy.

**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 facing the academy are:

- Reputational risk – mitigated by the focus on maintaining outstanding status, seeking positive publicity and having a strong profile in the community;
- Performance risk – mitigated by the continuous review and development of the Academy, its aims and objectives and its ability to meet the needs of its client group;
- Financial Risk – the principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by the financial control measures in place supported by professional advice and appropriate staff training;
- Risks associated with personnel – mitigated by the continuous review and development of all staff including training, clear lines of management and the adoption of the appropriate HR policies and practice.

The academy trust practices through its governing body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main governing body with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The governing body accepts managed risk as an inevitable part of its operations but maintains an objective not

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the governing body collectively, whilst more minor risks are dealt with by senior executive officers.

**Plans for future periods**

The future strategy of the Academy was to convert to a MAT but following changes in the DfE strategy and time spent investigating the current options the decision was taken by the Governors not to pursue this line at this time.

The Academy is at this time working with a number of other local secondary special schools to look at the options open to young people post 19. The group are in talks with the Local Authority, Adult Services Managers and the parents and carers of pupils at the schools. The actions pending include:

- Further meetings with the LA;
- Registration of the proposed Independent Specialist Provision (ISP) with the DfE;
- Investigation into Supported Internships and/or Apprenticeships;
- Registration of the Company at Companies House.

**FUNDS HELD AS CUSTODIAN**

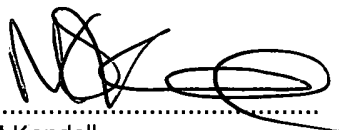
The academy trust does not act as custodian or hold funds on behalf of others.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Insofar as the governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that governors have taken all the steps that ought to have been taken as a governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Governors' report, incorporating a strategic report, was approved by order of the governing body, as the company directors, on 13 December 2017 and signed on its behalf by:



.....  
Mr M Kendall  
Chair of Governors

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## **NORTHGATE SCHOOL ARTS COLLEGE**

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### **GOVERNANCE STATEMENT**

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#### **SCOPE OF RESPONSIBILITY**

As governors, we acknowledge we have overall responsibility for ensuring that Northgate School Arts College 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 governing body has delegated the day-to-day responsibility to the Executive Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northgate School 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:

|   | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Mr M Kendall, Chair   | 6                 | 6                 |
| Miss S Webb, Executive Head Teacher and<br>Accounting Officer | 6                 | 6                 |
| Mrs J Cartwright  | 6                 | 6                 |
| Mrs J Woods   | 5                 | 6                 |
| Mrs M Richards  | 6                 | 6                 |
| Mr N Thomas   | 2                 | 6                 |
| Mrs S Thomas  | 4                 | 6                 |
| Mr D Skuce, Staff Governor                                    | 4                 | 6                 |
| Mrs D Chandley  | 6                 | 6                 |

During the year The Governing Body remained quite stable. The FGB are actively recruiting governors from business but are currently unsuccessful. They are also recruiting parent Governors. The additional non-teaching staff governor representative post is currently outstanding.

The Business Committee is a sub-committee of the main board of trustees. Its purpose is to:

- Advise the Governing Body on a regular basis 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 report for approval.
- Advise the Governing body on all aspects of Finance, Pay and Performance in determining the Academy's value, vision and objectives.

Attendance at meetings in the year was as follows:

|                  | Meetings attended | Out of a possible |
|------------------|-------------------|-------------------|
| Mr M Kendall     | 6                 | 6                 |
| Miss S Webb      | 6                 | 6                 |
| Mr M Trundle     | 5                 | 6                 |
| Ms S Wilkinson   | 2                 | 6                 |
| Mrs J Cartwright | 2                 | 6                 |
| Mr N Thomas      | 4                 | 6                 |
| Mrs D Chandley   | 5                 | 5                 |
| Mrs S Thomas     | 6                 | 6                 |

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Executive Head Teacher 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 academy trust's use of its resources has provided good value for money during each academic year, and reports to the governing body where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Reviewing the Terms of Reference for all committees to include increased use of benchmarking to achieve value for money;
- Review the staff structure to ensure staff population meets current identified levels of needs and budget.

**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 Northgate School Arts College for the year 1 September 2016 to 31 August 2017 and up to the 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

**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 have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks.~~

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**GOVERNANCE STATEMENT (continued)**

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On an annual basis, the auditor reports to the governing body through the Business Committee on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

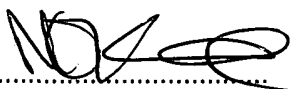
**REVIEW OF EFFECTIVENESS**

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

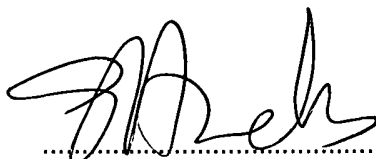
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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 13 December 2017 and signed on their behalf, by:



Mr M Kendall  
Chair of Governors



Miss S Webb  
Accounting Officer

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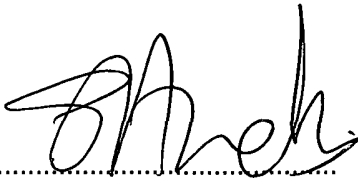
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Northgate School Arts College I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees 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 2016.

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



.....  
Miss S Webb  
**Accounting Officer**

Date: 13 December 2017

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**NORTHGATE SCHOOL ARTS COLLEGE**  
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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The governors (who act as governors of 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' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 ESFA/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 13 December 2017 and signed on its behalf by:



.....  
Mr M Kendall  
Chair of Governors



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**NORTHGATE SCHOOL ARTS COLLEGE**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
NORTHGATE SCHOOL ARTS COLLEGE**

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**OPINION**

We have audited the financial statements of Northgate School Arts College for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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**NORTHGATE SCHOOL ARTS COLLEGE**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
NORTHGATE SCHOOL ARTS COLLEGE**

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**OTHER INFORMATION**

The governors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Governors' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

We have nothing to report in respect of the following matters in relation to which 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' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

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

In preparing the financial statements, the governors are responsible for assessing the academy trust's ability to

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**NORTHGATE SCHOOL ARTS COLLEGE**

(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
NORTHGATE SCHOOL ARTS COLLEGE**

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continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

Date:

19 Dec 2017

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**NORTHGATE SCHOOL ARTS COLLEGE**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NORTHGATE SCHOOL ARTS COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 20 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 year 1 September 2016 to 31 August 2017 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 ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Northgate School Arts College and the ESFA, 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 1 July 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**NORTHGATE SCHOOL ARTS COLLEGE**

(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NORTHGATE SCHOOL ARTS COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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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 trust, with reference to the income streams and other information available to us as auditors of the academy trust;
- 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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**MHA MacIntyre Hudson**

Chartered Accountants

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

Date:

19 June 2017

**NORTHGATE SCHOOL ARTS COLLEGE**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

|  | Note | Unrestricted<br>funds<br>2017<br>£ | Restricted<br>general<br>funds<br>2017<br>£ | Restricted<br>fixed asset<br>funds<br>2017<br>£ | Total<br>funds<br>2017<br>£ | Total<br>funds<br>2016<br>£ |
|--|------|------------------------------------|---|---|-----------------------------|-----------------------------|
| <b>INCOME FROM:</b>  |      |                                    |   |   |                             |                             |
| Donations and capital grants   | 2    | 7,321                              | 44,357                                      | 20,994  | 72,672                      | 199,085                     |
| Charitable activities:   |      |                                    |   |   |                             |                             |
| Funding for the academy  |      |                                    |   |   |                             |                             |
| trust's educational operations   | 3    | -                                  | 3,670,779                                   | -   | 3,670,779                   | 3,470,442                   |
| Other trading activities   | 4    | 210,407                            | 69,662                                      | -   | 280,069                     | 295,411                     |
| Investments  | 5    | 519                                | -   | -   | 519                         | 595                         |
| <b>TOTAL INCOME</b>  |      | <b>218,247</b>                     | <b>3,784,798</b>                            | <b>20,994</b>                                   | <b>4,024,039</b>            | <b>3,965,533</b>            |
| <b>EXPENDITURE ON:</b>   |      |                                    |   |   |                             |                             |
| Raising funds  |      | 190,772                            | 69,379                                      | -   | 260,151                     | 237,175                     |
| Charitable activities:   |      |                                    |   |   |                             |                             |
| Academy trust educational  |      |                                    |   |   |                             |                             |
| operations   |      | -                                  | 3,772,383                                   | 226,202   | 3,998,585                   | 3,516,300                   |
| <b>TOTAL EXPENDITURE</b>   | 6    | <b>190,772</b>                     | <b>3,841,762</b>                            | <b>226,202</b>                                  | <b>4,258,736</b>            | <b>3,753,475</b>            |
| <b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>                         |      |                                    |   |   |                             |                             |
| Transfers between Funds  | 16   | 27,475                             | (56,964)                                    | (205,208)                                       | (234,697)                   | 212,058                     |
|  |      | -                                  | (111,341)                                   | 111,341   | -                           | -                           |
| <b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b> |      |                                    |   |   |                             |                             |
|  |      | 27,475                             | (168,305)                                   | (93,867)  | (234,697)                   | 212,058                     |
| Actuarial gains/(losses) on defined benefit pension schemes                | 19   | -                                  | 615,000                                     | -   | 615,000                     | (651,000)                   |
| <b>NET MOVEMENT IN FUNDS</b>   |      | <b>27,475</b>                      | <b>446,695</b>                              | <b>(93,867)</b>                                 | <b>380,303</b>              | <b>(438,942)</b>            |
| <b>RECONCILIATION OF FUNDS:</b>  |      |                                    |   |   |                             |                             |
| Total funds brought forward  |      | 3,014                              | (887,768)                                   | 5,182,624                                       | 4,297,870                   | 4,736,812                   |
| <b>TOTAL FUNDS CARRIED FORWARD</b>   |      | <b>30,489</b>                      | <b>(441,073)</b>                            | <b>5,088,757</b>                                | <b>4,678,173</b>            | <b>4,297,870</b>            |

**NORTHGATE SCHOOL ARTS COLLEGE**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07734360**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

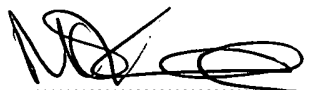
|  | Note | £                | 2017<br>£               | £                | 2016<br>£               |
|--|------|------------------|-------------------------|------------------|-------------------------|
| <b>FIXED ASSETS</b>  |      |                  |                         |                  |                         |
| Tangible assets  | 12   |                  | 5,088,757               |                  | 5,021,306               |
| <b>CURRENT ASSETS</b>  |      |                  |                         |                  |                         |
| Stocks   |      | 5,322            |                         | 4,577            |                         |
| Debtors  | 13   | 83,220           |                         | 159,978          |                         |
| Cash at bank and in hand                                       |      | 648,788          |                         | 782,375          |                         |
|  |      | <u>737,330</u>   |                         | <u>946,930</u>   |                         |
| <b>CREDITORS: amounts falling due within one year</b>          | 14   | <u>(147,097)</u> |                         | <u>(303,366)</u> |                         |
| <b>NET CURRENT ASSETS</b>                                      |      |                  | <u>590,233</u>          |                  | <u>643,564</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                  | <u>5,678,990</u>        |                  | <u>5,664,870</u>        |
| <b>CREDITORS: amounts falling due after more than one year</b> | 15   |                  | <u>(11,817)</u>         |                  | <u>-</u>                |
| <b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>         |      |                  | <u>5,667,173</u>        |                  | <u>5,664,870</u>        |
| Defined benefit pension scheme liability                       | 19   |                  | <u>(989,000)</u>        |                  | <u>(1,367,000)</u>      |
| <b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>         |      |                  | <u><u>4,678,173</u></u> |                  | <u><u>4,297,870</u></u> |

**NORTHGATE SCHOOL ARTS COLLEGE**  
**(A company limited by guarantee)**

**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2017**

|   | Note | £         | 2017<br>£        | £           | 2016<br>£        |
|---|------|-----------|------------------|-------------|------------------|
| <b>FUNDS OF THE ACADEMY</b>                         |      |           |                  |             |                  |
| Fixed asset fund:                                   |      |           |                  |             |                  |
| Restricted income funds                             | 16   | 547,927   |                  | 479,232     |                  |
| Restricted fixed asset funds                        | 16   | 5,088,757 |                  | 5,182,624   |                  |
|   |      |           |                  |             |                  |
| Restricted income funds excluding pension liability |      | 5,636,684 |                  | 5,661,856   |                  |
| Pension reserve                                     |      | (989,000) |                  | (1,367,000) |                  |
|   |      |           |                  |             |                  |
| Total fixed asset fund                              |      |           | 4,647,684        |             | 4,294,856        |
| Unrestricted income funds                           | 16   |           | 30,489           |             | 3,014            |
|   |      |           |                  |             |                  |
| <b>TOTAL FUNDS</b>                                  |      |           | <b>4,678,173</b> |             | <b>4,297,870</b> |

The financial statements on pages 20 to 48 were approved by the governors, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:



Mr M Kendall  
**Chair of Governors**



**NORTHGATE SCHOOL ARTS COLLEGE**  
**(A company limited by guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

|  | Note | 2017<br>£        | 2016<br>£      |
|--|------|------------------|----------------|
| <b>Cash flows from operating activities</b>                |      |                  |                |
| Net cash provided by operating activities                  | 21   | 123,420          | 379,683        |
| <b>Cash flows from investing activities:</b>               |      |                  |                |
| Dividends, interest and rents from investments             |      | 519              | 595            |
| Purchase of tangible fixed assets                          |      | (293,654)        | (88,622)       |
| Capital grants from DfE/ESFA                               |      | 20,994           | 170,956        |
| <b>Net cash (used in)/provided by investing activities</b> |      | <b>(272,141)</b> | <b>82,929</b>  |
| <b>Cash flows from financing activities:</b>               |      |                  |                |
| Cash inflows from new borrowing                            |      | 15,134           | -              |
| <b>Net cash provided by financing activities</b>           |      | <b>15,134</b>    | <b>-</b>       |
| <b>Change in cash and cash equivalents in the year</b>     |      | <b>(133,587)</b> | <b>462,612</b> |
| Cash and cash equivalents brought forward                  |      | 782,375          | 319,763        |
| <b>Cash and cash equivalents carried forward</b>           | 22   | <b>648,788</b>   | <b>782,375</b> |

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**NORTHGATE SCHOOL ARTS COLLEGE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Northgate School Arts College constitutes a public benefit entity as defined by FRS 102.

**1.2 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 trust to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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**NORTHGATE SCHOOL ARTS COLLEGE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

**Grants**

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

**Sponsorship income**

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

**Donated goods, facilities and services**

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

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

**Donations**

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

**Other income**

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.

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**NORTHGATE SCHOOL ARTS COLLEGE**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Expenditure**

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

**Expenditure on Raising Funds**

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

**Charitable Activities**

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets and depreciation**

Assets costing more than £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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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**NORTHGATE SCHOOL ARTS COLLEGE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

|  |   |                                   |
|--|---|-----------------------------------|
| Long-term leasehold property               | - | 2% straight line                  |
| Short-term leasehold property improvements | - | straight line over the lease term |
| Motor vehicles                             | - | 25% straight line                 |
| Fixtures and fittings                      | - | 20% straight line                 |
| Computer equipment                         | - | 33% straight line                 |

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 incorporating income and expenditure account.

**1.6 Liabilities**

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

**1.7 Provisions**

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

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

**1.8 Hire purchase contracts**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the academy trust. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities incorporating income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.9 Leased assets**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 Taxation**

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

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

**1.11 Stocks**

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

**1.12 Debtors**

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

**1.13 Cash at Bank and in hand**

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

**1.14 Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

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

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

**1.15 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 Department for Education where the asset acquired or created is held for a specific purpose.

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

**1.16 Agency arrangements**

The trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

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**1. ACCOUNTING POLICIES (continued)**

**1.17 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

|                   | Unrestricted<br>funds<br>2017<br>£ | Restricted<br>general<br>funds<br>2017<br>£ | Restricted<br>fixed asset<br>funds<br>2017<br>£ | Total<br>funds<br>2017<br>£ | Total<br>funds<br>2016<br>£ |
|-------------------|------------------------------------|---|---|-----------------------------|-----------------------------|
| Donations         | 7,321                              | 44,357                                      | -   | 51,678                      | 28,129                      |
| Capital Grants    | -                                  | -   | 20,994  | 20,994                      | 170,956                     |
|                   | <u>7,321</u>                       | <u>44,357</u>                               | <u>20,994</u>                                   | <u>72,672</u>               | <u>199,085</u>              |
| <i>Total 2016</i> | <u>12,999</u>                      | <u>15,130</u>                               | <u>170,956</u>                                  | <u>199,085</u>              |                             |



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

|                                | Unrestricted<br>funds<br>2017<br>£ | Restricted<br>general<br>funds<br>2017<br>£ | Total<br>funds<br>2017<br>£ | Total<br>funds<br>2016<br>£ |
|--------------------------------|------------------------------------|---|-----------------------------|-----------------------------|
| <b>DfE/ESFA grants</b>         |                                    |   |                             |                             |
| General annual grant (GAG)     | -                                  | 1,873,112                                   | 1,873,112                   | 1,741,182                   |
| Other DfE/ESFA grants          | -                                  | 15,167                                      | 15,167                      | 13,000                      |
| Pupil premium                  | -                                  | 67,683                                      | 67,683                      | 60,734                      |
|                                | -                                  | 1,955,962                                   | 1,955,962                   | 1,814,916                   |
| <b>Other government grants</b> |                                    |   |                             |                             |
| Local authority grants         | -                                  | 1,689,002                                   | 1,689,002                   | 1,549,707                   |
|                                | -                                  | 1,689,002                                   | 1,689,002                   | 1,549,707                   |
| <b>Other funding</b>           |                                    |   |                             |                             |
| GUTP/Teacher recharges         | -                                  | 16,312                                      | 16,312                      | 105,819                     |
| Other income                   | -                                  | 9,503                                       | 9,503                       | -                           |
|                                | -                                  | 25,815                                      | 25,815                      | 105,819                     |
|                                | -                                  | 3,670,779                                   | 3,670,779                   | 3,470,442                   |
| <i>Total 2016</i>              | -                                  | 3,470,441                                   | 3,470,441                   |                             |

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**4. OTHER TRADING ACTIVITIES**

|   | Unrestricted<br>funds<br>2017<br>£ | Restricted<br>general<br>funds<br>2017<br>£ | Total<br>funds<br>2017<br>£ | Total<br>funds<br>2016<br>£ |
|---|------------------------------------|---|-----------------------------|-----------------------------|
| Rental income   | 2,604                              | -   | 2,604                       | 2,283                       |
| School uniform, staff vending machines and<br>trip income | -                                  | 28,734                                      | 28,734                      | 35,847                      |
| School meal income  | -                                  | 40,928                                      | 40,928                      | -                           |
| Miscellaneous income                                      | -                                  | -   | -                           | 65,675                      |
| Trading income  | 207,803                            | -   | 207,803                     | 191,606                     |
|   | <u>210,407</u>                     | <u>69,662</u>                               | <u>280,069</u>              | <u>295,411</u>              |
| <i>Total 2016</i>   | <u>193,889</u>                     | <u>101,522</u>                              | <u>295,411</u>              |                             |

**5. INVESTMENT INCOME**

|                          | Unrestricted<br>funds<br>2017<br>£ | Restricted<br>general<br>funds<br>2017<br>£ | Total<br>funds<br>2017<br>£ | Total<br>funds<br>2016<br>£ |
|--------------------------|------------------------------------|---|-----------------------------|-----------------------------|
| Bank interest receivable | 519                                | -   | 519                         | 595                         |
|                          | <u>519</u>                         | <u>-</u>                                    | <u>519</u>                  | <u>595</u>                  |
| <i>Total 2016</i>        | <u>595</u>                         | <u>-</u>                                    | <u>595</u>                  |                             |

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**6. EXPENDITURE**

|   | Staff costs<br>2017<br>£ | Premises<br>2017<br>£ | Other costs<br>2017<br>£ | Total<br>2017<br>£ | Total<br>2016<br>£ |
|---|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Expenditure on raising voluntary income | -                        | -                     | 8,190                    | 8,190              | 15,130             |
| Expenditure on fundraising trading      | 87,982                   | -                     | 163,624                  | 251,606            | 222,045            |
| Expenditure on investment management    | -                        | -                     | 355                      | 355                | -                  |
| Academy's educational operations:       |                          |                       |                          |                    |                    |
| Direct costs                            | 2,259,814                | -                     | 103,373                  | 2,363,187          | 2,178,179          |
| Allocated support costs                 | 950,862                  | 356,188               | 328,348                  | 1,635,398          | 1,338,121          |
|   | <u>3,298,658</u>         | <u>356,188</u>        | <u>603,890</u>           | <u>4,258,736</u>   | <u>3,753,475</u>   |
| <i>Total 2016</i>                       | <u>2,847,352</u>         | <u>272,594</u>        | <u>633,529</u>           | <u>3,753,475</u>   |                    |

**7. CHARITABLE ACTIVITIES**

|                        | Direct costs<br>2017<br>£ | Support costs<br>2017<br>£ | Total<br>2017<br>£ | Total<br>2016<br>£ |
|------------------------|---------------------------|----------------------------|--------------------|--------------------|
| Educational operations | <u>2,363,187</u>          | <u>1,635,398</u>           | <u>3,998,585</u>   | <u>3,516,300</u>   |
| <i>Total 2016</i>      | <u>2,178,179</u>          | <u>1,338,121</u>           | <u>3,516,300</u>   |                    |

**Analysis of support costs**

|                            | 2017<br>£        | 2016<br>£        |
|----------------------------|------------------|------------------|
| Support staff costs        | 950,862          | 737,434          |
| Depreciation               | 226,203          | 171,870          |
| Technology costs           | 58,976           | 84,821           |
| Premises costs             | 129,986          | 100,724          |
| Other support costs        | 215,613          | 159,029          |
| Governance costs           | 53,758           | 84,243           |
| <b>Total support costs</b> | <u>1,635,398</u> | <u>1,338,121</u> |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

|  | 2017<br>£ | 2016<br>£ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets:       |           |           |
| - owned by the charity                       | 226,203   | 171,870   |
| Fees payable to auditor for - audit          | 7,900     | 7,500     |
| Fees payable to auditor for - other services | 8,700     | 6,350     |
| Operating lease rentals                      | 27,508    | 58,441    |

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**9. STAFF COSTS**

Staff costs were as follows:

|  | 2017<br>£        | 2016<br>£        |
|--|------------------|------------------|
| Wages and salaries                                 | 2,472,123        | 2,259,829        |
| Social security costs                              | 207,715          | 161,708          |
| Operating costs of defined benefit pension schemes | 597,213          | 417,608          |
|  | <u>3,277,051</u> | <u>2,839,145</u> |
| Staff restructuring costs                          | 21,607           | 8,207            |
|  | <u>3,298,658</u> | <u>2,847,352</u> |

Staff restructuring costs comprise:

|                     |               |              |
|---------------------|---------------|--------------|
| Redundancy payments | -             | 8,207        |
| Severance payments  | 21,607        | -            |
|                     | <u>21,607</u> | <u>8,207</u> |

Included in staff restructuring costs for the year are non statutory severance costs to an employee totalling £21,607.

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

|                            | 2017<br>No. | 2016<br>No. |
|----------------------------|-------------|-------------|
| Teachers                   | 24          | 23          |
| Administration and support | 94          | 86          |
| Management                 | 5           | 5           |
|                            | <u>123</u>  | <u>114</u>  |

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

|                               | 2017<br>No. | 2016<br>No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 1           | 1           |
| In the band £80,001 - £90,000 | 2           | 1           |

The key management personnel of the academy trust comprise the trustees and senior management teams listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £552,872 (2016 - £498,257).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. GOVERNORS' REMUNERATION AND EXPENSES**

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff governors 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 governors. The value of governors' remuneration and other benefits was as follows:

|                                |                            | 2017<br>£     | 2016<br>£     |
|--------------------------------|----------------------------|---------------|---------------|
| Miss S Webb, Executive Head    | Remuneration               | 80,000-85,000 | 80,000-85,000 |
| Teacher and Accounting Officer | Pension contributions paid | 10,000-15,000 | 10,000-15,000 |
| Mr D Skuce, Staff Governor     | Remuneration               | 45,000-50,000 | 45,000-50,000 |
|                                | Pension contributions paid | 5,000-10,000  | 5,000-10,000  |
| Mrs A Hodson, Staff Governor   | Remuneration               | N/A           | 0-5,000       |
|                                | Pension contributions paid | N/A           | 0-5,000       |

During the year ended 31 August 2017, no governors received any reimbursement of expenses (2016 - £Nil).

**11. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees 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 2017 was £274 (2016 - £2154).

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**12. TANGIBLE FIXED ASSETS**

|                       | Long-term<br>leasehold<br>property<br>£ | Short-term<br>leasehold<br>property<br>improvements<br>£ | Motor<br>vehicles<br>£ | Fixtures<br>and fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|-----------------------|---|--|------------------------|-------------------------------|----------------------------|------------|
| <b>Cost</b>           |   |  |                        |                               |                            |            |
| At 1 September 2016   | 5,385,648                               | 125,143  | 62,411                 | 77,901                        | 118,981                    | 5,770,084  |
| Additions             | -                                       | 244,500  | 17,134                 | 5,172                         | 26,848                     | 293,654    |
| Disposals             | -                                       | -  | (3,998)                | -                             | -                          | (3,998)    |
| At 31 August 2017     | 5,385,648                               | 369,643  | 75,547                 | 83,073                        | 145,829                    | 6,059,740  |
| <b>Depreciation</b>   |   |  |                        |                               |                            |            |
| At 1 September 2016   | 516,776                                 | 21,486   | 62,411                 | 45,440                        | 102,665                    | 748,778    |
| Charge for the year   | 121,097                                 | 58,536   | 4,284                  | 22,129                        | 20,157                     | 226,203    |
| On disposals          | -                                       | -  | (3,998)                | -                             | -                          | (3,998)    |
| At 31 August 2017     | 637,873                                 | 80,022   | 62,697                 | 67,569                        | 122,822                    | 970,983    |
| <b>Net book value</b> |   |  |                        |                               |                            |            |
| At 31 August 2017     | 4,747,775                               | 289,621  | 12,850                 | 15,504                        | 23,007                     | 5,088,757  |
| At 31 August 2016     | 4,868,872                               | 103,657  | -                      | 32,461                        | 16,316                     | 5,021,306  |

**13. DEBTORS**

|                                | 2017<br>£     | 2016<br>£      |
|--------------------------------|---------------|----------------|
| Trade debtors                  | 7,959         | 6,504          |
| VAT repayable                  | 3,547         | 27,787         |
| Prepayments and accrued income | 71,714        | 125,687        |
|                                | <u>83,220</u> | <u>159,978</u> |

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

|  | 2017<br>£      | 2016<br>£      |
|--|----------------|----------------|
| Net obligations under finance leases and hire purchase contracts | 3,316          | -              |
| Trade creditors  | -              | 160,055        |
| Other taxation and social security                               | 51,888         | 46,932         |
| Other creditors  | 53,670         | 44,341         |
| Accruals and deferred income                                     | 38,223         | 52,038         |
|  | <u>147,097</u> | <u>303,366</u> |

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**14. CREDITORS: Amounts falling due within one year (continued)**

|                                      | 2017<br>£ | 2016<br>£     |
|--------------------------------------|-----------|---------------|
| <b>Deferred income</b>               |           |               |
| Deferred income at 1 September 2016  | 10,235    | 12,636        |
| Resources deferred during the year   | -         | 10,235        |
| Amounts released from previous years | (10,235)  | (12,636)      |
|                                      | <u>-</u>  | <u>10,235</u> |
| Deferred income at 31 August 2017    | <u>-</u>  | <u>10,235</u> |

At the balance sheet date the academy trust was holding funds received in advance for Devolved Formula Capital totalling £Nil (2016 - £10,235).

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

|  | 2017<br>£     | 2016<br>£ |
|--|---------------|-----------|
| Net obligations under finance leases and hire purchase contracts | <u>11,817</u> | <u>-</u>  |

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

|                            | 2017<br>£     | 2016<br>£ |
|----------------------------|---------------|-----------|
| Between one and five years | <u>11,817</u> | <u>-</u>  |

Hire purchase liabilities were secured on the assets which they are financing.



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**16. STATEMENT OF FUNDS**

|                                       | Balance at<br>1<br>September<br>2016<br>£ | Income<br>£ | Expenditure<br>£ | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2017<br>£ |
|---------------------------------------|---|-------------|------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Unrestricted funds</b>             |   |             |                  |                          |                         |                                      |
| General unrestricted funds            | 3,014                                     | 218,247     | (190,772)        | -                        | -                       | 30,489                               |
| <b>Restricted funds</b>               |   |             |                  |                          |                         |                                      |
| General Annual Grant<br>(GAG)         | 204,129                                   | 1,873,113   | (1,751,096)      | (79,673)                 | -                       | 246,473                              |
| Other DfE/ESFA grants                 | -   | 15,167      | (15,127)         | -                        | -                       | 40                                   |
| Pupil premium                         | 27,963                                    | 67,683      | (88,709)         | -                        | -                       | 6,937                                |
| Local authority grants                | 10,406                                    | 1,689,002   | (1,650,385)      | -                        | -                       | 49,023                               |
| Miscellaneous restricted              | 11,077                                    | 79,164      | (74,266)         | (400)                    | -                       | 15,575                               |
| Transfer from LA                      | 225,657                                   | -           | -                | -                        | -                       | 225,657                              |
| GUTP/Teacher recargoes                | -   | 16,312      | (16,712)         | 400                      | -                       | -                                    |
| Donations                             | -   | 44,357      | (3,425)          | (31,668)                 | -                       | 9,264                                |
| Pension reserve                       | (1,367,000)                               | -           | (237,000)        | -                        | 615,000                 | (989,000)                            |
| Other Restricted funds                | -   | -           | (5,042)          | -                        | -                       | (5,042)                              |
|                                       | (887,768)                                 | 3,784,798   | (3,841,762)      | (111,341)                | 615,000                 | (441,073)                            |
| <b>Restricted fixed asset funds</b>   |   |             |                  |                          |                         |                                      |
| DfE/ESFA capital grants               | 923,467                                   | -           | (76,065)         | 161,320                  | -                       | 1,008,722                            |
| Capital expenditure from<br>GAG       | 338,770                                   | -           | (59,489)         | 79,673                   | -                       | 358,954                              |
| Transfer from LA                      | 3,686,501                                 | -           | (76,926)         | -                        | -                       | 3,609,575                            |
| Devolved formula capital              | 12,267                                    | -           | (11,356)         | 20,993                   | -                       | 21,904                               |
| Capital expenditure non<br>GAG        | 16,525                                    | -           | (2,366)          | 31,668                   | -                       | 45,827                               |
| Capital expenditure from<br>LA grants | 43,774                                    | -           | -                | -                        | -                       | 43,774                               |
| DfE/ESFA capital grants -<br>unspent  | 161,320                                   | 20,994      | -                | (182,313)                | -                       | 1                                    |
|                                       | 5,182,624                                 | 20,994      | (226,202)        | 111,341                  | -                       | 5,088,757                            |
| Total restricted funds                | 4,294,856                                 | 3,805,792   | (4,067,964)      | -                        | 615,000                 | 4,647,684                            |
| Total of funds                        | 4,297,870                                 | 4,024,039   | (4,258,736)      | -                        | 615,000                 | 4,678,173                            |

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**16. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

|                                     | Balance at 1<br>September<br>2015<br>£ | Income<br>£      | Expenditure<br>£   | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2016<br>£ |
|-------------------------------------|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Unrestricted funds</b>           |  |                  |                    |                          |                         |                                      |
| Unrestricted funds                  | -                                      | 207,483          | (188,592)          | (15,877)                 | -                       | 3,014                                |
|                                     | <u>-</u>                               | <u>207,483</u>   | <u>(188,592)</u>   | <u>(15,877)</u>          | <u>-</u>                | <u>3,014</u>                         |
| <b>Restricted funds</b>             |  |                  |                    |                          |                         |                                      |
| General Annual Grant (GAG)          | 459                                    | 1,741,183        | (1,519,687)        | (17,826)                 | -                       | 204,129                              |
| Other DfE/ESFA grants               | 24,444                                 | 73,734           | (70,215)           | -                        | -                       | 27,963                               |
| Local authority grants              | 6,692                                  | 1,549,707        | (1,500,710)        | (45,283)                 | -                       | 10,406                               |
| Miscellaneous restricted            | 5,007                                  | 101,522          | (95,452)           | -                        | -                       | 11,077                               |
| Transfer from LA                    | 225,657                                | -                | -                  | -                        | -                       | 225,657                              |
| GUTP/Teacher recargos               | -                                      | 105,818          | (105,818)          | -                        | -                       | -                                    |
| Donations                           | -                                      | 15,130           | (15,130)           | -                        | -                       | -                                    |
| Pension reserve                     | (630,000)                              | -                | (86,000)           | -                        | (651,000)               | (1,367,000)                          |
|                                     | <u>(367,741)</u>                       | <u>3,587,094</u> | <u>(3,393,012)</u> | <u>(63,109)</u>          | <u>(651,000)</u>        | <u>(887,768)</u>                     |
| <b>Restricted fixed asset funds</b> |  |                  |                    |                          |                         |                                      |
| DfE/ESFA capital grants             | 968,284                                | -                | (44,817)           | -                        | -                       | 923,467                              |
| Capital expenditure from GAG        | 340,989                                | -                | (35,922)           | 33,703                   | -                       | 338,770                              |
| Transfer from LA                    | 3,766,196                              | -                | (79,695)           | -                        | -                       | 3,686,501                            |
| Devolved formula capital            | 7,199                                  | 9,636            | (4,568)            | -                        | -                       | 12,267                               |
| Capital expenditure non GAG         | 21,884                                 | -                | (5,359)            | -                        | -                       | 16,525                               |
| Capital expenditure from LA grants  | -                                      | -                | (1,509)            | 45,283                   | -                       | 43,774                               |
| DfE/ESFA capital grants - unspent   | -                                      | 161,320          | -                  | -                        | -                       | 161,320                              |
|                                     | <u>5,104,552</u>                       | <u>170,956</u>   | <u>(171,870)</u>   | <u>78,986</u>            | <u>-</u>                | <u>5,182,624</u>                     |
| Total restricted funds              | <u>4,736,811</u>                       | <u>3,758,050</u> | <u>(3,564,882)</u> | <u>15,877</u>            | <u>(651,000)</u>        | <u>4,294,856</u>                     |
| Total of funds                      | <u>4,736,811</u>                       | <u>3,965,533</u> | <u>(3,753,474)</u> | <u>-</u>                 | <u>(651,000)</u>        | <u>4,297,870</u>                     |

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

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**16. STATEMENT OF FUNDS (continued)**

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

Restricted fixed asset funds amounting to £5,088,757 will be reserved against future depreciation charges.

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

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 2017.

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|                                     | Unrestricted<br>funds<br>2017<br>£ | Restricted<br>general<br>funds<br>2017<br>£ | Restricted<br>fixed asset<br>funds<br>2017<br>£ | Total<br>funds<br>2017<br>£ |
|-------------------------------------|------------------------------------|---|---|-----------------------------|
| Tangible fixed assets               | -                                  | -   | 5,088,757                                       | 5,088,757                   |
| Current assets                      | 30,489                             | 706,842                                     | -   | 737,331                     |
| Creditors due within one year       | -                                  | (147,098)                                   | -   | (147,098)                   |
| Creditors due in more than one year | -                                  | (11,817)                                    | -   | (11,817)                    |
| Pension scheme liability            | -                                  | (989,000)                                   | -   | (989,000)                   |
|                                     | <u>30,489</u>                      | <u>(441,073)</u>                            | <u>5,088,757</u>                                | <u>4,678,173</u>            |

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

|  | Unrestricted<br>funds<br>2016<br>£ | Restricted<br>general<br>funds<br>2016<br>£ | Restricted<br>fixed asset<br>funds<br>2016<br>£ | Total<br>funds<br>2016<br>£ |
|--|------------------------------------|---|---|-----------------------------|
| Tangible fixed assets                  | -                                  | -   | 5,021,306                                       | 5,021,306                   |
| Current assets                         | 3,012                              | 782,600                                     | 161,318   | 946,930                     |
| Creditors due within one year          | -                                  | (303,368)                                   | -   | (303,368)                   |
| Provisions for liabilities and charges | -                                  | (1,367,000)                                 | -   | (1,367,000)                 |
|  | <u>3,012</u>                       | <u>(887,768)</u>                            | <u>5,182,624</u>                                | <u>4,297,870</u>            |

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**18. CAPITAL COMMITMENTS**

At 31 August 2017 the academy trust had capital commitments as follows:

|   | 2017<br>£ | 2016<br>£ |
|---|-----------|-----------|
| Contracted for but not provided in these financial statements | -         | 146,223   |

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**19. 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 Northamptonshire County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £50,134 were payable to the schemes at 31 August 2017 (2016 - £42,258) and are included within creditors.

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**19. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

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

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £175,845 (2016 - £160,828).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:  
[www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)

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

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

**Scheme Changes**

Lord Hutton, who chaired the Independent Public Service Pensions Commission, 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 up to three and a half years outside of the 10 year protection.

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

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £286,000 (2016 - £260,000), of which employer's contributions totalled £214,000 (2016 - £197,000) and employees' contributions totalled £72,000 (2016 - £63,000). The agreed contribution rates for future years are 17.6% for employers and between 5.5% and 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.

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**19. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions:

|  | 2017   | 2016   |
|--|--------|--------|
| Discount rate for scheme liabilities                 | 2.50 % | 2.10 % |
| Expected return on scheme assets at 31 August        | 2.50 % | 2.10 % |
| Rate of increase in salaries                         | 2.70 % | 4.10 % |
| Rate of increase for pensions in payment / inflation | 2.40 % | 2.10 % |

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

|                      | 2017 | 2016 |
|----------------------|------|------|
| Retiring today       |      |      |
| Males                | 22.1 | 22.3 |
| Females              | 24.2 | 24.3 |
| Retiring in 20 years |      |      |
| Males                | 23.9 | 24.0 |
| Females              | 26.1 | 26.6 |

|  | At 31 August<br>2017<br>£ | At 31 August<br>2016<br>£ |
|--|---------------------------|---------------------------|
| <b>Sensitivity analysis</b>                |                           |                           |
| 0.5% decrease in Real Discount Rate        | 547,000                   | 515,000                   |
| 0.5% increase in the Salary Increase Rate  | 67,000                    | 175,000                   |
| 0.5% increase in the Pension Increase Rate | 473,000                   | 324,000                   |

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

|                                     | Fair value at<br>31 August<br>2017<br>£ | Fair value at<br>31 August<br>2016<br>£ |
|-------------------------------------|---|---|
| Equities                            | 2,011,000                               | 1,475,000                               |
| Corporate bonds                     | 434,000                                 | 395,000                                 |
| Property                            | 190,000                                 | 166,000                                 |
| Cash and other liquid assets        | 82,000                                  | 42,000                                  |
| <b>Total market value of assets</b> | <b>2,717,000</b>                        | <b>2,078,000</b>                        |

The actual return on scheme assets was £82,000 (2016 - £42,000).

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**19. PENSION COMMITMENTS (continued)**

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

|                      | 2017<br>£        | 2016<br>£        |
|----------------------|------------------|------------------|
| Interest income      | 46,000           | 62,000           |
| Interest cost        | (77,000)         | (87,000)         |
| Current service cost | (420,000)        | (258,000)        |
| <b>Total</b>         | <b>(451,000)</b> | <b>(283,000)</b> |

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

|   | 2017<br>£        | 2016<br>£        |
|---|------------------|------------------|
| Opening defined benefit obligation        | 3,445,000        | 2,135,000        |
| Interest cost                             | 77,000           | 87,000           |
| Employee contributions                    | 72,000           | 63,000           |
| Actuarial (gains)/losses                  | (276,000)        | 917,000          |
| Benefits paid                             | (32,000)         | (15,000)         |
| Current service cost                      | 420,000          | 258,000          |
| <b>Closing defined benefit obligation</b> | <b>3,706,000</b> | <b>3,445,000</b> |

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

|  | 2017<br>£        | 2016<br>£        |
|--|------------------|------------------|
| Opening fair value of scheme assets        | 2,078,000        | 1,505,000        |
| Interest income                            | 46,000           | 62,000           |
| Actuarial losses                           | 339,000          | 266,000          |
| Employer contributions                     | 214,000          | 197,000          |
| Employee contributions                     | 72,000           | 63,000           |
| Benefits paid                              | (32,000)         | (15,000)         |
| <b>Closing fair value of scheme assets</b> | <b>2,717,000</b> | <b>2,078,000</b> |



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**20. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

|                         | 2017<br>£     | 2016<br>£     |
|-------------------------|---------------|---------------|
| <b>Amounts payable:</b> |               |               |
| Within 1 year           | 35,272        | 23,494        |
| Between 1 and 5 years   | 37,958        | 25,627        |
| <b>Total</b>            | <b>73,230</b> | <b>49,121</b> |

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

|  | 2017<br>£      | 2016<br>£      |
|--|----------------|----------------|
| Net (expenditure)/income for the year (as per Statement of Financial Activities) | (234,697)      | 212,058        |
| <b>Adjustment for:</b>   |                |                |
| Depreciation charges   | 226,203        | 171,870        |
| Dividends, interest and rents from investments                                   | (519)          | (595)          |
| Increase in stocks   | (745)          | (1,526)        |
| Decrease/(increase) in debtors   | 76,758         | (73,488)       |
| (Decrease)/increase in creditors   | (159,586)      | 156,320        |
| Capital grants from DfE and other capital income                                 | (20,994)       | (170,956)      |
| Defined benefit pension scheme cost less contributions payable                   | 206,000        | 61,000         |
| Defined benefit pension scheme finance cost                                      | 31,000         | 25,000         |
| <b>Net cash provided by operating activities</b>                                 | <b>123,420</b> | <b>379,683</b> |

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

|              | 2017<br>£      | 2016<br>£      |
|--------------|----------------|----------------|
| Cash in hand | 648,788        | 782,375        |
| <b>Total</b> | <b>648,788</b> | <b>782,375</b> |

**23. MEMBERS' LIABILITY**

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

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**24. 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 the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

During the year ended 31 August 2017 there were purchases from KCOM Group plc for £9,456 (2016 - £9,246) relating to broadband services. These broadband service contracts were let by emPSN Services Ltd on their behalf. M Kendall, chair of Governors, is a director of emPSN services.

Miss S Webb, the Head Teacher and Governor of the Northgate School Arts College, was also a director of Northampton Town AIP Limited. During the year, The Northgate School Arts College invoiced Northampton Town AIP Limited £Nil (2016 - £101,189) and made purchases of £1,297 (2016 - £62,966) to the entity for the year ending 31 August 2017. At the 31 August 2017 there was £Nil (2016 - £Nil) owed to Northgate School Arts College.

Miss S Webb, the Head Teacher and Governor of the Northgate School Arts College and M Kendall, the Chair of Governors and Governor were also Directors of the Education Excellence For All Trust until 5 January 2017. During the year, The Northgate School Arts College invoiced the Education Excellence For All Trust £12,341 (2016 - £65,111).

At the 31 August 2017 there was £Nil (2016 - £941) owed to Northgate School Arts College.

**25. AGENCY ARRANGEMENTS**

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2017 the Trust received £4,633 (2016 - £7,033) and disbursed £3,083 (2016 - £4,950) from the fund. An amount of £3,666 (2016 - £2,083) is included in other creditors relating to funds received from the ESFA that are yet to be distributed.

