

Co. House.

Registered number: 07734360

NORTHGATE SCHOOL ARTS COLLEGE

(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

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NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the academy, its governors and advisers	1
Governors' report	2 - 8
Governance statement	9 - 12
Statement on regularity, propriety and compliance	13
Governors' responsibilities statement	14
Independent auditor's report	15 - 16
Independent reporting accountant's assurance report on regularity	17 - 18
Statement of financial activities	19 - 20
Balance sheet	21
Cash flow statement	22
Notes to the financial statements	23 - 41

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS/ TRUSTEES
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members and Governors	Mr M Kendall, Chair ¹ Miss S Webb, Executive Head Teacher and Accounting Officer ¹ Mrs J Cartwright ¹
Governors	Mr S Clark, Vice Chair Mrs A Hodson, Staff Governor Mrs M Richards Mr D Skuce, Staff Governor Mrs A Slater (resigned 20 April 2015) Mr N Thomas ¹ Mrs S Thomas (appointed 1 June 2015) ¹ Mrs J Woods Mrs M Twigg (resigned 19 November 2014) ¹
	¹ Business committee
Company secretary	Mrs C Cope
Senior management team	Miss S Webb, Executive Head Teacher Mr M Trundle, Head of School Mrs S Wilkinson, Executive Deputy Head Teacher Mrs F Shears, Deputy Head Teacher Mrs C Cope, Business Manager
Principal and registered office	Queens Park Parade Kingsthorpe Northampton Northamptonshire NN2 6LR
Company registered number	07734360
Independent auditor	MHA MacIntyre Hudson Chartered Accountants Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB
Bankers	Lloyds Bank 2 George Row Northampton NN1 1DJ
Solicitors	Anthony Collins 134 Edmund Street Birmingham B3 2ES

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The governors present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2015. The annual report serves the purposes of both a trustees' 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 185 in the school summer census dated May 2015. It is on three sites with Northgate School catering for pupils 11 to 16 years of age and The Bee Hive and Sweet Bee which are the 6th form provision.

Structure, governance and management

a. CONSTITUTION

The academy trust is a company limited by guarantee (registered number 07734360) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

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

Details of the governors who served throughout the year except as noted are included in the Reference and administrative details on page 1.

b. 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.

c. 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, breach of duty, errors or omissions of which they may be guilty in relation to the academy trust and its business. The cost of this insurance in the year can be found in note 12 to the accounts.

d. 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) and a parent member of the governing body. The parent governor was elected by the governing body in 2011.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

There has been one new governor appointment, as noted in the Reference and administrative details on page 1.

The academy has a 'Draft' Governor Induction Pack including; Policy and Checklist. The remaining governors were all members of the governing body prior to 2011 and have completed their necessary training within their roles. Any training and induction provided for new governors will depend on their existing experience. Induction

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

will provide training on clarity 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 the individual however access to independent training is available for governors who wish to attend.

f. 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, Executive Deputy Head, Deputy Head, 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 senior leadership team, Key Stage managers in KS3, 4 and 5 and 23.6 curriculum area managers and general teaching staff. The teaching staff are supported by a range of learning support staff working at Level 2 and above to cover roles such as family support worker, cover supervisors, HLTA's, job coaches and medical and welfare staff. At post 16 a number of staff are employed to run the work-related learning activities that are The Bee Hive and Sweet Bee.

The leadership teams are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities, resources and pupils.

The business committee, working with the SLT, carried out a review of the use of schools resources at a time of changing demand and considerable resource pressures, including inflation and changing pupil demands. This has resulted in structural changes to the teaching and non-teaching staff, a proposed balanced budget for 2015-2016; and providing the basis for further opportunities to adjust expenditure of future financial pressures whilst still providing outstanding outcomes for the pupils.

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

During the year ended 31 August 2015 there were purchases from KCOM Group plc for £7,705 (2014: £10,454) relating to broadband services. These broadband service contracts were let by emPSN Services Limited on their behalf. Mr Kendall, the Chair of Governors for the academy trust, is a director of emPSN Services Limited.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Objectives and Activities

a. OBJECTS AND AIMS

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

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the academy during the year ended 31 August 2015 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.

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

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

c. PUBLIC BENEFIT

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

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.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Strategic report

Achievements and performance

This is the academy's fourth year of operation and pupil numbers continue to grow. Total pupils in year ended 31 August 2015 was 184, the pupil roll in the new academic year 1 September 2015 is 204 and the Local Authority will be funding this number in full.

Examination results for 2015 were again outstanding as a result of the progress made by pupils and their attainment as evidenced by externally accredited results. Judgements are based on analysis against National Progression Guidance and national expectations of progress.

The total year 11 entries in GCSE, Entry Level and Functional skills exams for the 28 pupils totalled 300, of which 293 were passed, a pass rate of 97.6%. The breakdown of results is 47 GCSE entries with 100% pass rate, 237 Entry level entries with 100% pass rate and 13 Functional skill entries with a 76.9% pass rate. 26 pupils in Key stage 4 were entered for Asdan awards; they all achieved a bronze award. Using the capped APS scores there are 14 pupils with complete data. Of these 64% are in the 60th-80th percentile band, and 36% are in the 40th-60th band. 100% of these pupils have achieved in the top 60% for special schools nationally and 64% are in the top 40%.

The academy works as part of a consortium of secondary special schools to offer accredited courses in Horticulture, Performing Arts and Small Animal Welfare to students from Northgate and other special schools. All of the students completed accreditation via Aim Awards at Award Level.

All pupils access community placements, such as working with The Volunteer Agency to complete gardening activities in the local community. Work experience opportunities are offered through the Bee Hive business and students access catering, hospitality, retail, reception/administration, café service and environmental management. The Academy offers work placements to students from local mainstream school, the FE colleges and Northampton University.

Three members of staff successfully completed the Two year QTLLS course at Northampton University.

The FGB carried out an internal review of governance in 2014-2015. To initiate the process four governors, including the Chair, attended the all day School Governors Conference on 13 February 2015 where the focus was upon effective governance. Following on from the conference, a skills audit was completed, a governors training session was completed including documentation on effective governance; changes have been proposed to the operation of the FGB and Committees, including revised terms of reference, that are being implemented in 2015-2016.

a. KEY FINANCIAL PERFORMANCE INDICATORS

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

Staffing costs are monitored as a percentage of total income. For the year ending 31 August 2015 staffing costs amounted to 85% (2014 - 73%) of total income (excluding restricted fixed asset funds).

The academy trust also monitors its operating surplus and deficit as a percentage of total income. For the year ended 31 August 2015 the operating surplus equated to 0% (2014 - 0%) of the total income (excluding restricted fixed asset funds).

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

b. GOING CONCERN

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

Financial review

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The academy's income is obtained from the DfE and the Local Authority in the form of recurrent grants disbursed via the EFA (Education Funding Agency) and Northampton County Council, the use of which is restricted to particular purposes. The grants received from the DfE and LA during the year ending 31 August 2015 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 EFA and other funding bodies. In accordance with the Charities Statement of Recommended Practice (SORP), 'Accounting and Reporting of Charities' (SORP 2005) such grants are shown in the Statement of Financial Activities as restricted income in the fixed income asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the asset concerned.

During the year ended 31 August 2015, total restricted general funds expenditure of £3,394,739 was covered by recurrent grant funding from the DfE together with other incoming resources. The excess income over expenditure for the year before transfers (excluding restricted fixed assets funds) was a deficit of £109,865 (2014 - £3,089)

At 31 August 2015, the net book value of fixed assets was £5,104,553 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

Details of the FRS17 statement can be found in note 21 to the accounts.

In the year capital funding of £8,826 was received from the EFA, as detailed in note 5.

In the year £65,047 was received in the form of direct donations from individuals and charitable trusts. These monies were given for specific tasks and spent accordingly.

The Bee Hive business had trading income of £169,805. This income is off-set against the staff and running costs of the provision.

The Sweet Bee business had a first year trading income of £17,061.

b. 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 £nil (2014 - £3,223) 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 £630,000 (2014 - £569,000) is viewed as a long term balance.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

At 31 August 2015 the total funds comprised:

Unrestricted	£	nil
Restricted: Fixed asset funds	£	5,104,553
General annual grant	£	458
Other restricted funds	£	261,800
Pension reserve	(£	630,000)

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 21. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

The restricted funds will be spent in accordance with the terms of the particular funds.

c. 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.

d. 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 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.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Plans for future periods

a. FUTURE DEVELOPMENTS

The future strategy of the academy is to convert to a MAT, building on the partnership with EE4A, to secure a new Special School in Daventry opening in September 2016. The governors acknowledge that a standalone academy will face greater cost and outcome delivery pressures than operating in a MAT and seeks to increase the cost effective achievement of outstanding outcomes for children with special needs and disabilities.

During 2015-2016 the governors will submit the necessary applications to the DfE/EFA/RSC to allow it to sponsor schools within a MAT as well as to attract other good and outstanding schools in Northamptonshire and the surrounding region.

To achieve this the governing body intend to:

- Contact the Regional Schools Commissioner (RSC)
- Encourage the Northamptonshire Special School Heads Group to discuss MAT's as an agenda item.
- Work with local MAT's to establish links that would be mutually acceptable.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

DISCLOSURE OF INFORMATION TO AUDITOR

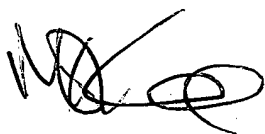
Each of the persons who are governors at the time when this Governors' report is approved has confirmed that:

- so far as that governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that governor has 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.

AUDITOR

The auditor, MHA MacIntyre Hudson, has indicated its willingness to continue in office. The Designated governors will propose a motion re-appointing the auditor at a meeting of the governors.

This report, incorporating the Strategic report, was approved by order of the governing body, as the company directors, on 3 December 2015 and signed on the board's behalf by:



Mr M Kendall
Chair of Governors

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT

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 Governors' responsibilities statement. The governing body has formally met 7 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Mr M Kendall, Chair	7	7
Miss S Webb, Executive Head Teacher and Accounting Officer	7	7
Mrs J Cartwright	4	7
Mr S Clark, Vice Chair	7	7
Mrs A Hodson, Staff Governor	4	7
Mrs M Richards	6	7
Mr D Skuce, Staff Governor	6	7
Mrs A Slater (resigned 20 April 2015)	5	6
Mr N Thomas	2	3
Mrs S Thomas (appointed 1 June 2015)	5	7
Mrs J Woods	1	7
Mrs M Twigg (resigned 19 November 2014)	0	1

During the year the governing body stayed mainly stable, two governors resigned and another was appointed.

The FGB are actively recruiting governors for the year 2015-2016 and have advertised for parent governors across the school population.

Governance reviews:

The governing body has completed a self-evaluation review this year 2014-2015. The self evaluation was triggered by the realisation that the governing body would benefit from an increased membership to incorporate members with a business/financial focus. Two governors will complete their term into next year 2015-2016 and do not plan to stand for a second term.

Mr Mike Kendall, Chair of Governors was awarded the National College of School Leaders 'National Leader of Governance' status in March 2014 and has recently established a countywide 'Chair of Governors' network in association with the local Teaching Alliance.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Business (acting as the Finance and General Purposes) Committee is a sub-committee of the main governing body. Its purpose is to:

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

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr M Kendall, Chair	7	7
Miss S Webb, Head Teacher and Accounting Officer	7	7
Mrs J Cartwright	3	7
Mr N Thomas	6	7
Mrs M Twigg	0	1

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 trust's use of its resources has provided good value for money during each academic year, and reports to the Chair of Governors where value for money can be improved, including the use of benchmarking data where available. 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;
- Reviewing 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 2014 to 31 August 2015 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.

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
- testing of sales systems

On a quarterly basis, the auditor reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 3 December 2015 and signed on its behalf, by:



Mr M Kendall
Chair of Governors



Miss S Webb
Accounting Officer

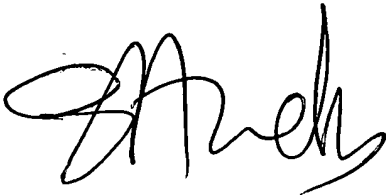
NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Northgate School Arts College I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy trust governing body are able to identify any material, irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook (2014).

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



Miss S Webb
Accounting Officer

Date: 3 December 2015

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

**GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

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

Company law requires the 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 (2005);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the governing body on 3 December 2015 and signed on its behalf by:



Mr M Kendall
Chair of Governors

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHGATE SCHOOL ARTS COLLEGE

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

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an 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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

As explained more fully in the Governors' responsibilities statement, 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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHGATE SCHOOL ARTS COLLEGE

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date:

16 June 2015

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 18 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northgate School Arts College during the year 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF NORTHGATE SCHOOL ARTS COLLEGE'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Northgate School Arts College's funding agreement with the Secretary of State for Education dated 1 July 2012, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date:

16 June 2015

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	12,065	65,074	-	77,139	162,404
Activities for generating funds	3	188,675	6,037	-	194,712	127,961
Investment income	4	447	1,000	-	1,447	597
Incoming resources from charitable activities:						
Funding for the academy trust's educational operations	5	-	3,201,666	8,826	3,210,492	2,895,764
TOTAL INCOMING RESOURCES		201,187	3,273,777	8,826	3,483,790	3,186,726
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income		-	39,223	-	39,223	164,932
Fundraising expenses and other costs		190,090	6,037	-	196,127	175,911
Charitable activities:	7					
Academy trust educational operations:		-	3,305,344	182,157	3,487,501	2,977,194
Governance costs	8	-	44,135	-	44,135	42,477
TOTAL RESOURCES EXPENDED	6	190,090	3,394,739	182,157	3,766,986	3,360,514
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		11,097	(120,962)	(173,331)	(283,196)	(173,788)

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

		Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between Funds	16	(14,320)	(47,841)	62,161	-	-
NET EXPENDITURE FOR THE YEAR		(3,223)	(168,803)	(111,170)	(283,196)	(173,788)
Actuarial gains and losses on defined benefit pension schemes		-	11,000	-	11,000	(314,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		(3,223)	(157,803)	(111,170)	(272,196)	(487,788)
Total funds at 1 September 2014		3,223	(209,939)	5,215,723	5,009,007	5,496,795
TOTAL FUNDS AT 31 AUGUST 2015		-	(367,742)	5,104,553	4,736,811	5,009,007

All activities relate to continuing operations.

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

The notes on pages 23 to 41 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	13		5,104,553		5,215,723
CURRENT ASSETS					
Stocks		3,051		1,143	
Debtors	14	86,491		52,701	
Cash at bank and in hand		319,763		439,946	
		<u>409,305</u>		<u>493,790</u>	
CREDITORS: amounts falling due within one year	15	<u>(147,047)</u>		<u>(131,506)</u>	
NET CURRENT ASSETS			<u>262,258</u>		<u>362,284</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,366,811</u>		<u>5,578,007</u>
Defined benefit pension scheme liability	21		<u>(630,000)</u>		<u>(569,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>4,736,811</u></u>		<u><u>5,009,007</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	16	262,258		359,061	
Restricted fixed asset funds	16	5,104,553		5,215,723	
Restricted funds excluding pension liability		<u>5,366,811</u>		<u>5,574,784</u>	
Pension reserve		<u>(630,000)</u>		<u>(569,000)</u>	
Total restricted funds			<u>4,736,811</u>		<u>5,005,784</u>
Unrestricted funds	16		-		3,223
TOTAL FUNDS			<u><u>4,736,811</u></u>		<u><u>5,009,007</u></u>

The financial statements were approved by the governors, and authorised for issue, on 3 December 2015 and are signed on their behalf, by:



Mr M Kendall
Chair of Governors

The notes on pages 23 to 41 form part of these financial statements.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	18	(49,643)	182,500
Returns on investments and servicing of finance	19	447	597
Capital expenditure and financial investment	19	(70,987)	(71,416)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(120,183)	111,681

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

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(120,183)	111,681
MOVEMENT IN NET FUNDS IN THE YEAR	(120,183)	111,681
Net funds at 1 September 2014	439,946	328,265
NET FUNDS AT 31 AUGUST 2015	319,763	439,946

The notes on pages 23 to 41 form part of these financial statements.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below

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

1.3 Incoming resources

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

• Grants receivable

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

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

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

• Sponsorship Income

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

• Donated goods, facilities and services

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

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

• **Donations**

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

• **Other income**

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

1.4 Resources expended

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

• **Costs of generating funds**

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

• **Charitable activities**

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

• **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Basis of consolidation

Northgate School Arts College is the sole member of Northgate Bee Hive Enterprises Limited, a company limited by guarantee. Northgate School Arts College has not prepared consolidated accounts which include the results of Northgate Bee Hive Enterprises Limited as the governors are of the opinion that the results of this company are immaterial to the financial statements of the academy trust.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

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

The policy with respect to impairment reviews of fixed assets is that a review is carried out if events or changes in circumstances indicate that the carrying value of any fixed assets 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.

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

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

Long-term leasehold 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

1.7 Operating leases

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

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

1.8 Stocks

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

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 21, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency.

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

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	12,065	65,074	77,139	162,404

3. FUNDRAISING INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Rental income	1,809	-	1,809	2,624
School uniform, staff vending machines	-	4,027	4,027	4,649
GUPT / teacher recharges	-	-	-	50
Music income	-	2,010	2,010	2,586
Trading income	186,866	-	186,866	118,052
	188,675	6,037	194,712	127,961

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest receivable	447	-	447	597
FRS17 pension income	-	1,000	1,000	-
	447	1,000	1,447	597

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA revenue grants				
General annual grant (GAG)	-	1,749,416	1,749,416	1,326,973
Other DfE/EFA grants	-	11,583	11,583	30,262
Pupil premium	-	56,635	56,635	56,356
Capital grants	-	8,826	8,826	3,488
	-	1,826,460	1,826,460	1,417,079
Other government grants				
Local authority grants	-	1,330,894	1,330,894	1,457,022
	-	1,330,894	1,330,894	1,457,022
Other funding				
Other income	-	53,138	53,138	21,663
	-	53,138	53,138	21,663
	-	3,210,492	3,210,492	2,895,764

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

6. RESOURCES EXPENDED

	Staff costs	Non Pay	Expenditure	Total	Total
	2015	Premises	Other costs	2015	2014
	£	2015	2015	£	£
		£	£		
Costs of generating voluntary income	24,286	-	14,937	39,223	164,932
Costs of activities for generating funds	59,705	-	136,422	196,127	175,911
Costs of generating funds	83,991	-	151,359	235,350	340,843
Direct costs	2,099,830	-	52,873	2,152,703	2,134,350
Support costs	770,200	309,480	255,118	1,334,798	842,844
Charitable activities	2,870,030	309,480	307,991	3,487,501	2,977,194
Governance	-	-	44,135	44,135	42,477
	2,954,021	309,480	503,485	3,766,986	3,360,514

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

7. CHARITABLE ACTIVITIES

	Total funds 2015 £	Total funds 2014 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,738,090	1,621,744
National insurance	118,379	114,519
Pension cost	243,361	187,933
Educational supplies	16,941	170,903
Staff development	24,394	33,374
Examination fees	11,538	5,877
	<u>2,152,703</u>	<u>2,134,350</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	568,936	325,425
National insurance	32,584	7,324
Pension cost	168,680	59,867
Depreciation	182,157	174,187
Insurance	31,620	31,019
Maintenance of premises and equipment	161,506	99,112
Cleaning	6,218	4,588
Light and heat	41,595	45,242
Security and transport	9,796	2,576
Catering	19,625	14,204
Office overheads	40,633	25,389
Legal and professional fees	65,382	51,527
Bank charges	128	124
Other costs	5,938	2,260
	<u>1,334,798</u>	<u>842,844</u>
	<u><u>3,487,501</u></u>	<u><u>2,977,194</u></u>

8. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Audit and accountancy fees	-	16,000	16,000	15,319
Legal and professional fees (governance)	-	20,275	20,275	17,500
Other professional fees	-	7,860	7,860	9,658
	<u>-</u>	<u>44,135</u>	<u>44,135</u>	<u>42,477</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

9. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	182,157	174,187
Auditor's remuneration	7,500	7,500
Auditor's remuneration - non-audit	8,500	9,769
Operating lease rentals:		
- other operating leases	57,027	45,314
Staff pension contributions	412,041	247,800
	<u>412,041</u>	<u>247,800</u>

10. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	2,391,017	1,947,169
Social security costs	150,963	121,843
Other pension costs (Note 21)	412,041	247,800
	<u>2,954,021</u>	<u>2,316,812</u>

b. Staff numbers

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

	2015 No.	2014 No.
Teachers	22	21
Administration and support	69	56
Management	5	4
	<u>96</u>	<u>81</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

10. STAFF (continued)

c. Higher paid staff

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

	2015	2014
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for the staff members amounted to £13,395 (2014 - £18,969).

11. 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:

	2015	2014
	£	£
Miss S Webb (Executive Head Teacher)		
Remuneration	75,000 - 80,000	75,000 - 80,000
Employer's pension contributions	5,000 - 10,000	10,000 - 15,000
Mr D Skuce (Staff Governor)		
Remuneration	45,000 - 50,000	40,000 - 45,000
Employer's pension contributions	5,000 - 10,000	5,000 - 10,000
Mrs A Hodson (Staff Governor)		
Remuneration	10,000 - 15,000	5,000 - 10,000
Employers pension contributions	0 - 5,000	0 - 5,000

During the year, Northgate School Arts College reimbursed expenses of £341 (2014: £584) to Miss S Webb which were incurred in connection with her role as Executive Head Teacher.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2015 was £215 (2014 - £189). The cost of this insurance is included in the total insurance cost.

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Short-term leasehold property improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2014	5,382,425	-	62,411	65,680	99,958	5,610,474
Additions	3,221	49,641	-	8,385	9,740	70,987
At 31 August 2015	5,385,646	49,641	62,411	74,065	109,698	5,681,461
Depreciation						
At 1 September 2014	274,593	-	57,778	15,917	46,463	394,751
Charge for the year	121,087	9,194	4,633	14,315	32,928	182,157
At 31 August 2015	395,680	9,194	62,411	30,232	79,391	576,908
Net book value						
At 31 August 2015	4,989,966	40,447	-	43,833	30,307	5,104,553
At 31 August 2014	5,107,832	-	4,633	49,763	53,495	5,215,723

14. DEBTORS

	2015 £	2014 £
Trade debtors	35,710	3,784
VAT repayable	14,366	10,341
Prepayments and accrued income	36,415	38,576
	<u>86,491</u>	<u>52,701</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

15. CREDITORS:
Amounts falling due within one year

	2015 £	2014 £
Other taxation and social security	40,493	37,853
Other creditors	40,871	33,085
Accruals and deferred income	65,683	60,568
	<u>147,047</u>	<u>131,506</u>

Deferred income

Deferred income at 1 September 2014	8,826
Resources deferred during the year	12,636
Devolved formula capital released in the year	(8,826)
Deferred income at 31 August 2015	<u>12,636</u>

At the balance sheet date the academy trust was holding funds received in advance for devolved formula capital and race to the top which related to the following year.

16. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	<u>3,223</u>	<u>201,187</u>	<u>(190,090)</u>	<u>(14,320)</u>	<u>-</u>	<u>-</u>
Restricted funds						
General Annual Grant (GAG)	98,204	1,749,416	(1,826,118)	(21,044)	-	458
Other DfE/EFA grants	23,814	68,218	(67,588)	-	-	24,444
Local authority grants	-	1,330,894	(1,324,202)	-	-	6,692
Miscellaneous restricted	11,386	124,249	(103,831)	(26,797)	-	5,007
Transfer from LA	225,657	-	-	-	-	225,657
Pension reserve	(569,000)	1,000	(73,000)	-	11,000	(630,000)
	<u>(209,939)</u>	<u>3,273,777</u>	<u>(3,394,739)</u>	<u>(47,841)</u>	<u>11,000</u>	<u>(367,742)</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

DfE/EFA capital grants	1,013,101	-	(44,817)	-	-	968,284
Capital expenditure from GAG	355,575	-	(49,950)	35,364	-	340,989
Transfer from LA	3,847,047	-	(80,850)	-	-	3,766,197
Devolved formula capital	-	8,826	(1,627)	-	-	7,199
Capital expenditure non GAG	-	-	(4,913)	26,797	-	21,884
	<u>5,215,723</u>	<u>8,826</u>	<u>(182,157)</u>	<u>62,161</u>	<u>-</u>	<u>5,104,553</u>
Total restricted funds	<u>5,005,784</u>	<u>3,282,603</u>	<u>(3,576,896)</u>	<u>14,320</u>	<u>11,000</u>	<u>4,736,811</u>
Total of funds	<u>5,009,007</u>	<u>3,483,790</u>	<u>(3,766,986)</u>	<u>-</u>	<u>11,000</u>	<u>4,736,811</u>

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

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

Restricted fixed asset funds amounting to £5,104,553 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 2015.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	5,104,553	5,104,553	5,215,723
Current assets	-	409,305	-	409,305	493,790
Creditors due within one year	-	(147,047)	-	(147,047)	(131,506)
Provisions for liabilities and charges	-	(630,000)	-	(630,000)	(569,000)
	<u>-</u>	<u>(367,742)</u>	<u>5,104,553</u>	<u>4,736,811</u>	<u>5,009,007</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources	(283,196)	(173,788)
Returns on investments and servicing of finance	(447)	(597)
Depreciation of tangible fixed assets	182,157	174,187
Increase in stocks	(1,908)	(738)
(Increase)/decrease in debtors	(33,790)	90,689
Increase in creditors	15,541	77,747
FRS 17 pension cost less contributions payable	72,000	15,000
Net cash (outflow)/inflow from operations	(49,643)	182,500

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

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	447	597
	447	597
	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(70,987)	(71,416)
	(70,987)	(71,416)

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	31 August 2015 £
Cash at bank and in hand:	439,946	(120,183)	319,763
Net funds	439,946	(120,183)	319,763

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

21. 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 schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

The pension costs paid to TPS in the period amounted to £226,765 (2014: £165,184).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £268,000, of which employer's contributions totalled £202,000 and employees' contributions totalled £66,000. 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.

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.80	1,054,000	6.40	865,000
Bonds	3.80	286,000	2.90	232,000
Property	3.80	135,000	4.50	85,000
Cash	3.80	30,000	3.30	37,000
Total market value of assets		1,505,000		1,219,000
Present value of scheme liabilities		(2,135,000)		(1,788,000)
Deficit in the scheme		(630,000)		(569,000)

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(2,135,000)	(1,788,000)
Fair value of scheme assets	1,505,000	1,219,000
Net liability	(630,000)	(569,000)

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Interest on obligation	(72,000)	(50,000)
Expected return on scheme assets	73,000	50,000
Current service cost	(275,000)	(142,000)
Total	(274,000)	(142,000)
 Actual return on scheme assets	 44,000	 103,000

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

	2015 £	2014 £
Opening defined benefit obligation	1,788,000	1,013,000
Interest cost	72,000	50,000
Contributions by scheme participants	66,000	41,000
Actuarial (Gains)/losses	(40,000)	563,000
Benefits paid	(26,000)	(21,000)
Current service cost	275,000	142,000
Closing defined benefit obligation	2,135,000	1,788,000

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

	2015 £	2014 £
Opening fair value of scheme assets	1,219,000	773,000
Expected return on assets	73,000	50,000
Actuarial gains	(29,000)	249,000
Contributions by employer	202,000	127,000
Contributions by employees	66,000	41,000
Benefits paid	(26,000)	(21,000)
Closing fair value of scheme assets	1,505,000	1,219,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £358,000 losses (2014 - £369,000 losses).

The academy trust expects to contribute £202,000 to its Defined benefit pension scheme in 2016.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31 August	3.80 %	5.50 %
Rate of increase in salaries	4.60 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %

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

	2015	2014
Retiring today		
Males	22.3	22.3
Females	24.3	24.3
Retiring in 20 years		
Males	24.0	24.0
Females	26.6	26.6

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £
Defined benefit obligation	(2,135,000)	(1,788,000)	(1,013,000)
Scheme assets	1,505,000	1,219,000	773,000
Deficit	(630,000)	(569,000)	(240,000)
Experience adjustments on scheme liabilities	5,000	(241,000)	(28,000)
Experience adjustments on scheme assets	(29,000)	249,000	52,000

22. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other	
	2015 £	2014 £	2015 £	2014 £
Expiry date:				
Between 2 and 5 years	12,500	12,500	45,941	45,314

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the governing body being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

During the year ending 31 August 2015, there were purchases from KCOM Group plc for £7,705 (2014 : £10,454) relating to broadband services. These broadband service contracts were let by emPSN Services Limited on their behalf. M Kendall, Chair of Governors, is a director of emPSN Services Limited.

Mrs S Webb, the Head Teacher and Trustee of the Northgate School Arts College, is also a directors of Northampton Town AIP Limited. During the period, The Northgate School Arts College invoiced Northampton Town AIP Limited £48,561 (2014: £nil) and made purchases of £1,525 (2014: £1,215) to the year ending 31 August 2015. At the 31 August 2015 there was £30,363 (2014: £nil) owed to Northgate School Arts College.

24. 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 they are a member, or within one year after they ceased to be a member, such amounts as may be required, not exceeding £10 for the debts and liabilities contracted before they ceased to be a member.