

Legis

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 2018



NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Governors' Report	3 - 10
Governance Statement	11 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Governors' Responsibilities	15
Independent Auditor's Report on the Financial Statements	16 - 18
Independent Reporting Accountant's Assurance Report on Regularity	19 - 20
Statement of Financial Activities Incorporating Income and Expenditure Account	21
Balance Sheet	22 - 23
Statement of Cash Flows	24
Notes to the Financial Statements	25 - 47

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Mr M Kendall Mrs J Cartwright Miss S Webb
Governors	Mr M Kendall, Chair ¹ Miss S Webb, Executive Head Teacher and Accounting Officer ^{1,2} Mrs J Cartwright ^{1,3} Mrs M Richards ^{2,3} Mr D Skuce, Staff Governor ² Mrs S Thomas ^{1,3} Mrs J Woods ³ Mrs D Chandley ^{1,3} ¹ Business committee ² Premises committee ³ Teaching and Standards committee
Company registered number	07734360
Company name	Northgate School Arts College
Principal and registered office	Queens Park Parade Kingsthorpe Northampton Northamptonshire NN2 6LR
Company secretary	Mrs C Cope
Senior management team	Miss S Webb, Executive Head Teacher Mrs F Shears, Head of School Mrs S Nembhard, Deputy Head Teacher Mrs L Michaelides, Deputy Head Teacher Mrs J Fitzpatrick, Assistant Head Teacher Ms S Hutt, Head of Bee Hive
Independent auditor	MHA MacIntyre Hudson Chartered Accountants Peterbridge House The Lakes Northampton NN4 7HB
Bankers	Lloyds Bank Plc 2 George Row Northampton NN1 1DJ

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

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 2018

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Governors' Report, and a Directors' report under company law.

The Academy Trust operates an Academy for pupils aged 11 to 18 serving a catchment area in Northamptonshire. It has a pupil capacity of 220 and had a roll of 217 in the school census on dated May 2018. The Academy operates across 3 sites with Northgate School catering for pupils 11 to 16 years, The Bee Hive which is the Post 16 provision and Sweet Bee which is a work-based learning environment for pupils and young adults to embed skills learnt on the other sites.

Structure, governance and management

CONSTITUTION

The Academy Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the Academy Trust. The Governors of Northgate School Arts College are also the directors of the charitable company for the purpose of company law. The charitable company is known as Northgate School Arts College.

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

MEMBERS' LIABILITY

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

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 the insurance in the year was £165.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The Governors of the Academy comprise of the Chair of the Governing Body, the Executive Headteacher 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 for another two Governors at this time. All other Governors were appointed when the Academy was established and are signatories to the Memorandum of Association.

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.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 the new Governors will depend on their existing experience. Induction provides 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 staff and pupils.

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, Head of Centre (the Bee Hive), two Deputy Head's, an Assistant Head and School Business Manager, Facilities Manager and Catering 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 teaching staff, total FTE 29.4. The teaching team is supported by a range of Learning Support Assistants (LSA's) working at Level 2 and above to cover roles such as Family Support Worker (x2), 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.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The review of pay for key management personnel (senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the academy trust) takes account of the performance of the organisation, and individuals results, and is measured using the Whole School Pay and Appraisal policies.

The Executive Headteacher's 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.

TRADE UNION FACILITY TIME

The Academy Trust has one employee who acts as a relevant union official. No time was spent on facility time during the year.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

During the year ending 31 August 2018 there were purchases from KCOM Group plc for £6,364 (2017 £9,456) relating to broadband services. The broadband service contracts were let by emPSN on their behalf. Mr M Kendall, Chair of Governors for the Academy Trust, is a director of emPSN. EmPSN is a Techkal Compliant public sector company, of which NSAC is a member.

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.

a. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the Academy during the year ended 31 August 2018 are summarised below:

- To ensure that every pupil 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 included:

- 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.

b. PUBLIC BENEFIT

The Academy Trust promotes education for the benefit of the local community of Northampton and Northampton South and offer 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.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

This is the Academy's seventh year of operation and pupil numbers consistently remain at capacity. Total pupils in year ended 31 August 2018 was 217, the pupil roll in the new academic year 1 September 2018 is 220.

Examination results for 2018 were again outstanding as a result of the progress made by pupils and their attainment as evidenced by externally accredited results. Judgments are based on analysis of individual pupils from their starting point and takes into account their individual special educational needs.

The total year 11 exam entries in GCSE, Entry Level, Level 1 and Functional Skills for the 34 pupils totalled 295, of which 280 were passed, a pass rate of 95%. The breakdown of results is 52 GCSE entries with 92% pass rate, 217 Entry Level entries with 100% pass rate, 19 Functional Skills entries with 47% pass rate. 7 pupils were also entered for BTEC Level 1 with 100% pass rate. 32 pupils in Key Stage 4 were entered for ASDAN awards; they all achieved bronze award.

The academy works as part of a consortium of secondary 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 across catering, hospitality, retail, reception/administration, café service and environmental management. The 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, understanding school finance and Safeguarding. The Chair of Governors, working with the local Teaching School is part of a Chair of Governors group that meets termly and he regularly undertakes training for new Heads and Governors.

KEY PERFORMANCE INDICATORS

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

Staffing costs are monitored as a percentage of total income. For the year ending 31 August 2018 staffing costs amounted to 78% (2017 – 82%) of total income.

The Academy Trust also monitors its operating surplus and deficit as a percentage of total income. For the year ending 31 August 2018 the operating deficit equated to 4% (2017 – 6%) of the total income (excluding restricted fixed asset funds and LGPS pension).

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 Accounting Policies.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

The Academy's income is obtained from the DfE and 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 2018 and 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 2018, total restricted general funds expenditure of £4,208,004 was covered by recurrent grant funding from the DfE together with other income resources. The excess of expenditure over income (2017 – excess expenditure over income) for the year before transfers was a deficit of £482,065 (2017 – deficit of £234,697).

At 31 August 2018, the net book value of fixed assets was £4,934,901, and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets are 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 21 to the accounts.

In the year capital funding of £11,391 was received from the ESFA, as detailed in note 2.

In the year £43,512 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 a trading income of £179,880 This income is off-set against the staff and running costs of the provision.

The Sweet Bee had a trading income of £42,905.

RESERVES POLICY

The Governors review the reserve levels of the Academy Trust annually. This review encompasses the nature of the 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 £7,937 (2017 – £30,489) which is less than is needed. The Academy intends to build up free reserves to the level needed, details of which can be found in the Academy's Reserves Policy.

The LGPS deficit of £836,000 (2017 – £989,000) is viewed as a long term balance.

At 31 August 2018 the total funds comprised:

Unrestricted		7,937
Restricted:	Fixed asset funds	4,934,901
	Pension reserve	(836,000)
	Other	646,270
		<u>4,753,108</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

INVESTMENTS POLICY

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.

a. 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 the governing body and the constituted sub-committees, risk management principles. Any major risk 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.

Fundraising

Approach to Fundraising

At present fundraising for school activities, projects and resources is un-coordinated and is undertaken by individual staff or members of the academy community for specific area projects. The Academy Trust aspires to develop its own fundraising strategy to fund additional provision and opportunities; to identify specific need and urgency within areas of the school and plan to resource appropriately.

The Academy's fundraising policy and strategy aims to create an enriched school experience for all our pupils and the wider community. The Academy's vision for fundraising is:

- To enable community access for all pupils and increase community cohesion;
- To increase provision of SEN specific inclusion and extra-curricular activities;
- To support therapeutic work;
- To increase pupils' independence;
- To increase pupils' communication and interaction skills;
- To further develop specific training (CPD) to develop specialist skills.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Ethics

The Academy Trust will ensure that funding is not bid for from organisations or companies that may be in conflict with our aims, values and ethos. The Academy will not seek funding from alcohol or tobacco companies, from pay day loan companies or from companies who do not promote healthy eating or living. Money for financial assistance will not be sought from groups or individuals deemed to be vulnerable or of need. We will not cause unnecessary anxiety or worry to anyone as a result of our desire to fundraise.

Monitoring and Evaluation

It is our intention to establish a working group, led by a member of the Academy Leadership Team. The group will call on staff members, Governors, parents/carers and the wider community to work on specific projects as appropriate. The working group will;

- Work with all members of the school community ie School Council, Parent Association with regard to identifying projects and activities;
- Take into consideration parent/carer and staff consultations when identifying need;
- Investigate how to build and develop relationships with funders;
- Monitor the success of projects by ensuring aims and objectives are met and reporting on this to SLT and governing body;
- Maintain relationships with funders by reporting to them on the use of grant funds and the success of the projects;
- Report on success of projects/activities to stakeholders through newsletters, social media and the Academy website;
- Consult beneficiaries;
- Back up project with evidence of need;
- Find relevant links to local, regional or national initiatives.

Fundraising Complaints

In the event of complaint as a result of consequence or actions taken through a fundraising event, all complaints will be directed via the Executive Headteacher following the protocol laid out in the Fundraising Policy.

Plans for future periods

FUTURE DEVELOPMENTS

The Academy continues to work with a number of 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 Service Managers and the parents and carers of the pupils at the schools. The actions pending include:

- Further meetings with 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.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

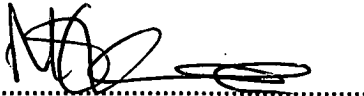
GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 **12/12/18** and signed on its 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 Headteacher, 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 4 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	4	4
Miss S Webb, Executive Head Teacher and Accounting Officer	4	4
Mrs J Cartwright	4	4
Mrs D Chandley	2	4
Mrs M Richards	3	4
Mr D Skuce, Staff Governor	3	4
Mrs S Thomas	3	4
Mrs J Woods	4	4

During the year the Governing Body remained stable. Towards the end of financial year 31 August 2018, the FGB have recruited two new Governors. The additional non-teaching staff Governor representative post remains outstanding.

The Business Committee is a sub-committee of the main Governing Body. 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 values, vision and objectives.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr M Kendall, Chair	4	4
Miss S Webb, Executive Head Teacher and Accounting Officer	4	4
Mrs J Cartwright	2	4
Mrs D Chandley	3	4
Mrs S Thomas	2	4

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Headteacher 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 staff structure to ensure staff population meets current identified levels of need and budget;
- Educational outcomes for pupils have improved with the same resources through targeted use of Pupil Premium funds;
- Implementation of targeted fund raising to support the development of curriculum areas, ie Horticulture.

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 2017 to 31 August 2018 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 2017 to 31 August 2018 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.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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.

On an annual basis, the external 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.

The schedule of work has been delivered as planned. There were no material control issues arising as a result of the work.

REVIEW OF EFFECTIVENESS

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

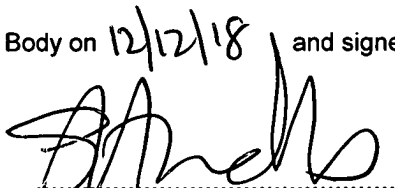
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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 ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 12/12/18 and signed on their behalf, by:



Mr M Kendall
Chair of Governors



Miss S Webb
Accounting Officer

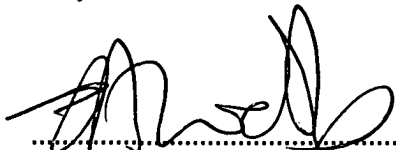
NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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 ESFA.



.....
Miss S Webb
Accounting Officer

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who 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 Academies Accounts Direction issued by the Education & 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 2017 to 2018;
- 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 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 12/12/18 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 ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHGATE SCHOOL ARTS COLLEGE**

OPINION

We have audited the financial statements of Northgate School Arts College (the 'Academy Trust') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

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 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR 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's 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.

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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

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

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' remuneration 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 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.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

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

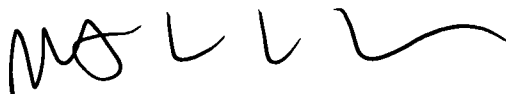
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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. This description forms part of our Auditor's Report.

USE OF OUR REPORT

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.



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: 13 December 2018

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 & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 20 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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.

The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- Testing a sample of payroll payments to staff;
- Testing of a sample of payments to suppliers and other third parties;

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 & SKILLS FUNDING AGENCY (continued)

- Testing a sample of grants received and other income streams;
- Evaluating the internal control procedures and reporting lines, and testing as appropriate;
- 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 2017 to 31 August 2018 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: 13 December 2018

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	17,460	43,512	11,391	72,363	72,672
Charitable activities:						
Funding for the academy						
trust's educational operations	3	-	3,883,251	-	3,883,251	3,670,779
Other trading activities	4	226,558	44,816	-	271,374	280,069
Investments	5	423	-	-	423	519
TOTAL INCOME		244,441	3,971,579	11,391	4,227,411	4,024,039
EXPENDITURE ON:						
Raising funds		261,493	47,383	-	308,876	260,151
Charitable activities		-	4,160,621	239,979	4,400,600	3,998,585
TOTAL EXPENDITURE	6	261,493	4,208,004	239,979	4,709,476	4,258,736
NET EXPENDITURE BEFORE TRANSFERS		(17,052)	(236,425)	(228,588)	(482,065)	(234,697)
Transfers between Funds	17	(5,500)	(69,232)	74,732	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(22,552)	(305,657)	(153,856)	(482,065)	(234,697)
Actuarial gains on defined benefit pension schemes	21	-	557,000	-	557,000	615,000
NET MOVEMENT IN FUNDS		(22,552)	251,343	(153,856)	74,935	380,303
RECONCILIATION OF FUNDS:						
Total funds brought forward		30,489	(441,073)	5,088,757	4,678,173	4,297,870
TOTAL FUNDS CARRIED FORWARD		7,937	(189,730)	4,934,901	4,753,108	4,678,173

The notes on pages 25 to 47 form part of these financial statements.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07734360


BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		4,934,901		5,088,757
CURRENT ASSETS					
Stocks	13	5,322		5,322	
Debtors	14	40,387		83,220	
Cash at bank and in hand		709,514		648,788	
		<u>755,223</u>		<u>737,330</u>	
CREDITORS: amounts falling due within one year	15	<u>(92,767)</u>		<u>(147,097)</u>	
NET CURRENT ASSETS			<u>662,456</u>		<u>590,233</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,597,357</u>		<u>5,678,990</u>
CREDITORS: amounts falling due after more than one year	16		<u>(8,249)</u>		<u>(11,817)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>5,589,108</u>		<u>5,667,173</u>
Defined benefit pension scheme liability	21		<u>(836,000)</u>		<u>(989,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>4,753,108</u></u>		<u><u>4,678,173</u></u>
FUNDS OF THE ACADEMY					
<i>Restricted income funds:</i>					
Restricted income funds	17	646,270		547,927	
Restricted fixed asset funds	17	4,934,901		5,088,757	
Restricted income funds excluding pension liability		<u>5,581,171</u>		<u>5,636,684</u>	
Pension reserve		<u>(836,000)</u>		<u>(989,000)</u>	
Total restricted income funds			<u>4,745,171</u>		<u>4,647,684</u>
Unrestricted income funds	17		<u>7,937</u>		<u>30,489</u>
TOTAL FUNDS			<u><u>4,753,108</u></u>		<u><u>4,678,173</u></u>

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 21 to 47 were approved by the Governors, and authorised for issue, on 12/12/18 and are signed on their behalf, by:



.....
Mr M Kendall
Chair of Governors

The notes on pages 25 to 47 form part of these financial statements.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>135,035</u>	<u>123,420</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		423	519
Purchase of tangible fixed assets		(86,123)	(293,654)
Capital grants from DfE Group		<u>11,391</u>	<u>20,994</u>
Net cash used in investing activities		<u>(74,309)</u>	<u>(272,141)</u>
Cash flows from financing activities:			
Cash inflows from new borrowing		-	15,134
Net cash provided by financing activities		<u>-</u>	<u>15,134</u>
Change in cash and cash equivalents in the year		60,726	(133,587)
Cash and cash equivalents brought forward		<u>648,788</u>	<u>782,375</u>
Cash and cash equivalents carried forward	20	<u><u>709,514</u></u>	<u><u>648,788</u></u>

The notes on pages 25 to 47 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 2018

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 2017 to 2018 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 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.

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

All assets costing more than £750 are capitalised 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 and assets under construction, 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:

Leasehold property	-	2% straight line
Short-term leasehold property improvements	-	straight line over the lease term
Furniture and fixtures	-	20% straight line
Plant and equipment	-	25% to 33% straight line

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 Leasing and hire purchase

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.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 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.

1.9 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.

1.10 Liabilities and provisions

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.11 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.12 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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 21, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 Agency arrangements

The academy 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 academy trust does not have control over the charitable application of the funds. The academy 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.

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 funders 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/donor and include grants from the Department for Education Group.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.16 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 21, 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 2018. 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 funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	17,460	43,512	-	60,972	51,678
Capital Grants	-	-	11,391	11,391	20,994
	<u>17,460</u>	<u>43,512</u>	<u>11,391</u>	<u>72,363</u>	<u>72,672</u>
Total 2017	<u>7,321</u>	<u>44,357</u>	<u>20,994</u>	<u>72,672</u>	

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,975,838	1,975,838	1,873,112
Other DfE/ESFA grants	-	13,434	13,434	15,167
Pupil premium	-	67,544	67,544	67,683
National College Grants	-	1,940	1,940	-
	-	2,058,756	2,058,756	1,955,962
Other government grants				
Local authority grants	-	1,801,520	1,801,520	1,689,002
	-	1,801,520	1,801,520	1,689,002
Other funding				
GUTP/Teacher recharges	-	8,944	8,944	16,312
Other income	-	14,031	14,031	9,503
	-	22,975	22,975	25,815
	-	3,883,251	3,883,251	3,670,779
Total 2017	-	3,670,779	3,670,779	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Rental income	3,773	-	3,773	2,604
School uniform, staff vending machines and trip income	-	22,708	22,708	28,734
School meal income	-	22,108	22,108	40,928
Trading income	222,785	-	222,785	207,803
	226,558	44,816	271,374	280,069
Total 2017	210,407	69,662	280,069	

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	423	-	423	519
Total 2017	519	-	519	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income					
Direct costs	8,316	-	4,263	12,579	8,190
Support costs	-	-	-	-	-
Expenditure on fundraising trading					
Direct costs	132,543	-	163,754	296,297	251,606
Support costs	-	-	-	-	-
Educational operations:					
Direct costs	2,366,223	-	134,994	2,501,217	2,363,542
Support costs	1,163,651	212,174	523,558	1,899,383	1,635,398
	<u>3,670,733</u>	<u>212,174</u>	<u>826,569</u>	<u>4,709,476</u>	<u>4,258,736</u>
Total 2017	<u>3,298,658</u>	<u>356,188</u>	<u>603,890</u>	<u>4,258,736</u>	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational operations	2,501,217	1,899,383	4,400,600	3,998,585
Total 2017	<u>2,363,187</u>	<u>1,635,398</u>	<u>3,998,585</u>	

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

Analysis of support costs

	2018 £	2017 £
Support staff costs	1,163,651	950,862
Depreciation	239,979	226,203
Technology costs	118,563	58,976
Premises costs	168,316	129,986
Other support costs	110,334	215,613
Educational supplies	98,540	53,758
Total	1,899,383	1,635,398

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	239,979	226,203
Auditor's remuneration - audit	6,250	7,900
Auditor's remuneration - other services	5,500	8,700
Operating lease rentals	35,272	27,508

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,700,231	2,472,123
Social security costs	208,488	207,715
Operating costs of defined benefit pension schemes	758,014	597,213
	<u>3,666,733</u>	<u>3,277,051</u>
Staff restructuring costs	4,000	21,607
	<u><u>3,670,733</u></u>	<u><u>3,298,658</u></u>
Staff restructuring costs comprise:		
Severance payments	<u>4,000</u>	<u>21,607</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs for the year are non statutory severance costs to an employee totalling £4,000 (2017 - £21,607).

c. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2018 No.	2017 No.
Teachers	25	24
Administration and support	109	94
Management	5	5
	<u>139</u>	<u>123</u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	1	2

The above employees participated in the Teachers' Pension Scheme and Local Government Pension Scheme. During the year ended 31 August 2018, pension contributions for these members of staff amounted to £25,341 (2017 - £35,580).

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the academy trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the academy trust was £546,803 (2017 - £609,146).

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:

		2018 £	2017 £
Miss S Webb, Executive Head	Remuneration	85,000-90,000	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

During the year ended 31 August 2018, no Governors received any reimbursement of expenses (2017 - £NIL).

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2018 was £162 (2017 - £274).

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost				
At 1 September 2017	5,755,291	83,073	221,376	6,059,740
Additions	9,160	2,911	74,052	86,123
At 31 August 2018	5,764,451	85,984	295,428	6,145,863
Depreciation				
At 1 September 2017	717,895	67,569	185,519	970,983
Charge for the year	195,118	12,365	32,496	239,979
At 31 August 2018	913,013	79,934	218,015	1,210,962
Net book value				
At 31 August 2018	4,851,438	6,050	77,413	4,934,901
At 31 August 2017	5,037,396	15,504	35,857	5,088,757

13. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	5,322	5,322

14. DEBTORS

	2018 £	2017 £
Trade debtors	5,653	7,959
VAT repayable	3,533	3,547
Prepayments and accrued income	31,201	71,714
	40,387	83,220

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	3,568	3,316
Trade creditors	940	-
Other taxation and social security	53,698	51,888
Other creditors	6,049	53,670
Accruals and deferred income	28,512	38,223
	<u>92,767</u>	<u>147,097</u>

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	<u>8,249</u>	<u>11,817</u>

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

	2018 £	2017 £
Between one and five years	<u>8,249</u>	<u>11,817</u>

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General unrestricted fund	<u>30,489</u>	<u>244,441</u>	<u>(261,493)</u>	<u>(5,500)</u>	<u>-</u>	<u>7,937</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	246,473	1,975,838	(1,914,405)	(69,232)	-	238,674
Other DfE/ESFA grants	40	13,434	(13,434)	-	-	40
ESFA Pupil premium	6,937	67,544	(72,382)	-	-	2,099
Local authority grants	49,023	1,801,520	(1,732,059)	-	-	118,484
Miscellaneous restricted	15,575	31,697	(35,868)	-	-	11,404
Transfer from LA	225,657	-	-	-	-	225,657
GUTP/Teacher recargos	-	8,944	(8,944)	-	-	-
Donations	9,264	20,400	-	-	-	29,664
Other restricted funds	(5,042)	50,262	(24,972)	-	-	20,248
National College Grant	-	1,940	(1,940)	-	-	-
Pension reserve	(989,000)	-	(404,000)	-	557,000	(836,000)
	<u>(441,073)</u>	<u>3,971,579</u>	<u>(4,208,004)</u>	<u>(69,232)</u>	<u>557,000</u>	<u>(189,730)</u>

Restricted fixed asset funds

DfE/ESFA capital grants	1,008,722	-	-	-	-	1,008,722
Capital expenditure from GAG	358,955	-	-	69,232	-	428,187
Transfer from LA	3,609,575	-	(239,979)	-	-	3,369,596
Devolved formula capital	21,904	-	-	11,391	-	33,295
Capital expenditure non GAG	45,827	-	-	5,500	-	51,327
Capital expenditure from LA grants	43,774	-	-	-	-	43,774
DfE/ESFA capital grants - unspent	-	11,391	-	(11,391)	-	-
	<u>5,088,757</u>	<u>11,391</u>	<u>(239,979)</u>	<u>74,732</u>	<u>-</u>	<u>4,934,901</u>
Total restricted funds	<u>4,647,684</u>	<u>3,982,970</u>	<u>(4,447,983)</u>	<u>5,500</u>	<u>557,000</u>	<u>4,745,171</u>
Total of funds	<u>4,678,173</u>	<u>4,227,411</u>	<u>(4,709,476)</u>	<u>-</u>	<u>557,000</u>	<u>4,753,108</u>

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

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

Restricted general funds will be used for educational purposes in line with the Academy Trust's objects and its funding agreement with the ESFA.

Restricted fixed asset funds amounting to £4,934,901 will be reserved against future depreciation charges.

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 2018.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General unrestricted funds	3,014	218,247	(190,772)	-	-	30,489
Restricted funds						
General Annual Grant (GAG)	204,129	1,873,113	(1,751,096)	(79,673)	-	246,473
Other DfE/ESFA grants	-	15,167	(15,127)	-	-	40
ESFA 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 recargos	-	16,312	(16,712)	400	-	-
Donations	-	44,357	(3,425)	(31,668)	-	9,264
Other restricted funds	-	-	(5,042)	-	-	(5,042)
Pension reserve	(1,367,000)	-	(237,000)	-	615,000	(989,000)
	<u>(887,768)</u>	<u>3,784,798</u>	<u>(3,841,762)</u>	<u>(111,341)</u>	<u>615,000</u>	<u>(441,073)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	923,467	-	(76,065)	161,320	-	1,008,722
Capital expenditure from GAG	338,770	-	(59,488)	79,673	-	358,955
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 GAG	16,525	-	(2,366)	31,668	-	45,827
Capital expenditure from LA grants	43,774	-	-	-	-	43,774
DfE/ESFA capital grants - unspent	161,320	20,993	-	(182,313)	-	-
	<u>5,182,624</u>	<u>20,993</u>	<u>(226,201)</u>	<u>111,341</u>	<u>-</u>	<u>5,088,757</u>
Total restricted funds	<u>4,294,856</u>	<u>3,805,791</u>	<u>(4,067,963)</u>	<u>-</u>	<u>615,000</u>	<u>4,647,684</u>
Total of funds	<u>4,297,870</u>	<u>4,024,038</u>	<u>(4,258,735)</u>	<u>-</u>	<u>615,000</u>	<u>4,678,173</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General unrestricted funds	3,014	462,688	(452,265)	(5,500)	-	7,937
Restricted funds						
General Annual Grant (GAG)	204,129	3,848,951	(3,665,501)	(148,905)	-	238,674
Other DfE/ESFA grants	-	28,601	(28,561)	-	-	40
ESFA Pupil premium	27,963	135,227	(161,091)	-	-	2,099
Local authority grants	10,406	3,490,522	(3,382,444)	-	-	118,484
Miscellaneous restricted	11,077	110,861	(110,134)	(400)	-	11,404
Transfer from LA	225,657	-	-	-	-	225,657
GUTP/Teacher recargues	-	25,256	(25,656)	400	-	-
Donations	-	64,757	(3,425)	(31,668)	-	29,664
Other restricted funds	-	50,262	(30,014)	-	-	20,248
National College Grant	-	1,940	(1,940)	-	-	-
Pension reserve	(1,367,000)	-	(641,000)	-	1,172,000	(836,000)
	<u>(887,768)</u>	<u>7,756,377</u>	<u>(8,049,766)</u>	<u>(180,573)</u>	<u>1,172,000</u>	<u>(189,730)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	923,467	-	(76,065)	161,320	-	1,008,722
Capital expenditure from GAG	338,770	-	(59,488)	148,905	-	428,187
Transfer from LA	3,686,501	-	(316,905)	-	-	3,369,596
Devolved formula capital	12,267	-	(11,356)	32,384	-	33,295
Capital expenditure non GAG	16,525	-	(2,366)	37,168	-	51,327
Capital expenditure from LA grants	43,774	-	-	-	-	43,774
DfE/ESFA capital grants - unspent	161,320	32,384	-	(193,704)	-	-
	<u>5,182,624</u>	<u>32,384</u>	<u>(466,180)</u>	<u>186,073</u>	<u>-</u>	<u>4,934,901</u>
	<u>4,294,856</u>	<u>7,788,761</u>	<u>(8,515,946)</u>	<u>5,500</u>	<u>1,172,000</u>	<u>4,745,171</u>
Total of funds	<u>4,297,870</u>	<u>8,251,449</u>	<u>(8,968,211)</u>	<u>-</u>	<u>1,172,000</u>	<u>4,753,108</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	4,934,901	4,934,901
Current assets	7,937	747,286	-	755,223
Creditors due within one year	-	(92,767)	-	(92,767)
Creditors due in more than one year	-	(8,249)	-	(8,249)
Pension scheme liability	-	(836,000)	-	(836,000)
	<u>7,937</u>	<u>(189,730)</u>	<u>4,934,901</u>	<u>4,753,108</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	5,088,757	5,088,757
Current assets	30,489	706,841	-	737,330
Creditors due within one year	-	(147,097)	-	(147,097)
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>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(482,065)	(234,697)
Adjustment for:		
Depreciation charges	239,979	226,203
Dividends, interest and rents from investments	(423)	(519)
Increase in stocks	-	(745)
Decrease in debtors	42,833	76,758
Decrease in creditors	(57,898)	(159,586)
Capital grants from DfE and other capital income	(11,391)	(20,994)
Defined benefit pension scheme cost less contributions payable	374,000	206,000
Defined benefit pension scheme finance cost	30,000	31,000
Net cash provided by operating activities	<u>135,035</u>	<u>123,420</u>

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	709,514	648,788
Total	<u>709,514</u>	<u>648,788</u>

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 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 £Nil were payable to the schemes at 31 August 2018 (2017 - 50,134) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS (continued)

- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £179,841 (2017 - £175,845).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £316,000 (2017 - £286,000), of which employer's contributions totalled £234,000 (2017 - £214,000) and employees' contributions totalled £82,000 (2017 - £72,000). 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.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Expected return on scheme assets at 31 August	2.80 %	2.50 %
Rate of increase in salaries	2.60 %	2.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.2	24.2
Retiring in 20 years		
Males	23.9	23.9
Females	26.1	26.1

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
0.5% decrease in Real Discount Rate	600,000	547,000
0.5% increase in the Salary Increase Rate	62,000	67,000
0.5% increase in the Pension Increase Rate	534,000	473,000

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,330,000	2,011,000
Corporate bonds	472,000	434,000
Property	252,000	190,000
Cash and other liquid assets	95,000	82,000
Total market value of assets	3,149,000	2,717,000

The actual return on scheme assets was £95,000 (2017 - £82,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	2017 £
Interest income	71,000	46,000
Interest cost	(101,000)	(77,000)
Current service cost	(608,000)	(420,000)
Total	(638,000)	(451,000)

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

	2018 £	2017 £
Opening defined benefit obligation	3,706,000	3,445,000
Current service cost	608,000	420,000
Interest cost	101,000	77,000
Employee contributions	82,000	72,000
Actuarial gains	(475,000)	(276,000)
Benefits paid	(37,000)	(32,000)
Closing defined benefit obligation	3,985,000	3,706,000

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	2,717,000	2,078,000
Interest income	71,000	46,000
Actuarial losses	82,000	339,000
Employer contributions	234,000	214,000
Employee contributions	82,000	72,000
Benefits paid	(37,000)	(32,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	3,149,000	2,717,000
	<hr/>	<hr/>

22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	20,264	35,272
Between 1 and 5 years	17,694	37,958
	<hr/>	<hr/>
Total	37,958	73,230
	<hr/>	<hr/>

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.

NORTHGATE SCHOOL ARTS COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year ended 31 August 2018 there were purchases from KCOM Group PLC for £6,364 (2017 - £9,456) 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 Executive Headteacher 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 made purchases from Northampton Town AIP Limited of £NIL (2017 - £1,297).

Miss S Webb, the Executive Headteacher and Governor of the Northgate School Arts College, was also a director of Northampton Town F.C Community Trust until 5 June 2018. During the year, The Northgate School Arts College made purchases from Northampton Town F.C Community Trust of £575 (2017 - £NIL).

25. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy trust received £4,633 (2017 - £4,633) and disbursed £2,250 (2017 - 3,083) from the fund. An amount of £6,049 (2017 - £3,666) is included in other creditors relating to undistributed funds that is repayable to ESFA.