

Registered number: 07734360

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members and Governors Mr M Kendall, Chair¹
Miss S Webb, Executive Head Teacher and Accounting Officer¹
Mrs J Cartwright¹

Governors Mr S Clark, Vice Chair (resigned 29 June 2016)
Mrs A Hodson, Staff Governor (resigned 31 December 2015)
Mrs M Richards
Mr D Skuce, Staff Governor
Mr N Thomas¹
Mrs S Thomas¹
Mrs J Woods
Mrs D Chandley (appointed 21 January 2016)¹

¹ Business 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 (resigned 30 October 2016)
Ms Diana Fickling (appointed 31 October 2016)

Senior management team Miss S Webb, Executive Head Teacher
Mr M Trundley, Head of School
Mrs S Wilkinson, Executive Deputy Head Teacher
Mrs F Shears, Deputy Head Teacher
Mrs J Fitzpatrick, Assistant Head Teacher
Miss K Patel, Key Stage 3 Lead
Mr D Skuce, Key Stage 4 Lead
Miss L Cole, Key Stage 5 Lead

Independent auditor MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Peterbridge House
The Lakes
Northampton
NN4 7HB

Bankers Lloyds Bank
2 George Row
Northampton
NN1 1DJ

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Advisers (continued)

Solicitors	Anthony Collins 134 Edmund Street Birmingham B3 2ES
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NORTHGATE SCHOOL ARTS COLLEGE
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Northamptonshire. It has a pupil capacity of 200 and had a roll of 203 in the school census dated May 2016. The Academy is on three sites with Northgate School catering for pupils 11 to 16 years of age, The Bee Hive which is the Post 16 provision and Sweet Bee which is a work based learning environment for pupils to embed skills learnt on the other sites.

Structure, governance and management

CONSTITUTION

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The trustees of Northgate School Arts College Academy Trust Limited are also the directors of the charitable company for the purposes of company law.

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

Details of the governors who served during the 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

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year can be found in note 11 to the accounts.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The governors of the Academy comprise of the Chair of the Governing Body, the Executive Head Teacher of the Academy (also the Accounting Officer), two parent members and other elected members of the Governing Body. The latest parent governor and one other governor were elected by the Governing Body in 2016. 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 sought using local advertising, the Local Authority Governance service and the National Association of Governors information. To date none have been appointed.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

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

The Academy has a Governor Induction Pack including a policy and checklist. The remaining governors were all members of the Governing Body in previous years and have completed their necessary training within their roles. The training and induction provided for new governors will depend on their existing experience. Induction will provide training on clarity and education, legal and financial matters. All new governors are given a tour of the academy and Bee Hive and the opportunity to meet with staff and pupils.

All governors are provided with access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governor; these are held on the Governors portal. Induction tends to be done informally and is tailored specifically to be the individual however access to independent training is available for governors who wish to attend.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

ORGANISATIONAL STRUCTURE

The academy trust staff structure consists of three levels; The Governors, The Senior Managers and the staff team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst securing clear accountability.

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

The Senior Managers are the Executive Head, Head of School, Executive Deputy Head, Deputy Head, Assistant Head and School Business Manager. These managers control the Academy at an executive level implementing policy laid down by the governors and reporting back to them. As a group, the Senior Managers are responsible for authorisation of spending with agreed budgets and for the 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 24.4 FTE teaching staff. The teaching team is supported by a range of Learning Support Staff (LSA's) working at Level 2 and above to cover roles such as Family Support Worker, Cover Supervisors, Behaviour Support, Outreach and Medical and Welfare staff.

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

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

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

The Executive Head Teacher's salary together with the Executive Deputy Head Teacher and 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

During the year ended 31 August 2016 there were purchases from KCOM Group plc for £7,705 (2015: £7,705) relating to broadband services. These broadband service contracts were let by emPSN Services Ltd on their behalf. M Kendall, Chair of Governors, is a Director of emPSN services.

Miss S Webb, the Head Teacher and Trustee of the Northgate School Arts College and M Kendall, the Chair of Governors and Trustee are also Directors of the Education Excellence For All Trust, a company formed in the year. During the year, The Northgate School Arts College invoiced the Education Excellence For All Trust £65,111 (2015: £Nil). At the 31 August 2016 there was £941 (2015: £nil) owed to Northgate School Arts College.

Miss S Webb was also a Director of Northampton Town AIP Limited. During the year, The Northgate School Arts College invoiced Northampton Town AIP Limited £101,189 (2015: £48,561) and made purchases of £62,966 (2015: £1,525) to the entity for the year ending 31 August 2016. At the 31 August 2016 there was £Nil (2015: £30,363) owed to Northgate School Arts College.

Miss S Webb was also a Trustee of Cobblers in the Community Charity and Northampton Esco CIC.

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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the Academy during the year ended 31st August 2015 are summarised below:

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

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

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

PUBLIC BENEFIT

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

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Achievements and performance

ACHIEVEMENTS AND PERFORMANCE

This is the Academy's fifth year of operation and pupil numbers continue to grow. Total pupils in year ended 31 August 2016 was 203, the pupil roll in the new academic year 1st September 2016 is 221. Examination results for 2016 were again outstanding as a result of the progress made by pupils and their attainment as evidenced by externally accredited results. Judgements are based on analysis against National Progression Guidance and national expectations of progress.

The total year 11 entries in GCSE, Entry Level and Functional skills exams for the 28 pupils totalled 305, of which 295 were passed, a pass rate of 96.7%. The breakdown of results is 60 GCSE entries with 91.67% pass rate, 233 Entry level entries with 100% pass rate and 12 Functional skill entries with a 58.3% pass rate. 23 pupils in Key stage 4 were entered for ASDAN awards; they all achieved a bronze award. Using our progress data and Special Educational needs: an analysis and summary of data sources (DfE May 2016) p12, we can compare the progress of our pupils with national data.

This shows that:

For English; pupils with a statement- 29.6% made 2 levels of progress between KS2 and KS4, at Northgate School Arts College 91% made 2 levels or more progress. This is actually above the national average of 75.4% of pupils who made 2 levels progress and had no statements.

For Maths; pupils with a statement – 21.3% made 2 levels of progress between KS2 and 4, at Northgate School Arts College 91% made 2 levels or more progress. This is above the national average of 72.6% of pupils with no statement/EHCP who made 2 levels progress.

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

Work experience opportunities are offered through the Bee Hive business and students access catering, hospitality, retail, reception/administration, café service and environmental management. Sweet Bee is a shop open to the community that offers students the opportunity to embed literacy and numeracy skills as well as supporting 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.

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

Two Governors attended the School Governors Conference in the Spring 2016 and reported back to the Full Governing Body. Governors have attended a range of external and internal training events including; preparation for Ofsted, Assessment – life after levels and Safeguarding. The Chair of Governors, working with the local Teaching School has established a Chair of Governors group that meets termly.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

KEY FINANCIAL PERFORMANCE INDICATORS

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

Staffing costs are monitored as a percentage of total income. For the year ending 31 August 2016 staffing costs amounted to 72% (2015 - 85%) of total income (excluding restricted fixed asset funds).

The academy trust also monitors its operating surplus and deficit (excluding transfers and actuarial gains and losses) as a percentage of total non-capital income. For the year ended 31 August 2016, the operating surplus equated to 5.3% (2015 - deficit of 8.8%) of the total non-capital income.

GOING CONCERN

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

FINANCIAL REVIEW

The academy's income is obtained from the DfE and the Local Authority in the form of recurrent grants disbursed via the EFA (Education Funding Agency) and Northampton County Council, the use of which is restricted to particular purposes. The grants received from the DfE and LA during the year ending 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the EFA and other funding bodies. In accordance with the Charities Statement of Recommended Practice (SORP), 'Accounting and Reporting of Charities' (SORP 2005) such grants are shown in the Statement of Financial Activities as restricted income in the fixed income asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the asset concerned.

During the year ended 31 August 2016, total restricted general funds expenditure of £3,393,012 was covered by recurrent grant funding from the DfE together with other incoming resources. The excess income over expenditure for the year before transfers (excluding restricted fixed assets funds) was a surplus of £212,972 (2015 - deficit of £109,865)

At 31 August 2016, the net book value of fixed assets was £5,021,306 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

Details of the FRS17 statement can be found in note 18 to the accounts.

In the year capital funding of £170,956 was received from the EFA, as detailed in note 2.

In the year £28,129 was received in the form of direct donations from individuals and charitable trusts. These monies were given for specific tasks and spent accordingly.

The Bee Hive business had trading income of £159,591. This income is off-set against the staff and running costs of the provision.

The Sweet Bee business had a first year trading income of £32,014.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

RESERVES POLICY

The governors review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The academy trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £3,013 (2015 - £nil) which is less than is needed. The academy trust intends to build up free reserves to the level needed and a more detailed reserves policy will be formulated in the coming year.

The LGPS deficit of £1,367,000 (2015 - £630,000) is viewed as a long term balance.

At 31 August 2016 the total funds comprised:

Unrestricted	£ 3,013
Restricted: Fixed asset funds	£ 5,182,624
General annual grant	£ 204,129
Other restricted funds	£ 275,103
Pension reserve	(£ 1,367,000)

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 18. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

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

INVESTMENT POLICY AND PERFORMANCE

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PRINCIPAL RISKS AND UNCERTAINTIES

Through the academy's risk management procedures, it has considered its principal risks and uncertainties and planned mitigating action wherever possible.

The principal risks facing the academy are:

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

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

The governing body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the governing body collectively, whilst more minor risks are dealt with by senior executive officers.

Plans for future periods

FUTURE DEVELOPMENTS

The future strategy of the Academy is to convert to a MAT and it is working with a group of local SEND schools to review the options available. The Trustees acknowledge that a standalone academy will face greater cost and outcome delivery pressures than operating in a MAT and seeks to increase the cost effective achievement of outstanding outcomes for children with special needs and disabilities.

To achieve this the Governing Body intend to;

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

FUNDS HELD AS CUSTODIAN

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

AUDITOR

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

This report was approved by order of the governing body as the company directors, on *24/12/2016* and signed on its behalf by:



Mr M Kendall
Chair of Governors

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As governors, we acknowledge we have overall responsibility for ensuring that Northgate School Arts College has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The governing body has delegated the day-to-day responsibility to the Executive Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northgate School Arts College and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of governors' responsibilities. The governing body has formally met 6 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Mr M Kendall, Chair	5	6
Miss S Webb, Executive Head Teacher and Accounting Officer	6	6
Mrs J Cartwright	4	6
Mr S Clark, Staff Governor (resigned 31 December 2015)	0	2
Mrs A Hodson, (resigned December 2015)	0	2
Mrs M Richards	6	6
Mr D Skuce Staff Governor	5	6
Mr N Thomas	6	6
Mrs S Thomas	5	6
Mrs J Woods	4	4
Ms S Wilkinson, Executive Deputy Head Teacher	5	6
Mr M Trundley, Head of School	6	6
Mrs D Chandley	4	4

During the year The Governing Body remained quite stable, one governor resigned, one was removed due to attendance issues and another was appointed.

The FGB are actively recruiting governors but are currently unsuccessful. The additional non-teaching staff governor representative post is currently outstanding.

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GOVERNANCE STATEMENT (continued)

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

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

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr M Kendall, Chair	4	5
Miss S Webb, Head Teacher and Accounting Officer	4	5
Mrs J Cartwright	5	5
Mr N Thomas	5	5
Mr M Trundley	5	5
Ms S Wilkinson	2	5
Mrs D Chandley	2	2
Mrs S Thomas	4	5

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Head Teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northgate School Arts College for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The 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 2015 to 31 August 2016 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 finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The 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.

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

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

On a quarterly basis, the School Business Manager reports to the board of trustees, through the Business Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Business Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 14/12/16 and signed on their behalf, by:



Mr M Kendall
Chair of Governors



Miss S Webb
Accounting Officer

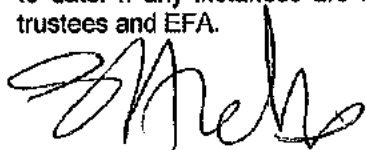
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Northgate School Arts College I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Miss S Webb
Accounting Officer

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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The governors (who act as governors of Northgate School Arts College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the governing body on 14/11/2016 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**

We have audited the financial statements of Northgate School Arts College for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company'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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

As explained more fully in the 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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

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**

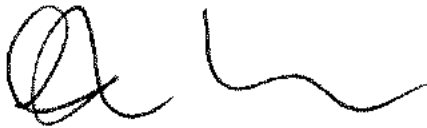
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 16 December 2016

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 18 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

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

The work undertaken to draw to our conclusion includes:

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 16 Dec 2016

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	12,999	15,130	170,956	199,085	85,965
Charitable activities:						
Funding for the academy trust's educational operations	3	-	3,470,442	-	3,470,442	3,201,666
Other trading activities	4	193,889	101,522	-	295,411	194,712
Investments	5	595	-	-	595	447
TOTAL INCOME		207,483	3,587,094	170,956	3,965,533	3,482,790
EXPENDITURE ON:						
Raising funds		188,593	48,582	-	237,175	235,350
Charitable activities:						
Academy trust educational operations		-	3,344,430	171,870	3,516,300	3,553,636
TOTAL EXPENDITURE	6	188,593	3,393,012	171,870	3,753,475	3,788,986
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	15	18,890 (15,877)	194,082 (63,109)	(914) 78,986	212,058 -	(306,196) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		3,013	130,973	78,072	212,058	(306,196)
Actuarial gains/(losses) on defined benefit pension schemes	15,18	-	(651,000)	-	(651,000)	34,000
NET MOVEMENT IN FUNDS		3,013	(520,027)	78,072	(438,942)	(272,196)
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(367,741)	5,104,552	4,736,811	5,009,007
TOTAL FUNDS CARRIED FORWARD		3,013	(887,768)	5,182,624	4,297,869	4,736,811

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		5,021,306		5,104,554
CURRENT ASSETS					
Stocks		4,577		3,051	
Debtors	13	159,978		86,490	
Cash at bank and in hand		782,375		319,763	
			<u>946,930</u>	<u>409,304</u>	
CREDITORS: amounts falling due within one year	14	(303,367)		<u>(147,047)</u>	
NET CURRENT ASSETS			<u>643,563</u>		<u>262,257</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	18		<u>(1,367,000)</u>		<u>(630,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>4,297,869</u></u>		<u><u>4,736,811</u></u>
FUNDS OF THE ACADEMY					
Restricted income fund:					
Restricted income funds	15	479,232		262,259	
Fixed asset fund	15	5,182,624		5,104,552	
			<u>5,661,856</u>	<u>5,366,811</u>	
Restricted income funds excluding pension liability		(1,367,000)		<u>(630,000)</u>	
Pension reserve					
Total restricted income fund			<u>4,294,856</u>		<u>4,736,811</u>
Unrestricted income funds	15		<u>3,013</u>		<u>-</u>
TOTAL FUNDS			<u><u>4,297,869</u></u>		<u><u>4,736,811</u></u>

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the governors, and authorised for issue, on
14/12/2016 and are signed on their behalf, by:


Mr M Kendall
Chair of Governors

The notes on pages 27 to 48 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 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>379,683</u>	<u>(58,469)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		595	447
Purchase of tangible fixed assets		(88,622)	(70,987)
Capital grants from DfE/EFA		170,956	8,826
Net cash provided by/(used in) investing activities		<u>82,929</u>	<u>(61,714)</u>
Change in cash and cash equivalents in the year		462,612	(120,183)
Cash and cash equivalents brought forward		<u>319,763</u>	<u>439,946</u>
Cash and cash equivalents carried forward		<u><u>782,375</u></u>	<u><u>319,763</u></u>

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Northgate School Arts College prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Northgate School Arts College for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

1.2 Basis of consolidation

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

1.3 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.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.4 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 there is certainty of receipt and it is measurable.

Donated goods, facilities and services

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

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

Donations

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

Other income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.5 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

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

Charitable Activities

These costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

Assets costing more than £750 for furniture and equipment and £500 for computer equipment are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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.

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

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

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

1.7 Liabilities

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

1.8 Provisions

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

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

1.9 Leased assets

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

1.10 Taxation

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

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

1.11 Stocks

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.12 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the Bank.

1.13 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.

1.14 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.

1.15 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.16 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

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

1.17 Agency arrangements

The trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 24.

1.18 Critical accounting estimates and areas of judgement

Estimates and judgements 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 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 18, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

NORTHGATE SCHOOL ARTS COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	12,999	15,130	-	28,129	77,139
Capital Grants	-	-	170,956	170,956	8,826
	<u>12,999</u>	<u>15,130</u>	<u>170,956</u>	<u>199,085</u>	<u>85,965</u>
Total donations and capital grants	<u>12,999</u>	<u>15,130</u>	<u>170,956</u>	<u>199,085</u>	<u>85,965</u>

In 2015, of the total income from donations and capital grants, £12,065 was to unrestricted funds and £73,900 was to restricted funds

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General annual grant (GAG)	-	1,741,182	1,741,182	1,749,416
Other DfE/EFA grants	-	13,000	13,000	11,583
Pupil premium	-	60,734	60,734	56,635
	<u>-</u>	<u>1,814,916</u>	<u>1,814,916</u>	<u>1,817,634</u>
Other government grants				
Local authority grants	-	1,549,707	1,549,707	1,330,894
	<u>-</u>	<u>1,549,707</u>	<u>1,549,707</u>	<u>1,330,894</u>
Other funding				
Other income	-	105,819	105,819	53,138
	<u>-</u>	<u>105,819</u>	<u>105,819</u>	<u>53,138</u>
	<u>-</u>	<u>3,470,442</u>	<u>3,470,442</u>	<u>3,201,666</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £3,201,666 was to restricted funds.

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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
Rental income	2,283	-	2,283	1,809
School uniform, staff vending machines and trip income	-	35,847	35,847	4,027
Music income	-	65,675	65,675	2,010
Trading income	191,606	-	191,606	186,866
	<u>193,889</u>	<u>101,522</u>	<u>295,411</u>	<u>194,712</u>

In 2015, of the total income from other trading activities, £188,675 was to unrestricted funds and £6,037 was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest receivable	595	-	595	447
	<u>595</u>	<u>-</u>	<u>595</u>	<u>447</u>

In 2015, of the total investment income, £ 447 was to unrestricted funds and £ NIL was to restricted funds.

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FOR THE YEAR ENDED 31 AUGUST 2016

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	-	15,130	15,130	39,223
Expenditure on fundraising trading	47,975	-	174,070	222,045	196,127
Academy's educational operations:					
Direct costs	2,061,943	-	116,236	2,178,179	2,152,703
Allocated support costs	737,434	272,594	328,093	1,338,121	1,400,933
	<u>2,847,352</u>	<u>272,594</u>	<u>633,529</u>	<u>3,753,475</u>	<u>3,788,986</u>

In 2016, of the total expenditure, £188,593 (2015 - £190,090) was to unrestricted funds and £3,564,882 (2015 - £3,599,896) was to restricted funds.

7. CHARITABLE ACTIVITIES

	Direct costs 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Educational operations	<u>2,178,179</u>	<u>1,338,121</u>	<u>3,516,300</u>	<u>3,553,636</u>

Analysis of support costs

	2016 £	2015 £
Support staff costs	737,434	770,200
Depreciation	171,870	182,157
Technology costs	84,821	101,385
Premises costs	100,724	139,554
Other support costs	159,029	163,502
Governance costs	84,243	44,135
Total support costs	<u><u>1,338,121</u></u>	<u><u>1,400,933</u></u>

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8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	171,870	182,157
Fees payable to auditor for - audit	7,500	7,500
Fees payable to auditor for - other services	6,350	8,500
Operating lease rentals	58,441	57,027
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,259,829	2,391,017
Social security costs	161,708	150,963
Operating costs of defined benefit pension schemes	417,608	412,041
	<u>2,839,145</u>	<u>2,954,021</u>
Staff restructuring costs	8,207	-
	<u>2,847,352</u>	<u>2,954,021</u>

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

	2016 No.	2015 No.
Teachers	23	24
Administration and support	86	88
Management	5	5
	<u>114</u>	<u>117</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for the staff members amounted to £24,304 (2015 - £13,395).

Included in staff restructuring costs is one redundancy payment to an employee during the year totalling £8,207 (2015: £Nil).

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £498,257 (2015: £439,262).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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:

		2016	2015
		£	£
Miss S Webb, Executive Head Teacher and Accounting Officer	Remuneration	80,000-85,000	75,000-80,000
	Pension contributions paid	10,000-15,000	5,000-10,000
Mr D Skuce, Staff Governor	Remuneration	45,000-50,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mrs A Hodson, Staff Governor	Remuneration	0-5,000	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000

During the year, Miss S Webb received reimbursement of expenses totalling £Nil which were incurred in connection with her role as Executive Head Teacher (2015 - £341).

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2016 was £215 (2015 - £215).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

12. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Short-term leasehold property improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2015	5,385,648	49,640	62,411	74,065	109,698	5,681,462
Additions	-	75,503	-	3,836	9,283	88,622
At 31 August 2016	5,385,648	125,143	62,411	77,901	118,981	5,770,084
Depreciation						
At 1 September 2015	395,679	9,194	62,411	30,232	79,392	576,908
Charge for the year	121,097	12,292	-	15,208	23,273	171,870
At 31 August 2016	516,776	21,486	62,411	45,440	102,665	748,778
Net book value						
At 31 August 2016	4,868,872	103,657	-	32,461	16,316	5,021,306
At 31 August 2015	4,989,969	40,446	-	43,833	30,306	5,104,554

13. DEBTORS

	2016 £	2015 £
Trade debtors	6,504	35,709
VAT repayable	27,787	14,366
Prepayments and accrued income	125,687	36,415
	<u>159,978</u>	<u>86,490</u>

14. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	160,055	-
Other taxation and social security	46,932	40,493
Other creditors	44,341	40,871
Accruals and deferred income	52,039	65,683
	<u>303,367</u>	<u>147,047</u>

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NOTES TO THE FINANCIAL STATEMENTS
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14. CREDITORS: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	12,636	8,826
Resources deferred during the year	10,235	12,636
Amounts released from previous years	(12,636)	(8,826)
	<u>10,235</u>	<u>12,636</u>
Deferred income at 31 August 2016	<u>10,235</u>	<u>12,636</u>

At the balance sheet date the academy trust was holding funds received in advance for Devolved Formula Capital.

15. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	-	207,483	(188,593)	(15,877)	-	3,013
Restricted funds						
General Annual Grant (GAG)	459	1,741,183	(1,519,687)	(17,826)	-	204,129
Other DfE/EFA grants	24,444	73,734	(70,215)	-	-	27,963
Local authority grants	6,692	1,549,707	(1,500,710)	(45,283)	-	10,406
Miscellaneous restricted	5,007	101,522	(95,452)	-	-	11,077
Transfer from LA GUTP/Teacher recargos	225,657	-	-	-	-	225,657
Donations	-	105,818	(105,818)	-	-	-
Pension reserve	(630,000)	15,130	(15,130)	-	-	-
	(630,000)	-	(86,000)	-	(651,000)	(1,367,000)
	<u>(367,741)</u>	<u>3,587,094</u>	<u>(3,393,012)</u>	<u>(63,109)</u>	<u>(651,000)</u>	<u>(887,768)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

DfE/EFA capital grants	968,284	-	(44,817)	-	-	923,467
Capital expenditure from GAG	340,989	-	(35,922)	33,703	-	338,770
Transfer from LA	3,766,196	-	(79,695)	-	-	3,686,501
Devolved formula capital	7,199	9,636	(4,568)	-	-	12,267
Capital expenditure non GAG	21,884	-	(5,359)	-	-	16,525
Capital expenditure from LA grants	-	-	(1,509)	45,283	-	43,774
DfE/EFA capital grants - unspent	-	161,320	-	-	-	161,320
	<u>5,104,552</u>	<u>170,956</u>	<u>(171,870)</u>	<u>78,986</u>	<u>-</u>	<u>5,182,624</u>
Total restricted funds	4,736,811	3,758,050	(3,564,882)	15,877	(651,000)	4,294,856
Total of funds	<u>4,736,811</u>	<u>3,965,533</u>	<u>(3,753,475)</u>	<u>-</u>	<u>(651,000)</u>	<u>4,297,869</u>

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

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

Restricted fixed asset funds amounting to £5,021,304 will be reserved against future depreciation charges. The remaining £161,320 relates to unspent capital grants, which will be used to enhance the academy trust's facilities.

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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NOTES TO THE FINANCIAL STATEMENTS
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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	5,021,306	5,021,306	5,104,553
Current assets	3,013	782,600	161,318	946,931	409,305
Creditors due within one year	-	(303,368)	-	(303,368)	(147,047)
Pension scheme liability	-	(1,367,000)	-	(1,367,000)	(630,000)
	<u>3,013</u>	<u>(887,768)</u>	<u>5,182,624</u>	<u>4,297,869</u>	<u>4,736,811</u>

17. CAPITAL COMMITMENTS

At 31 August 2016 the academy trust had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>146,223</u>	<u>-</u>

18. 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 2013.

Contributions amounting to £42,258 were payable to the schemes at 31 August 2016 (2015 - Nil) 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.

NOTES TO THE FINANCIAL STATEMENTS
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18. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £160,828 (2015 - £226,765).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

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 2016 was £260,000 (2015 - £268,000), of which employer's contributions totalled £197,000 (2015 - £202,000) and employees' contributions totalled £63,000 (2015 - £66,000). The agreed contribution rates for future years are 17.6% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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18. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Expected return on scheme assets at 31 August	2.10 %	3.80 %
Rate of increase in salaries	4.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.3	22.3
Females	24.3	24.3
Retiring in 20 years		
Males	24.0	24.0
Females	26.6	26.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,475,000	1,054,000
Debt instruments	395,000	286,000
Property	166,000	135,000
Cash	42,000	30,000
Total market value of assets	<u>2,078,000</u>	<u>1,505,000</u>

The actual return on scheme assets was £42,000 (2015 - £44,000).

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

	2016 £	2015 £
Net interest cost	(25,000)	(22,000)
Current service cost	(258,000)	(275,000)
Total	<u>(283,000)</u>	<u>(297,000)</u>

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18. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	2,135,000	1,788,000
Interest cost	87,000	72,000
Contributions by employees	63,000	66,000
Actuarial losses/(gains)	917,000	(40,000)
Current service cost	258,000	275,000
Benefits paid	(15,000)	(26,000)
	<u>3,445,000</u>	<u>2,135,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,505,000	1,219,000
Return on plan assets (excluding net interest on the net defined pension liability)	62,000	50,000
Actuarial gains and (losses)	266,000	(6,000)
Contributions by employer	197,000	202,000
Contributions by employees	63,000	66,000
Benefits paid	(15,000)	(26,000)
	<u>2,078,000</u>	<u>1,505,000</u>

19. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	23,494	58,441
Between 1 and 5 years	25,627	49,122
	<u>49,121</u>	<u>107,563</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	212,058	(306,196)
Adjustment for:		
Depreciation charges	171,870	182,157
Dividends, interest and rents from investments	(595)	(447)
Increase in stocks	(1,526)	(1,908)
Increase in debtors	(73,488)	(33,790)
Increase in creditors	156,320	15,541
Capital grants from DfE and other capital income	(170,956)	(8,826)
Defined benefit pension scheme cost less contributions payable	61,000	73,000
Defined benefit pension scheme finance cost	25,000	22,000
Net cash provided by/(used in) operating activities	379,683	(58,469)

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	782,375	319,763
Total	782,375	319,763

22. MEMBERS' LIABILITY

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

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23. RELATED PARTY TRANSACTIONS

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

During the year ended 31 August 2016 there were purchases from KCOM Group plc for £7,705 (2015: £7,705) relating to broadband services. These broadband service contracts were let by emPSN Services Ltd on their behalf. M Kendall, chair of Governors, is a director of emPSN services.

Miss S Webb, the Head Teacher and Trustee of the Northgate School Arts College, was also a director of Northampton Town AIP Limited. During the year, The Northgate School Arts College invoiced Northampton Town AIP Limited £101,189 (2015: £48,561) and made purchases of £62,966 (2015: £1,525) to the entity for the year ending 31 August 2015. At the 31 August 2015 there was £Nil (2015: £30,363) owed to Northgate School Arts College.

Miss S Webb, the Head Teacher and Trustee of the Northgate School Arts College and M Kendall, the Chair of Governors and Trustee are also Directors of the Education Excellence For All Trust, a company formed in the year. During the period, The Northgate School Arts College invoiced the Education Excellence For All Trust £65,111 (2015: £Nil).

At the 31 August 2016 there was £941 (2015: £nil) owed to Northgate School Arts College.

24. AGENCY ARRANGEMENTS

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

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25. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		5,009,007	4,736,811
Total funds reported under FRS 102		<u>5,009,007</u>	<u>4,736,811</u>

Reconciliation of net (expenditure)	Notes	31 August 2015
		£
Net (expenditure) previously reported under UK GAAP		(283,196)
Change in recognition of LGPS interest cost	A	(23,000)
Net movement in funds reported under FRS 102		<u>(306,196)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £23,000 and increase the credit/debit in other recognised gains and losses in the SoFA by an equivalent amount.