

REGISTERED COMPANY NUMBER: 07401701 (England and Wales)

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

	Page
Reference and Administrative Details	1 to 2
Report of the Trustees	3 to 12
Governance Statement	13 to 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report on the Financial Statements	18 to 19
Independent Reporting Accountant's Assurance Report on Regularity	20 to 21
Statement of Financial Activities (incorporating an Income and Expenditure Account and Statement of Other Comprehensive Income)	22
Balance Sheet	23
Cash Flow Statement	24
Notes to the Cash Flow Statement	25
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	26 to 31
Other Notes to the Financial Statements	31 to 50

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Marion Cogger Kim Cleall-Harding Peter Gregory (appointed 02.05.17) Veen Rama (appointed 02.05.17)	
Trustees	Marion Cogger Terry Brown (Chair until 31.08.18) Roger Brown Denise Ford Helen Klimkowicz Wendy Rogers Darren Small Timothy Watts Patricia Daniels Roselyn Unegbu Veen Rama (Chair from 01.09.18) Rosalind Holden Paul Jackson (ex officio)	(resigned 07.10.18) (resigned 15.10.18) (resigned 25.02.18) (resigned 25.06.18) (resigned 15.01.18) (appointed 10.07.18) (appointed 06.02.18) (appointed 12.12.17) (appointed 01.11.18) Executive Head Teacher and Accounting Officer)
Senior Management Team	P Jackson S Rayner A Minchin P Sears K Parnell N Archer	Chief Executive Officer Finance Director Head Teacher Head Teacher Head Teacher Head Teacher
Company Name	Fort Pitt Thomas Aveling Academies	
Principal and Registered Office	Fort Pitt Grammar School Fort Pitt Hill Chatham Kent ME4 6TJ	
Registered Company Number	07401701	
Independent Auditor	McCabe Ford Williams Bank Chambers 1 Central Avenue Sittingbourne Kent ME10 4AE	
Bankers	Natwest, 148 High Street, Chatham, Kent Lloyds Bank, 142-146 High Street, Chatham, Kent Santander, 227-229 High Street, Chatham, Kent, ME4 4YJ The co-operative bank, 26 Military Road, Chatham, Kent, ME4 4JX	

FORT PITT THOMAS AVELING ACADEMIES
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Member Schools

Fort Pitt Grammar School
Thomas Aveling School
The Robert Napier School
Phoenix Junior School
Balfour Junior School

Other Addresses

Fort Pitt Grammar School
Fort Pitt Hill
Chatham
ME4 6TJ

Thomas Aveling School
Arethusa Road
Rochester
ME1 2UW

The Robert Napier School
Third Avenue
Gillingham
ME7 2LX

Phoenix Junior School
Glencoe Road
Chatham
ME4 5QD

Balfour Junior School
Balfour Road
Chatham
ME4 6QX

Websites

www.fortpitt.medway.sch.uk

www.thomasaveling.co.uk

www.robertnapier.org.uk

www.phoenixjuniors.co.uk

www.balfourjunior.school.org.uk

A list of personnel who make up each Local Governing Body can be found by visiting each of the above websites.

FORT PITT THOMAS AVELING ACADEMIES
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates two primary and three secondary academies in the Medway Towns. Its academies had a combined pupil capacity of 3,700 (including notional PAN's for 6th forms), and had a roll of 3,525 in the school census in May 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity incorporated on 8 October 2010. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The trustees of Fort Pitt Thomas Aveling Academies are also the directors of the charitable company for the purposes of company law. The charitable company is known as Fort Pitt Thomas Aveling Academies (company number 07401701). Individual academies within the multi academy trust operate as:

Fort Pitt Grammar School
Thomas Aveling School
The Robert Napier School
Phoenix Junior School
Balfour Junior School

Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page one.

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.

Trustees' indemnities

Subject to the provision of the Companies Act 2006, the Trust intends to maintain trustees' and officers' liability insurance which gives appropriate cover for any liability incurred or legal action brought against them in connection with their acting in their capacity as directors of the trust.

Method of recruitment and appointment or election of new trustees

The Board identifies potential new trustees, ensuring that the skills and experience of new trustees complement those of the existing board.

The number of trustees shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 53, the academy trust shall have the following trustees:

- Up to 7 trustees, appointed under Article 50; and
- The Chief Executive Officer if appointed under Article 7; and
- A minimum of 2 Parent Trustees elected, however in Article 53 this requirement is overcome by having parent trustees on the Local Governing Bodies.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

Policies and procedures adopted for the induction and training of trustees

The Trust subscribes to 'Governance Connected' Training Package and all courses and induction programmes are available to Trustees and Governors. In addition they subscribe to the National Governance Association and The Key for Governors.

Organisational structure

As a multi-academy trust, the trustees are at the head of the organisational structure. They are responsible for the appointment of each Local Governing Board and have overall responsibility for academic achievement, setting policy and the running of the Trust Schools, setting strategic direction and managing the overall resources for the delivery of the academy trust's aims and objectives.

Paul Jackson, Executive Head Teacher, who is the Accounting Officer for the Academy Trust, has overall management responsibility for the Trust and is accountable to the trustees. The Trust has overall responsibility for setting the Academies' budgets and for ensuring the Trust Schools are managed effectively and achieve best value. The trustees and the Executive Head Teacher devolve the day to day management of each school to the Local Governing Board and Head Teacher. Communication between the board of trustees and the individual schools' Local Governing Bodies is enabled by subscription to the web based platform, Governor Hub, and perusal of meeting minutes and relevant documents.

The Head teachers of the Trust Schools are supported in the management of the school by their senior leadership teams. The Head teachers and senior leadership teams are collectively responsible to the Executive Head Teacher for the overall management of the Trust Schools, incorporating teaching and learning and the planning and use of assets and financial resources. Management responsibility is further delegated to Heads of Departments for accounting to the senior leadership teams and the Head teachers for student and teacher performance. At the executive level, the five Head Teachers and Trust Finance Director meet six times a year to coordinate their approach to individual schools, and overall trust improvement and to support and challenge each other.

During the year 2017/18 the trustees have made significant progress in their desire to harmonise aims, policies and procedures of the five schools whilst maintaining each schools own "personality". The trustees agree and monitor the trust improvement plan which is the main instrument of improvement for the schools and each school then incorporates aspects of this in their own School Improvement Plans.

Arrangements for setting pay and remuneration of key management personnel

The trust has a full Performance Management Policy which clearly sets out the processes and standards to be met when reviewing the pay of all members of the management of the trust. Challenging targets are set by the trustees and/or Local Governing Body, these are monitored in March with a full review taking place in October of the following year. An appointed Pay Panel deals with the reviews. Recommendations are made to the full Board of Trustees who make the final remuneration decision. When making their decisions they take into account the circumstances of the school, the various responsibilities of the people being appraised and value for money. These are made in accordance with the trust main pay policy.

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1% - 50%	0
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£160
Provide the total pay bill	£16,724,984
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	100%
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Related parties and other connected charities and organisations

Primary schools within the academy trust have parent/teacher associations. These organise events and provide refreshments at school events to raise funds to provide facilities for the pupils of those schools.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Fort Pitt Thomas Aveling Academies' aims as set out in the governing document are specifically restricted to the following: to advance education for the public benefit in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the trust schools offering a broad and balanced curriculum. The aim of the academy trust is to strive to provide outstanding educational opportunities and achievement, raising attainment and achieving high standards of performance. The academy trust currently includes two academy primary schools which cater for ages 4 to 11 and three academy secondary schools which cater for ages 11 to 19.

Objectives, strategies and activities

The main objectives for the 2017/18 accounting period have been;

- Raise the achievements of all students in all schools.
- Raise the aspirations of students.
- Ensuring excellent behaviour.
- Continuing to deliver 'best value' for stakeholders.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES- continued

Objectives, strategies and activities - continued

Core Values of the Trust: every child deserves the best possible education and to attend an outstanding school, every staff member deserves challenge and outstanding support to enable them to perform to the best of their abilities.

The Trust's aims are to ensure that all children within our schools gain a first rate education, develop the skills necessary for the next stage in their lives and equip them with the personal values and attributes that will make them successful in a fast changing world.

These form the basis of the Trust Improvement Plan which specifies particular actions required to achieve these objectives and the process of monitoring their implementation. Each school then develops its own Improvement Plan linked to the Trust Improvement Plan. The LGBs and trustees regularly review the progress of these plans with overall responsibility for day to day management being undertaken by the Executive Head Teacher who meets regularly with the Head Teachers, takes part in Quality Assurance in each school and attends exam and target setting meetings. Key performance indicators are generated for each school and these include expectations in regards to examinations, attendance, behaviour/exclusions and also OFSTED outcomes – every school is expected to be at least Good by the end of the academic year 2018/19.

Public benefit

The trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that they have set.

The public benefit of Fort Pitt Thomas Aveling Academies is the advancement of education within the local community.

Social investments

The trustees recognise that equal opportunities are an integral part of good practice within the workplace. The trust aims to establish equality of opportunity in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

The Trust supports the involvement of the wider community within the school community by establishing strong links with neighbours, local churches, clubs and organisations.

Disabled persons

The Trust's Accessibility Policy supports the aims to ensure provision for disabled students and staff. Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all ground floor areas of the trust buildings. Where appropriate, lifts have been installed to facilitate wheelchair and disabled access to the upper levels (or lower) of the buildings. The policy of the trust is to support recruitment and retention of students and employees with disabilities. The trust does this by adapting the physical environment, by making support resources available, and through training and career development.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Further changes in policy and practice have been put in place by the DfE in relation to Programmes of Study that are recognised in performance tables, the introduction of non-examined content with its own regulations and almost all subjects at Key Stage 4 and 5 now being the new, tougher exams with Key Stage 4 subjects now reporting grades 9-1 in most cases. At Key Stage 2 the picture has been a little more settled with very few changes being made since the introduction of the new Key stage 2 assessments 3 years ago. The introduction of a new National Funding Formula has been welcomed by the Trust as decades of under-funding of Medway schools is now being recognised and addressed. The Minimum Funding Guarantee "cap" however, has stopped the full increase being passed on.

Fort Pitt Grammar School

The school continues to achieve excellent examination results. At GCSE level the progress 8 figure of +0.42 places Fort Pitt in the top 8% of schools nationally for progress. Students gaining the equivalent of A and A* grades (the new 7, 8, 9) increased by a further 4% this year to 42% of all grades.

At A level there was a pass rate of 99% A-E with 49% of grades were at A*- B. Retention rates of students has improved from 75% a few years ago to 98%. Destinations have also improved this year with a higher proportion of students entering high quality universities, including Oxbridge, many top Russell Group universities and international universities.

Fort Pitt's financial position during the year has been impacted by the necessary investment in resources for use in the new science building. These did not form part of the successful funding bid for the new facility and consequently has been funded by the school. It was anticipated that savings elsewhere during the year could be utilised for this purpose however essential one-off costs incurred to address a gas leak and roofing issues have adversely impacted on this and what would otherwise have been a more positive outcome for the year.

Future plans to meet the necessary development needs of the site will be considered within the trust capital maintenance fund budget plans. Aside therefore from these exceptional items progress on financial recovery have made good progress in accord against budget plans.

The provision of capital funds through a successful CIF bid have been fully utilised in the completion of a new science block opened at the end of the summer term. This is a very impressive addition to the Fort Pitt estate.

The Thomas Aveling School

Thomas Aveling students did very well in 2018 and posted another good year with 56% of students gaining grade 4 in both English and Maths with a number of students gaining the new grade 9 which is given out to the top 2% of students in the country. The progress 8 score for the school of +0.32 makes it the top performing High School in Medway and the top 10% of all schools nationally.

At A level almost 100% of students passed their courses with an average overall grade of a C. Academic performance was up slightly on the previous year but vocational achievement was down slightly to Distinction- following the vastly increased difficulty level of these qualifications.

The Thomas Aveling School managed its finances efficiently during the year and the in-year surplus generated will be used to support a significant capital project expected in 2018/19. The surplus in 2017/18 has been driven by a number of areas including additional income to support SEN provisions in place and expenditure savings incorporating salary cost reductions consequent to natural rotation of staff and in efficiency savings in resource management. In addition to these a pro-active site team also help to keep maintenance costs in check. The school is making good use of the apprenticeship levy and the steps taken in previous years in anticipation of the increased costs of employment (including NI contributions) has left the school in a very strong financial position.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

ACHIEVEMENTS AND PERFORMANCE – continued

Improvements to the fabric of the building have taken place this year with new roofs and windows fitted across a large portion of the site, a new re-modelled ICT suite and a Trust wide finance and HR area established. Funding has also been dedicated to raising aspirations of our students with initiatives such as the Brilliant Club being introduced along with support being given for those students aiming for Oxbridge, Russell Group and Medicine degrees.

In order to maintain a favourable balance on funds the Academy continues to regularly review expenditure and reduce cost where possible although financial pressures will always be felt in school, the excellent management of financial and other resources, a reduction in waste and an increase in 6th form lagged funding coming from an increase in numbers mean the Thomas Aveling is well placed to maximise the support it gives to its students.

The Robert Napier School

In 2017 only 20% of students gained a grade 4+ in Maths and English which was exceptionally disappointing and spurred on the leadership of the school to give everything to drastically improving results in this year, and I am pleased to say this occurred. 38% of students achieved this measure this year, and double the proportion gained grade 5 compared to 2017. The Progress 8 figure remained stable at -0.15 despite the removal of a very successful course from the performance tables. At level 3 there were too many U grades where children had been allowed to follow inappropriate courses and so the overall academic grade dropped to a high D and the vocational average to a high Merit.

Following the major staffing restructure in the previous year good progress has been made against the financial recovery plan in 2017/18 and whilst this has not resulted in a balanced budget for the year the actual recorded deficit has been significantly less than budgeted and considerably less than the previous academic year. This has been helped by prudent expenditure on resources and maintaining staffing costs within budget. Essential exceptional one-off cost incurred during the year to replace failed central servers has been fully borne by the school and included in the in-year deficit.

It is expected that the considerable positive progress made in student outcomes in results during the year will have the desired benefit to further increase student numbers and generate additional income in the forthcoming years. Necessary capital and maintenance investment in the school site during the year has been supported via the trust capital maintenance fund and included a major project to remove asbestos from the ceiling voids in the main block. Further planned investment in the site will take place over the coming year.

The target for 2018/19 is to achieve a balanced budgetary outcome with the potential for a small surplus to start to address the brought forward deficit that presently stands in excess of £200k with further plans to fully clear this within the following two years.

Phoenix Junior Academy

Phoenix enjoyed a very successful year with KS2 results improving significantly to 50% now reaching the expected standard in the combined measure of reading, writing and maths. This is up from 24% just 2 years ago. Attendance now stands at over 96% and exclusions are down to 0. The school is also fully subscribed.

Staffing is stable and strong in all areas. To further enhance the rapid improvements, and to make up for the lower starting points of Year 3, all years have been separated into 3 classes (average class size 20) which has meant more individualised help and greater opportunities for children to take part in more interesting and open ended learning activities.

The school maintained a balanced budget approach in 2017/18 but does expect to use some of its reserves this year maintaining three classes in each year group and significant intervention specialists across the 4 years to boost progress. The overall financial position of the school remains very healthy with initial plans to use funds to invest in the school facilities to support the through school development plans for the site.

The school has again applied to the Regional Schools Commissioners (RSC) to become an all through primary with more supportive noises being made by Medway in this regard. Although there will need to be some expenditure to make the site suitable for Early Years Foundation Stage (EYFS) pupils, this will be drawn from reserves and capital funding and will not impact on the provision for current students. In addition to this expenditure, it is hoped that the top part of the playground can be remodelled with an all-weather pitch being installed.

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

ACHIEVEMENTS AND PERFORMANCE – continued

Prudent controls on expenditure and staffing have enabled the school to remain well within budget and return a surplus at the end of the year that the school will utilise towards development of the site and any future transition to include EYFS pupils. The school has benefitted from a remodel of the site entrance following considerable water damage and has made further capital investment in other areas of the site from its devolved capital funds. The school remains in a strong financial position and ready to support the next stages in its development plans.

Balfour Junior Academy

Balfour have had a very successful first full year as part of FPTA Academies. Key Stage 2 results have risen above national average for the first time in the school's history – 72% of students achieved the expected standard this year compared to 59% last year. Full benefit is being made of sharing expertise across the 2 primary academies with joint working on moderation and PiXL strategies being two examples.

Balfour have been able to take advantage of significant capital funds made available by FPTA to re-structure the buildings in half of the school – walls rather than curtains separate rooms, new windows, doors, floors and ceilings have been installed to create a fabulous working environment for pupils and staff alike.

The financial position of the school remains healthy. Together with the growing benefits from central procurement savings made during the year, effective controls on staffing expenditure has resulted in a surplus for the year and generated additional reserves for the future development of the school. Further investment in improvements to the fabric of the school will be considered via the Trust capital maintenance fund.

Trust Finances – Summary 2017/18

The overall financial position of the trust during the year has been positive despite what has been a challenging year of change and development with the centralisation of the Trust Finance, HR and payroll departments in January 2018. This has taken time to bed in however the tangible operational and financial benefits from the changes have already started to be returned through the pooling of demand and negotiation of centralised contracts. Further development of the central facilities are planned including changes to the banking facilities and order processing cycle that will further enhance the trust position and its ability to support the development of the schools with key services and skills as they are required. Whilst two of the schools within the trust are at various stages of a financial recovery, the financial reserves across the trust remain healthy to support this.

Changes to the national funding formula will provide much needed financial support to those schools within the trust that have previously been underfunded in their endeavours to deliver a high quality education against a backdrop of high disadvantage and demanding needs. In addition the short term funding from the ESFA to support the changes to the employer's Teacher's Pension Scheme contribution together with the additional funding to provide for recently

Key financial performance indicators

	31.8.18	31.8.17
Total expenditure on operations per pupil enrolled	£6,271	£6,552
Total staff costs as a percentage of DfE/ESFA revenue grants	89%	92%
Total staff costs: (excluding supply) per pupil enrolled	£4,745	£4,938
Total staff costs as a percentage of total revenue and other government grants	87%	91%
LGPS deficit per pupil	£2,706	£3,205

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. The academy trust has a good pupil base and generally the schools are oversubscribed. The level of overall balances remains healthy and for this reason the trustees continue 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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

FINANCIAL REVIEW

Reserves policy

The levels of reserves of the academy trust and individual academies are reviewed by the trustees on an annual basis, in accordance with the Trust reserves policy, which review incorporates a critical analysis to ensure that income is matched to expenditure commitments and associated risk and that the nature of reserves held are commensurate with future commitments. The free reserves levels that are permissible to be held have been determined by the trustees as necessary to provide sufficient working capital to manage delays in income and receipt of grants, payments of salary commitments and to provide a contingency to manage unexpected emergencies such as urgent repairs and maintenance. In this regard a restricted reserves balance of 5% of annual income is determined by the trustees to be of sufficient level at this time to manage risk against future uncertainties as may arise.

The academy trust held fund balances at 31 August 2018 of £44,250,103 (2017: £42,479,825) comprising £43,336,471 (2017: £41,630,951) of restricted funds and £913,632 (2017: £848,874) of unrestricted general funds, the unrestricted funds being the academy trust's free reserves. The restricted funds include a pension reserve deficit of £9,538,000 (2017: £10,810,000). It should be noted however that this deficit will not crystallise within the foreseeable future and that the academy trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. The advised level of contributions has been taken into account when preparing the academy trust's budgets for the year ended 31 August 2019. Of the total restricted funds £51,886,822 (2017: £51,553,919) relates to the restricted fixed asset funds, which can only be realised by disposing of tangible fixed assets. The combined balance of restricted general funds (excluding pension reserve) plus unrestricted funds at 31 August 2018 was £1,901,281 (2017: £1,735,906). The academy trust continues to set budgets with a view to meeting the target level of reserves whilst maximising the benefit to current pupils.

Current cumulative levels of reserves held by the Trust are deemed sufficient to cover the contingent needs of the combined aggregate of one month net salary of the schools within the trust as a minimum in accordance with the Trust reserves policy. Whilst two of the schools within the Trust are presently in deficit and following a financial recovery program, the cumulative net reserves are maintained to this aggregate level by the three other schools within the MAT.

This has allowed the Trust opportunity to implement a financial recovery plan at the two schools designed to bring these schools back into balance and to start to build a surplus reserve in the next two years to support their own future development needs in line with the Trust policy. This will relieve the potential burden of support from the other schools and open the opportunity to employ funds to develop the specific sites in which they are held as deemed necessary to support their continued strategic growth.

Principal funding sources

The Trust income during the year was primarily obtained in the form of General Annual Grant (GAG) from the ESFA and incorporated pre-16 grant funds, post-16 grants and pupil premium funding. These are restricted funds as noted in the SOFA detail and intended to support specific activities of the trust.

Investment policy

The trustees endeavour to optimise investment by earning interest on the Trust's bank deposits whilst maintaining instant access to funds. In the present financial climate, interest rates remain very low, with the Bank of England interest rate currently 0.75 per cent having increased by 0.25% in August 2018. Rates are likely to continue at this rate for the present with possibility of further increases of 0.25% over the course of 2019. The investment policy is to carefully manage balances without taking undue risks.

The Trust has continued to operate an overnight transfer facility with the banks where balances above £10k in the schools' general accounts are transferred to an interest earning account. Should a large payment go through the general account then the money is transferred back from the interest earning account to cover it.

Following a Tender and review process of the banking services provided to the Trust schools Lloyds bank has been appointed to provide banking facilities across all of the schools within the Trust and the Trust is currently in the process of moving bank accounts and will close its accounts with Nat West, Co-op and Santander in 2019.

FORT PITT THOMAS AVELING ACADEMIES
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Principle risks and uncertainties

The trustees are responsible for identifying risks faced by the charitable company, establishing procedures to mitigate these risks, and ensuring that employees are aware of these procedures and of the implications of failing to implement them. They are satisfied that these procedures are consistent with guidelines issued by the Charity Commission.

The major strategic risks to which the Fort Pitt Thomas Aveling Academies is exposed are as follows;

- Changes in the national funding formula with the introduction of 'fairer funding'
- The risk to the schools' future viability from market forces (pupils, competitors, staff)
- A fall in the roll of the academies
- Changes in management, affecting strategic direction
- Major fraud, both internally and externally
- Policy changes introduced by the DfE
- Further reduction in 6th form funding will jeopardise the viability of many secondary school 6th forms
- Reputational risk could arise from an Ofsted or other government report or event outside of the control of the trustees.

Each academy keeps its own risk register which is reviewed by the SLT and presented to the trust board.

The above risks, together with the risk of critical damage and urgent maintenance requirements of buildings within the academy trust have been reviewed by the trustees and procedures are being put in place for managing the risks.

Balfour, having joined the Trust on 1st January 2017 has strengthened the position of the five schools now within Fort Pitt Thomas Aveling Academies to deliver robust services and manage the available resources in execution of the stated intent of the trust to provide for the education of the Trust pupils. This has further reinforced FPTA as a leading trust within Medway.

FUNDRAISING

The academy trust takes a responsible view of its fundraising activities and is dedicated to supporting the educational development of young people attending the trust schools and the local community in general. To help guarantee the availability of ongoing funds to pay for this and to target specific development needs of the Trust schools, the trust aims to maintain a targeted base of different sources of fundraising.

We will actively seek opportunities to work together with external organisations and individuals to achieve shared objectives in accordance with guidance issued by the DfE and Charity Commission and to support the aims and vision of the trust. It is vital however that the independence of the Trust is maintained and no external partnership is allowed to bring the name of FPTA academies into disrepute.

The Trust will accept financial support and work with ethical companies and individuals on the following conditions:

- It shares the same vision and goals for the benefit, the healthy living, and wellbeing of young persons within the trust schools and wider community.
- It provides resources to broaden and promote the educational development of its students and local community.
- It provides for services to support the emotional and physical wellbeing of its students and wider community.

Bodies considered to be appropriate include Sport England and registered national and local charities e.g. Watts Almshouses.

The fundraising activities of the schools are monitored by the local governing bodies to ensure that they conform to recognised and approved standards and an overview is maintained by the board of trustees.

Fundraising activities will be monitored to ensure that they do not prejudice members of the general public, vulnerable groups and do not create undue pressure to donate.

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

FUNDRAISING - continued

FPTA academies will not accept financial support or partnerships involved in illegal or potentially harmful activities or those that do not support the vision and goals of the trust.

Any complaints with regards to the fundraising activities of the schools within the trust will be reviewed independently by members of the board of trustees. No complaints have been received to date

The academy trust did not work with any commercial participators/professional fundraisers during the year. In its fundraising activities the trust has due regard to the Charity Commission guidance 'Charity Fundraising; a guide to trustee duties (CC20)' and meets the requirements of the 'Fundraising Code of Practice' set by the Fundraising Regulator.

PLANS FOR FUTURE PERIODS

Discussions with other local schools and academies within the local area are ongoing and the Trust will continue to explore opportunities to welcome other educational establishments into the Trust on the basis of willing and like-minded partners who share the same goals and values to deliver a quality education to students in the local area. An application to make Phoenix an all through primary school has been made for a second time and we are hopeful of success this time with plans in place to take the first cohort of reception age children in September 2020.

The Trust Finance, HR and payroll services were centralised in January 2018. This will provide consistency of treatment, enable greater financial control across the Trust schools and ensure that economies of scale are achieved for the benefit of the Trust schools. Through our auditors, a six monthly report on the schools' financial controls and procedures have been provided and recommendations made to improve the controls even further will be implemented as part of the management action. Further reviews will be planned during the course of the year as directed by the Trustees in order to help identify potential weaknesses, improve controls and provide further opportunity to reduce inefficiencies.

Policies and procedures have been reviewed during the year to ensure consistency across the Trust schools and to enable contracts and purchasing arrangements to be further harmonised. It is planned that remaining policies will be reviewed during the forthcoming year as necessary.

The Trust core management functions covering finance, HR and procurement will be further reviewed during the forthcoming year to ensure best value and economies of scale are achieved for the benefit of the trust schools.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy trust holds no funds as custodian trustee on behalf of others. During the year covered by this report neither the academy trust nor its trustees held any funds as a custodian trustee on behalf of any other charitable organisation.

AUDITORS

In so far as the trustees are aware:

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

Report of the Trustees, incorporating a Strategic Report, was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on the board's behalf by:


.....
Veen Rama - Chair of Trustees

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Fort Pitt Thomas Aveling Academies 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 of loss.

The board of the trustees 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 Fort Pitt Thomas Aveling Academies and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of Trustees and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows;

	Meetings attended	Out of a possible
Marion Cogger, Vice Chair	5	5
Terry Brown, Chair	5	5
Roger Brown	5	5
Denise Ford	5	5
Helen Klimkowicz	2	3
Wendy Rogers	4	4
Darren Small	5	5
Timothy Watts	0	2
Veen Rama	1	3
Ros Unegbu	1	2
Patricia Daniels	0	0
Paul Jackson	5	5

During the 2017/18 accounting year, there were three resignations as directors of the trust – Helen Klimkowicz, Wendy Rogers Timothy Watts. Veen Rama was appointed to the Board on 12 December 2017 and became chair on 31 August 2018. Ros Unegbu was appointed to the board on 6 February 2018 and Patricia Daniels on 10 July 2018.

During the year, the Board undertook a skills audit and the result of which showed that there is a multiple of skills already on the board, however, with the latest decision to have independent board members, the board has started to recruit members who will not only be independent but have a diversity of skills to support the board in its role.

The newly appointed Chair is planning to ensure that this diversity of skills and competences exist and therefore there is a recruitment boost.

Although the Board has been performing excellently in their roles, it is proposed that an independent and external review of its performance to be undertaken during the coming year to ensure there is continuous improvement in its function.

Governance Reviews

FPTA Academies trustees are continuing to develop governance structures across the trust and its schools and are continuing the review and harmonisation of policies and procedures. The board of trustees have continued to appoint independent trustees that are unattached to school LGB's in order to ensure independence of review, scrutiny and accountability between tiers of governance and to develop core trust strategies.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Governance Reviews- continued

The trust meetings are structured to fulfil the audit committee role. The Trustees are very aware that the trust schools receive over £18m income, the main source being the Education and Skills Funding Agency. In accounting for this income the directors are fully committed to their responsibilities for ensuring this money is invested in the students' learning and well-being.

Review of Value for Money

As Accounting Officer, the Executive Head Teacher has responsibility for ensuring that FPTA Academies 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 board of trustees where value for money can be improved, including the use of benchmarking data where appropriate.

The Accounting Officer has, as part of delivering improved value for money during the year, continued to review facilities and services across the trust and has implemented key financial forecasting software across all of the trust schools that is designed to provide effective budgetary forecasting and modelling of future trust development opportunities. The trust has continued to explore potential improvements in value for money through economies of scale and review of its contractual services in HR and H&S and has negotiated centralised energy contract facilities. The trust has further benefited from continued joint purchasing strategies in ICT including software, licences, consultant services and resources procurement.

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 on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Fort Pitt Thomas Aveling Academies for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees 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 board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 board of trustees;
- regular reviews by the board of trustees 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.

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

The Risk and Control Framework - continued

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed McCabe Ford Williams, the external auditor, to perform additional checks on behalf of the trust.

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

- payroll and personnel systems;
- purchase processing systems and tendering procedures;
- completeness of ESFA income;
- completeness of other income;
- sales processing and debtors ledger;
- balance sheet control accounts;
- expense claims; and
- petty cash reconciliations.

On a six monthly basis, the Finance Director reports to the board of trustees concerning the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The board of trustees confirms that the internal reviewer function has been fully delivered in line with the ESFA's requirements and that no material internal control issues were identified during those visits.


Review of Effectiveness

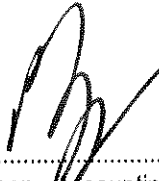
As accounting officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor
- additional checks undertaken by McCabe Ford Williams, and
- 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 board of trustees, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11 December 2018 and signed on its behalf by:


.....
Veen Rama - Chair of Trustees


.....
Mr P Jackson - Accounting Officer

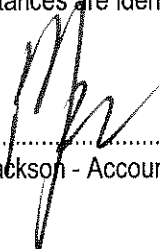
FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2018

As Accounting Officer of Fort Pitt Thomas Aveling Academies I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



.....
Mr P Jackson - Accounting Officer

Date: 11 December 2018

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees 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 trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

The trustees 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 Board of Trustees on 11 December 2018 and signed on its behalf by:


.....
Veer Rana - Chair of Trustees

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of Fort Pitt Thomas Aveling Academies (the 'academy trust') for the year ended 31 August 2018, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

AP

Ashley Phillips FCCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 11 December 2018

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
FORT PITT THOMAS AVELING ACADEMIES
AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 17 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fort Pitt Thomas Aveling Academies during the year ended 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective Responsibilities of Fort Pitt Thomas Aveling Academies' Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Fort Pitt Thomas Aveling Academies' funding agreement with the Secretary of State for Education dated 21 December 2016 and the Academies Financial Handbook, effective from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the external auditor performing additional system checks during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the Board of Trustees and the occurrence of transactions with connected parties;
- Review of fixed asset transactions against the requirements of the funding agreement between Fort Pitt Thomas Aveling Academies and the Secretary of State for Education and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
FORT PITT THOMAS AVELING ACADEMIES
AND THE EDUCATION AND SKILLS FUNDING AGENCY

Approach – continued

- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

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 ended 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Ashley Phillips FCCA (Reporting Accountant)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 11 December 2018

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 AUGUST 2018

				31.8.18	31.8.17	
	Notes	Unrestricted fund £	Restricted funds £	Restricted fixed asset funds £	Total funds £	Total funds £
INCOME AND ENDOWMENTS						
FROM:						
Donations and capital grants	2	-	117,329	1,511,542	1,628,871	2,006,216
Transfer from Local Authority on conversion	3	-	-	-	-	3,665,419
Charitable activities:						
Funding for the academy trust's educational operations	4	607,304	19,337,036	-	19,944,340	19,536,048
Other trading activities	5	68,504	706	-	69,210	60,132
Investment income	6	<u>3,277</u>	<u>-</u>	<u>-</u>	<u>3,277</u>	<u>7,412</u>
Total		679,085	19,455,071	1,511,542	21,645,698	25,275,227
EXPENDITURE ON:						
Raising funds	8	1,907	28,436	-	30,343	68,559
Charitable activities:						
Academy trust's educational operations	9	<u>612,420</u>	<u>20,284,018</u>	<u>1,178,639</u>	<u>22,075,077</u>	<u>22,027,647</u>
Total	7	614,327	20,312,454	1,178,639	22,105,420	22,096,206
NET INCOME/(EXPENDITURE)		64,758	(857,383)	332,903	(459,722)	3,179,021
Transfers between funds	21	-	-	-	-	-
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	25	-	2,230,000	-	2,230,000	534,000
Net movement in funds		64,758	1,372,617	332,903	1,770,278	3,713,021
RECONCILIATION OF FUNDS 21						
Total funds brought forward		848,874	(9,922,968)	51,553,919	42,479,825	38,766,804
TOTAL FUNDS CARRIED FORWARD		<u>913,632</u>	<u>(8,550,351)</u>	<u>51,886,822</u>	<u>44,250,103</u>	<u>42,479,825</u>

All of the academy trust's activities derive from continuing operations.


The notes form part of these financial statements

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 07401701)

BALANCE SHEET
AS AT 31 AUGUST 2018

		31.8.18	31.8.18	31.8.17	31.8.17
		£	£	£	£
	Notes				
Fixed assets					
Tangible assets	15		51,652,476		49,711,023
Current assets					
Stocks	16	326		1,113	
Debtors	17	807,726		1,528,116	
Cash at bank and in hand		<u>2,821,615</u>		<u>3,835,960</u>	
		3,629,667		5,365,189	
Current liabilities					
Creditors: Amounts falling due within one year	18	<u>(1,487,040)</u>		<u>(1,777,387)</u>	
Net current assets			<u>2,142,627</u>		<u>3,587,802</u>
Total assets less current liabilities			53,795,103		53,298,825
Creditors: Amounts falling due after more than one year	19		<u>(7,000)</u>		<u>(9,000)</u>
Net assets excluding pension liability			53,788,103		53,289,825
Defined benefit pension scheme liability	25		<u>(9,538,000)</u>		<u>(10,810,000)</u>
Total net assets			<u>44,250,103</u>		<u>42,479,825</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	21	51,886,822		51,553,919	
General funds	21	987,649		887,032	
Pension reserve	21	<u>(9,538,000)</u>		<u>(10,810,000)</u>	
Total restricted funds			43,336,471		41,630,951
Unrestricted funds					
General funds	21	<u>913,632</u>		<u>848,874</u>	
Total unrestricted funds			913,632		848,874
Total funds			<u>44,250,103</u>		<u>42,479,825</u>

The financial statements were approved by the board of trustees, and authorised for issue on 11 December 2018 and are signed on their behalf by:



 Veen Rama - Chair of Trustees

The notes form part of these financial statements

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

		31.8.18	31.8.17
	Notes	£	£
Cash flows from operating activities			
Net cash provided by operating activities	1	607,770	(74,528)
Cash flows from financing activities	2	(2,000)	(10,975)
Cash flows from investing activities	3	(1,620,115)	247,805
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		<u>(1,014,345)</u>	<u>162,302</u>
Cash and cash equivalents at 1 September		<u>3,835,960</u>	<u>3,673,658</u>
Cash and cash equivalents at 31 August	4	<u>2,821,615</u>	<u>3,835,960</u>

The notes form part of these financial statements

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
	31.8.18	31.8.17
	£	£
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	(459,722)	3,179,021
Adjustments for:		
Depreciation (note 15)	1,193,481	1,093,215
Capital grants from DfE/ESFA (note 2)	(1,511,542)	(1,577,389)
Transfer of fixed assets from other school (note 3)	-	(3,887,000)
Transfer of budget surplus on unrestricted funds from other school (note 3)	-	(285,419)
Interest received (note 6)	(3,277)	(7,412)
Defined benefit pension scheme obligation inherited (note 3)	-	507,000
Defined benefit pension scheme cost less contributions payable (note 25)	680,000	755,000
Defined benefit pension scheme administration expenses (note 25)	5,000	5,000
Defined benefit pension scheme finance cost (note 25)	273,000	218,000
Decrease in stocks	787	585
Decrease/(increase) in debtors	720,390	(779,205)
(Decrease)/Increase in creditors	(290,347)	704,076
Net cash provided by operating activities	<u>607,770</u>	<u>(74,528)</u>
2. CASHFLOWS FROM FINANCING ACTIVITIES		
	31.8.18	31.8.17
	£	£
Repayments of borrowing	(2,000)	(10,975)
Net cash inflow for returns on investments and servicing of finance	<u>(2,000)</u>	<u>(10,975)</u>
3. CASHFLOWS FROM INVESTING ACTIVITIES		
	31.8.18	31.8.17
	£	£
Cash transferred from other school (note 3)	-	285,419
Dividends, interest and rents from investments (note 6)	3,277	7,412
Purchase of tangible fixed assets (note 15)	(3,134,934)	(1,622,415)
Capital grants from DfE/ESFA (note 2)	1,511,542	1,577,389
Net cash used in investing activities	<u>(1,620,115)</u>	<u>247,805</u>
4. ANALYSIS OF CASH AND CASH EQUIVALENTS		
	31.8.18	31.8.17
	£	£
Cash in hand and at bank	<u>2,821,615</u>	<u>3,835,960</u>

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

1. STATEMENT OF 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.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency, the Charities Act 2011 and the Companies Act 2006.

Going concern

The trustees 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 charitable company to continue as a going concern. The trustees make this assessment in respect of a period of 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.

Income

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities 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 in full when there is unconditional 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.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance related conditions), where the receipt is probable and the amount can be measured reliably.

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

1. **STATEMENT OF ACCOUNTING POLICIES – continued**

Income - continued

- **Other income**

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

- **Donated 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.

The value of donated services provided to the academy trust are recognised at fair value in the period in which they are receivable as income from donations, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

- **Transfer on conversion**

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

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 are 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.

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Conversion to academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below. The assets and liabilities transferred on conversion from Balfour Junior School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 3.

Tangible fixed assets

Assets costing £1,000 or more 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 asset fund in the Statement of Financial Activities 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Buildings including improvements to property	straight line over 50 years
Land	over the term of the lease (not depreciated if owned)
Furniture and Equipment	straight line over 5 years
Computers	straight line over 3 years
Motor Vehicles	straight line over 5 years

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

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

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.

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

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.

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stocks

Stocks are valued at the lower of cost and net realisable value, on a first in first out basis, after making due allowance for obsolete and slow moving items.

Taxation

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Pension 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.

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 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.

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 trustees.

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

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

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.

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of freehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of freehold property which relates to land is deemed not to have a finite life and is not depreciated. The element of freehold property which does not relate to land is depreciated on a straight line basis of 50 years, being the estimated useful economic life and it is assumed that the asset has no residual value on the basis of its specialised nature. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

Critical areas of judgement

The trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the 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 27.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total Funds £
Capital grants	-	1,511,542	1,511,542	1,577,389
Other donations	-	117,329	117,329	428,827
	<u>-</u>	<u>1,628,871</u>	<u>1,628,871</u>	<u>2,006,216</u>

Capital grants received, included in the above, are as follows:

	31.8.18 £	31.8.17 £
Devolved Capital Grant	81,318	80,863
Academies Capital Maintenance Fund	<u>1,430,224</u>	<u>1,496,526</u>
	<u>1,511,542</u>	<u>1,577,389</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

3. TRANSFER FROM LOCAL AUTHORITY

There were no transfers of assets in the year ended 31 August 2018.

On 1 January 2017 Balfour Junior School, became part of Fort Pitt Thomas Aveling Academies and its assets and liabilities were transferred in for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA in the comparative year.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets				
Land and buildings	-	-	3,877,000	3,877,000
Other tangible fixed assets	-	-	10,000	10,000
Budget surplus on unrestricted funds	285,419	-	-	285,419
LGPS pension surplus/(deficit)	-	(507,000)	-	(507,000)
Net assets	<u>285,419</u>	<u>(507,000)</u>	<u>3,887,000</u>	<u>3,665,419</u>

The above net assets include £285,419 that was transferred as cash.

4. FUNDING FOR THE ACADEMY TUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total Funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	17,389,991	17,389,991	17,067,377
Other DfE/ESFA grants	-	1,284,813	1,284,813	1,421,114
	-	18,674,804	18,674,804	18,488,491
Other government grant				
Local Authority grants	-	340,556	340,556	195,579
Other income from the academy trust's educational operations	<u>607,304</u>	<u>321,676</u>	<u>928,980</u>	<u>851,978</u>
	<u>607,304</u>	<u>19,337,036</u>	<u>19,944,340</u>	<u>19,536,048</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

5. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total Funds £
Hire of facilities	68,504	-	68,504	59,326
Additional income from ancillary trading activities	-	706	706	806
	<u>68,504</u>	<u>706</u>	<u>69,210</u>	<u>60,132</u>

6. INVESTMENTS

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total funds £
Interest received	<u>3,277</u>	-	<u>3,277</u>	<u>7,412</u>
	<u>3,277</u>	-	<u>3,277</u>	<u>7,412</u>

7. EXPENDITURE

	Staff costs £	Non-pay expenditure		31.8.18 Total £	31.8.17 Total £
		Premises £	Other costs £		
Raising funds					
Costs incurred by trading for a fundraising purpose	-	-	30,343	30,343	68,559
Charitable activities					
Academies educational operations					
Direct costs	13,770,961	872,736	2,125,108	16,768,805	14,453,662
Allocated support costs	<u>3,219,608</u>	<u>1,198,119</u>	<u>888,545</u>	<u>5,306,272</u>	<u>7,573,985</u>
	<u>16,990,569</u>	<u>2,070,855</u>	<u>3,043,996</u>	<u>22,105,420</u>	<u>22,096,206</u>

Net income/(expenditure) for the year includes:

	31.8.18 £	31.8.17 £
Operating lease rentals	59,324	50,220
Auditors' remuneration	13,000	21,000
Auditors' remuneration for non audit work	7,000	3,125
Auditors' remuneration – other audit costs	4,050	9,600
Depreciation - owned assets	<u>1,193,481</u>	<u>1,093,215</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

7. EXPENDITURE- continued

Included within expenditure are the following transactions.

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the academy trust	591	-	-

8. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total Funds £
Other fundraising costs	<u>1,907</u>	<u>28,436</u>	<u>30,343</u>	<u>68,559</u>
	<u>1,907</u>	<u>28,436</u>	<u>30,343</u>	<u>68,559</u>

9. CHARITABLE ACTIVITIES – ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	31.8.18 Total Funds £	31.8.17 Total Funds £
Direct costs				
Teaching and educational support staff costs	34,970	13,735,991	13,770,961	12,680,344
Depreciation	-	887,578	887,578	-
Technology costs	-	124,992	124,992	131,267
Educational supplies	-	323,127	323,127	325,048
Examination fees	-	292,458	292,458	275,677
Staff development and other staff costs	-	64,169	64,169	-
Other direct costs	<u>516,141</u>	<u>789,379</u>	<u>1,305,520</u>	<u>1,041,326</u>
	<u>551,111</u>	<u>16,217,694</u>	<u>16,768,805</u>	<u>14,453,662</u>
Allocated support costs				
Support staff costs	44,097	3,175,511	3,219,608	4,366,350
Depreciation	-	305,903	305,903	1,093,215
Technology costs	-	35,368	35,368	96,481
Premises costs	14,184	878,032	892,216	803,502
Other support costs	3,028	826,099	829,127	1,180,712
Governance costs	-	24,050	24,050	33,725
	<u>61,309</u>	<u>5,244,963</u>	<u>5,306,272</u>	<u>7,573,985</u>
Total direct and support costs	<u>612,420</u>	<u>21,462,657</u>	<u>22,075,077</u>	<u>22,027,647</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

10. STAFF

a) Staff costs

	31.8.18	31.8.17
	£	£
Wages and salaries	12,752,204	12,612,568
Social security costs	1,234,231	1,129,750
Other pension costs	<u>2,738,549</u>	<u>2,723,740</u>
	16,724,984	16,466,058
Supply teacher costs	265,585	393,712
Staff restructuring costs	<u>-</u>	<u>186,924</u>
	<u>16,990,569</u>	<u>17,046,694</u>

b) Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £nil (2017: £25,000).

c) Staff numbers

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

	31.8.18	31.8.17
Teachers	190	197
Administration and support	161	156
Management	<u>33</u>	<u>35</u>
	<u>384</u>	<u>388</u>

d) Higher paid staff

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

	31.8.18	31.8.17
£60,001 - £70,000	5	7
£70,001 - £80,000	2	-
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1
£100,001 - £110,000	-	2
£110,001 - £120,000	<u>1</u>	<u>-</u>
	<u>10</u>	<u>10</u>

e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team made up of the Executive Principal, Head Teachers and finance director, as listed on page one. The total amount of employee benefits (including employer pension contributions and employer's national insurance contributions) received by key management personnel for their services to the academy trust was £1,413,332 (2017: £2,148,130).

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

11. CENTRAL SERVICES

The academy trust has provided the following central services to its academies during the year:

- Human resources
- Financial services
- Legal services
- Educational support services
- ICT services
- Other as arising

The academy trust charges for these services on the following basis:

- HR, payroll and finance recharges were based on a pupil number basis , unless a cost related to a specific school, when the costs were recharged at the actual cost.
- Legal costs were recharged on an 'as charged' basis specific to the matter at hand.
- Educational support recharges were on a specific basis relative to the school supported.
- Software and licences were recharged on a specific basis attributable to each school for the number of licences etc.

The actual amounts charged during the year were as follows:

	31.8.18	31.8.17
	£	£
Fort Pitt Grammar School	100,463	69,494
Thomas Aveling School	71,797	90,198
The Robert Napier School	190,589	275,425
Balfour Junior Academy	84,156	39,940
Phoenix Junior Academy	<u>112,661</u>	<u>110,897</u>
	<u>559,666</u>	<u>585,954</u>

12. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits, was as follows:

Mr P Jackson (Executive Head Teacher)		
Remuneration	£110,000 - £115,000	(2017: £105,000 - £110,000)
Employer's pension contributions	£15,000 - £20,000	(2017: £15,000 - £20,000)

Trustees' expenses

During the period ended 31 August 2018, travel and subsistence expenses totalling £nil (2017: £nil) were reimbursed to trustees.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Restricted fixed asset funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	146,595	282,232	1,577,389	2,006,216
Transfer from Local Authority	285,419	(507,000)	3,887,000	3,665,419
Charitable activities				
Funding for the academy's educational operations	712,460	18,823,588	-	19,536,048
Other trading activities	60,132	-	-	60,132
Investment income	<u>7,412</u>	<u>-</u>	<u>-</u>	<u>7,412</u>
Total	1,212,018	18,598,820	5,464,389	25,275,227
EXPENDITURE ON				
Raising funds	20,857	47,702	-	68,559
Charitable activities				
Academy trust's educational operations	<u>806,555</u>	<u>20,125,957</u>	<u>1,095,135</u>	<u>22,027,647</u>
Total	827,412	20,173,659	1,095,135	22,096,206
NET INCOME/(EXPENDITURE)	384,606	(1,574,839)	4,369,254	3,179,021
Transfers between funds	(182,965)	58,140	124,825	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit pension schemes	<u>-</u>	<u>534,000</u>	<u>-</u>	<u>534,000</u>
Net movement in funds	201,641	(982,699)	4,494,079	3,713,021
RECONCILIATION OF FUNDS				
Total funds brought forward	647,233	(8,940,269)	47,059,840	38,766,804
TOTAL FUNDS CARRIED FORWARD	<u>848,874</u>	<u>(9,922,968)</u>	<u>51,553,919</u>	<u>42,479,825</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

15. TANGIBLE FIXED ASSETS

	Land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2017	51,878,497	1,749,986	478,240	54,106,723
Additions	<u>2,942,446</u>	<u>31,372</u>	<u>161,116</u>	<u>3,134,934</u>
At 31 August 2018	<u>54,820,943</u>	<u>1,781,358</u>	<u>639,356</u>	<u>57,241,657</u>
DEPRECIATION				
At 1 September 2017	3,613,798	378,160	403,742	4,395,700
Charge for year	<u>949,009</u>	<u>143,645</u>	<u>100,827</u>	<u>1,193,481</u>
At 31 August 2018	<u>4,562,807</u>	<u>521,805</u>	<u>504,569</u>	<u>5,589,181</u>
NET BOOK VALUE				
At 31 August 2018	<u>50,258,136</u>	<u>1,259,553</u>	<u>134,787</u>	<u>51,652,476</u>
At 31 August 2017	<u>48,264,699</u>	<u>1,371,826</u>	<u>74,498</u>	<u>49,711,023</u>

Included in land and buildings is freehold land of £6,220,087 (2017 - £6,220,087).

Included in land and buildings is assets under construction of £288,570.

16. STOCKS

		31.8.18	31.8.17
		£	£
Clothing		<u>326</u>	<u>1,113</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.18	31.8.17
	£	£
Trade debtors	111,457	403,966
Other debtors	1,014	-
VAT recoverable	290,822	518,843
Prepayments and accrued income	<u>404,433</u>	<u>605,307</u>
	<u>807,726</u>	<u>1,528,116</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.18	31.8.17
	£	£
Trade creditors	718,610	636,146
Social security and other taxes	305,281	283,705
Loans (see note 20)	2,000	2,000
Other creditors	172,507	265,033
Accruals and deferred income	<u>288,642</u>	<u>590,503</u>
	<u>1,487,040</u>	<u>1,777,387</u>

Deferred income

	31.8.18	31.8.17
	£	£
Deferred income at 1 September	-	-
Released from previous years	-	-
Resources deferred in the year	<u>30,659</u>	<u>-</u>
Deferred income at 31 August	<u>30,659</u>	<u>-</u>

The academy trust received rates funding from the ESFA in the period and has deferred £30,659 (2017: £Nil) of this funding which relates to funding for the period after 31 August 2018.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.18	31.8.17
	£	£
Loans (see note 20)	<u>7,000</u>	<u>9,000</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

20. SALIX LOANS

Included within creditors is a loan originally of £16,000, from Salix which was provided on the following terms. The loan is repayable over an 8 year duration, with six-monthly repayments of £1,000 which commenced in March 2015. The outstanding balances within other creditors were £9,000 (2017: £11,000) at 31 August 2018.

An analysis of the maturity of Salix loans within other creditors is given below:

	31.8.18	31.8.17
	£	£
Amounts falling due within one year	2,000	2,000
Amounts falling due between one and two years	2,000	2,000
Amounts falling due between two and five years	<u>5,000</u>	<u>7,000</u>
	<u>9,000</u>	<u>11,000</u>

21. FUNDS

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	643,429	17,389,991	(17,427,151)	-	606,269
School Voluntary Fund	181,996	353,187	(332,153)	-	203,030
Other government grants	-	427,080	(326,839)	-	100,241
Other DfE/ESFA grants	61,607	1,284,813	(1,268,311)	-	78,109
Pension reserve	<u>(10,810,000)</u>	<u>-</u>	<u>(958,000)</u>	<u>2,230,000</u>	<u>(9,538,000)</u>
	<u>(9,922,968)</u>	<u>19,455,071</u>	<u>(20,312,454)</u>	<u>2,230,000</u>	<u>(8,550,351)</u>
Restricted fixed asset funds					
Transfer on conversion	43,295,596	-	(962,433)	-	42,333,163
DfE/ESFA capital grants	7,639,008	1,511,542	(141,233)	-	9,009,317
Capital expenditure from GAG, unrestricted & voluntary funds	<u>619,315</u>	<u>-</u>	<u>(74,973)</u>	<u>-</u>	<u>544,342</u>
	<u>51,553,919</u>	<u>1,511,542</u>	<u>(1,178,639)</u>	<u>-</u>	<u>51,886,822</u>
Total restricted funds	<u>41,630,951</u>	<u>20,966,613</u>	<u>(21,491,093)</u>	<u>2,230,000</u>	<u>43,336,471</u>
Unrestricted funds					
Unrestricted funds	<u>848,874</u>	<u>679,085</u>	<u>(614,327)</u>	<u>-</u>	<u>913,632</u>
Total unrestricted funds	<u>848,874</u>	<u>679,085</u>	<u>(614,327)</u>	<u>-</u>	<u>913,632</u>
Total funds	<u>42,479,825</u>	<u>21,645,698</u>	<u>(22,105,420)</u>	<u>2,230,000</u>	<u>44,250,103</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

21. FUNDS - continued

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

General Annual Grant (GAG)

Funds must be used for the normal running costs of the academy trust. Under the master funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2018.

Other restricted general funds

Funding is provided by government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

Restricted fixed asset funds

Funding is provided by way of government grants or capital expenditure from the GAG or unrestricted funds in order to acquire specified fixed assets for use by the academy trust in achieving its educational objectives.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the academy trust.

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

21. FUNDS – continued

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	552,316	17,067,377	(17,034,404)	58,140	643,429
School Voluntary Fund	179,161	421,750	(418,915)	-	181,996
Other government grants	13,700	195,579	(209,279)	-	-
Other DfE/ESFA grants	173,554	1,421,114	(1,533,061)	-	61,607
Pension reserve	<u>(9,859,000)</u>	<u>(507,000)</u>	<u>(978,000)</u>	<u>534,000</u>	<u>(10,810,000)</u>
	<u>(8,940,269)</u>	<u>18,598,820</u>	<u>(20,173,659)</u>	<u>592,140</u>	<u>(9,922,968)</u>
Restricted fixed asset funds					
Transfer on conversion	40,309,385	3,887,000	(900,789)	-	43,295,596
DfE/ESFA capital grants	6,198,123	1,577,389	(103,855)	(32,649)	7,639,008
Capital expenditure from GAG, unrestricted & voluntary funds	<u>552,332</u>	<u>-</u>	<u>(90,491)</u>	<u>157,474</u>	<u>619,315</u>
	<u>47,059,840</u>	<u>5,464,389</u>	<u>(1,095,135)</u>	<u>124,825</u>	<u>51,553,919</u>
Total restricted funds	<u>38,119,571</u>	<u>24,063,209</u>	<u>(21,268,794)</u>	<u>716,965</u>	<u>41,630,951</u>
Unrestricted funds					
Unrestricted funds	<u>647,233</u>	<u>1,212,018</u>	<u>(827,412)</u>	<u>(182,965)</u>	<u>848,874</u>
Total unrestricted funds	<u>647,233</u>	<u>1,212,018</u>	<u>(827,412)</u>	<u>(182,965)</u>	<u>848,874</u>
Total funds	<u>38,766,804</u>	<u>25,275,227</u>	<u>(22,096,206)</u>	<u>534,000</u>	<u>42,479,825</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

21. FUNDS – continued

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	31.8.18 £	31.8.17 £
Fort Pitt Grammar School	(28,823)	(22,282)
Thomas Aveling School	1,162,550	999,983
Robert Napier School	(242,033)	(117,107)
Phoenix Junior Academy	671,389	592,578
Balfour Junior Academy	321,455	258,158
MAT	<u>16,743</u>	<u>24,576</u>
Total before fixed assets and pension reserve	<u>1,901,281</u>	<u>1,735,906</u>
Restricted fixed asset fund	51,886,822	51,553,919
Pension liability	<u>(9,538,000)</u>	<u>(10,810,000)</u>
Total	<u>44,250,103</u>	<u>42,479,825</u>

Whilst two of the schools within the trust are presently in deficit a financial recovery program has been implemented, and the cumulative net reserves are maintained.

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support costs	Other support staff costs	Educational supplies	Other costs (excluding depreciation)	Total 31.8.18	Total 31.8.17
	£	£	£	£	£	£
Fort Pitt Grammar School	2,693,865	735,834	111,144	808,386	4,349,229	4,557,438
Thomas Aveling School	4,405,568	803,770	104,160	779,198	6,092,696	6,057,559
Robert Napier School	4,449,548	675,349	56,365	1,084,940	6,266,202	6,864,594
Phoenix Junior Academy	872,427	170,966	30,065	337,203	1,410,661	1,315,735
Balfour Junior Academy	1,349,553	148,689	21,393	315,516	1,835,151	1,229,665
MAT	-	685,000	-	273,000	958,000	978,000
	<u>13,770,961</u>	<u>3,219,608</u>	<u>323,127</u>	<u>3,598,243</u>	<u>20,911,939</u>	<u>21,002,991</u>

The pension adjustments are included in the above MAT figure. This is because the actuary provides a consolidated pension report, meaning any adjustments required cannot be reflected against the individual schools within the MAT

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	51,652,476	51,652,476
Current assets	914,412	2,089,779	625,476	3,629,667
Current liabilities	(780)	(1,102,130)	(384,130)	(1,487,040)
Non-current liabilities	-	-	(7,000)	(7,000)
Pension scheme liability	-	(9,538,000)	-	(9,538,000)
Total net assets	<u>913,632</u>	<u>(8,550,351)</u>	<u>51,886,822</u>	<u>44,250,103</u>

Comparative information in respect of the preceding period is as follows:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	49,711,023	49,711,023
Current assets	848,874	2,673,419	1,842,896	5,365,189
Current liabilities	-	(1,777,387)	-	(1,777,387)
Non-current liabilities	-	(9,000)	-	(9,000)
Pension scheme liability	-	(10,810,000)	-	(10,810,000)
Total net assets	<u>848,874</u>	<u>(9,922,968)</u>	<u>51,553,919</u>	<u>42,479,825</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

23. OPERATING LEASE COMMITMENTS

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

	31.8.18	31.8.17
	£	£
Other		
Amounts due within one year	60,292	59,324
Amounts due between one and two years	48,295	46,875
Amounts due between two and five years	73,527	85,946
Amounts due in more than five years	-	1,584
	<u>182,114</u>	<u>193,729</u>

24. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while 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.

25. PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County Council. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £47,418 (2017: £nil) were payable to the schemes at 31 August 2018 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 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 - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

25. PENSION AND SIMILAR OBLIGATIONS - continued

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,382,549 (2017: £1,391,740)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £864,000 (2017: £752,000), of which employer's contributions totalled £671,000 (2017: £577,000) and employees' contributions totalled £193,000 (2017: £175,000). The agreed contribution rates for future years are 20.1 per cent for employers and range between 5.5 and 12.5 per cent for employees depending on pensionable pay.

The LGPS obligation relates to the employees of the academy trust, who were employees transferred as part of the conversion from the maintained school and new employees who are eligible to, and did, join the Scheme since that date. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

25. PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme- continued

Principal actuarial assumptions

Principal actuarial assumptions at the balance sheet date were:

	31.8.18	31.8.17
Discount rate	2.65%	2.60%
Future salary increases	3.80%	4.20%
Future pension increases	2.30%	2.70%
CPI Increases	2.30%	2.70%
Commutation of pension to lump sums	50.00%	50.00%

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

	31.8.18	31.8.17
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities, as provided by the actuary, are set out below:

Change in assumptions:	Increase in obligation at 31 August 2018	Increase in obligation at 31 August 2017
	£	£
0.1% decrease in real discount rate	436,000	445,000
1 year increase in member life expectancy	724,000	695,000
0.1% increase in the salary increase rate	43,000	70,000
0.1% increase in the pension increase rate	394,000	375,000

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

25. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme- continued

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

	Fair value at 31.8.18 £	Fair value at 31.8.17 £
Equities	7,342,000	6,987,000
Gilts	83,000	69,000
Other bonds	956,000	956,000
Property	1,332,000	1,218,000
Cash	330,000	315,000
Target return portfolio	<u>729,000</u>	<u>380,000</u>
Total market value of assets	10,772,000	9,925,000
Present value of scheme liabilities		
- Funded	<u>(20,310,000)</u>	<u>(20,735,000)</u>
Deficit in the scheme	<u>(9,538,000)</u>	<u>(10,810,000)</u>

The actual return on scheme assets was £450,000 (2017: 1,430,000).

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

	Defined benefit pension plans	
	31.8.18 £	31.8.17 £
Current service cost	(1,351,000)	(1,332,000)
Interest cost	(536,000)	(409,000)
Interest income	263,000	191,000
Business combinations	-	(507,000)
Administrative expenses	<u>(5,000)</u>	<u>(5,000)</u>
	(1,629,000)	(2,062,000)
Actuarial gains/(losses)	<u>2,230,000</u>	<u>534,000</u>
Total (cost)/gain recognised	<u>601,000</u>	<u>(1,528,000)</u>

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

25. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme- continued

The actuarial remeasurements for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial remeasurements recognised in the Statement of Financial Activities since the adoption of the relevant pensions accounting is a £1,903,000 loss (2017: £4,133,000 loss).

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.18	31.8.17
	£	£
Defined benefit obligation	(20,735,000)	(17,975,000)
Current service cost	(1,351,000)	(1,332,000)
Contributions by scheme participants	(193,000)	(175,000)
Interest cost	(536,000)	(409,000)
Changes in financial assumptions	2,043,000	(82,000)
Benefits paid	462,000	144,000
Business combinations	-	(906,000)
	<u>(20,310,000)</u>	<u>(20,735,000)</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.18	31.8.17
	£	£
Fair value of scheme assets	9,925,000	8,116,000
Return on assets less interest	187,000	616,000
Contributions by employer	671,000	577,000
Contributions by scheme participants	193,000	175,000
Interest on assets	263,000	191,000
Administrative expenses	(5,000)	(5,000)
Benefits paid	(462,000)	(144,000)
Business combinations	-	399,000
	<u>10,772,000</u>	<u>9,925,000</u>

The estimated value of employer contributions for the year ending 31 August 2019 is £640,000.

FORT PITT THOMAS AVELING ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

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

26. RELATED PARTY DISCLOSURES

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

27. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In the accounting period ended 31 August 2018 the trust received £52,269 (2017: £55,030) and disbursed £25,052 (2017: £55,030) from the fund. An amount of £27,217 (2017: £nil) is included in other creditors relating to undistributed funds that is repayable to ESFA.