

St Cuthbert's Roman Catholic Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Forrester Boyd Robson Limited
Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

 **Forrester Boyd Robson**
Chartered Accountants



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Reference and Administrative Details

Members

Bishop T P Draine, Diocese of Middlesbrough
J C Fleming, Diocese of Middlesbrough
M M Hall, Foundation

Trustees (Directors)

M M Hall, (Chair) Foundation (i)
C Cuthill, Foundation
K Duffy, Foundation (i) (resigned 9 February 2016)
M B O'Neill, Foundation (resigned 15 June 2016)
A J Crummay, Foundation (resigned 15 June 2016)
B M Orr, (Vice Chair) Foundation (resigned 15 June 2016)
K A Trynka, Foundation (resigned 15 June 2016)
P A Fearnley, Non Foundation (i)
P Harris, Foundation (i) (resigned 15 June 2016)
P Graham, Head (i)
S M Melia-Craven, Head (i) (resigned 19 February 2016)
D Chilvers, Foundation (appointed 19 October 2015 and resigned 15 June 2016)
M Chorlton, Foundation (appointed 15 June 2016)
M Davidson, Foundation (i) (appointed 15 June 2016)
Canon M Loughlin, Foundation (appointed 15 June 2016)
V Nolan, Foundation (i) (appointed 15 June 2016)
A Ward, Foundation (appointed 15 June 2016)
N Wynn, Foundation (appointed 15 June 2016)
L Dyas, Non Foundation (appointed 15 June 2016)
M Hulme, Non Foundation (i) (appointed 15 June 2016)

Chief Executive Officer

G Fitzpatrick

(i) members of the Finance, Assets and Audit Committee



Reference and Administrative Details (continued)

Senior Leadership Team G Fitzpatrick, Chief Executive Officer (Accounting Officer)
K Siedle, Chief Operating Officer Primary
J Norman, Chief Financial Officer

Principal and Registered Office St Mary Queen of Martyr's Voluntary Catholic Academy
Nidderdale
Hull
HU7 4BS

Company Registration Number 09023802

Auditors Forrester Boyd Robson Limited
Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

Bankers Lloyds Bank
Hull City Centre Branch
25 Gresham Street
London
EC2V 7HN

Solicitors Brown Jacobson LLP
15th Floor
6 Bevis Marks
Bury Court
London
EC3A 7BA

Rollits LLP
Citadel House
58 High Street
Hull
HU1 1QE



Trustees' Report for the Year Ended 31 August 2016

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

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee with no share capital and is an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The company was incorporated on 2 May 2014. The company registration number is 09023802.

The Board act as the Trustees for the charitable activities of St Cuthbert's Roman Catholic Academy Trust and are also the Directors of the charitable company for the purposes of company law. The charitable company is known as St. Cuthbert's Roman Catholic Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

The Academy Trust operated four primary academies during the year as follows:

- St Mary Queen of Martyrs VC Academy
- Endsleigh Holy Child VC Academy
- St Vincent's VC Academy
- St Richard's VC Primary School

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

The Academy through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees. The insurance provides cover up to £5,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

The company's Memorandum and Articles of Association are the primary governing documents of the Academy. The academy trust shall have the following Directors being not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Foundation directors should not number less than 9 and non-foundation directors are appointed or removed by the foundation directors. Foundation directors should always exceed the number of non-foundation directors.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academy schools and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as a Trustee.

As there are normally only one or two new Trustees a year, induction is tailored specifically to the individual.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Organisational structure

The trust currently consists of four primary schools. The trust board is responsible for the strategic direction of the trust and has overall responsibility for finance, standards and estate. The trust has a Finance, Assets and Audit Committee to support this role. Other sub-committees will be established as the need is identified. The trust is also the admissions authority and employer for all the academies within the trust.

During this reporting period, the Trust has had a change in accounting officer. The head teacher at St Richard's Academy was the accounting officer from September 2015 to February 2016; the head teacher at St Mary Queen of Martyrs Academy was the accounting officer from the period February 2016 to June 2016. The trust then appointed a Chief Executive Officer in June 2016 who was appointed as the accounting officer.

The Academy structure now consists of two levels: the Trustees and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leadership Team members are the chief executive officer (CEO), chief operating officer primary (COO Primary) and chief financial officer (CFO). The Senior Leadership Team lead the Academy Trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff.

Arrangements for setting pay and remuneration of key management personnel

The goal of St Cuthbert's Roman Catholic Academy Trust pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support and deliver the Trust's aims. The Trustees sets pay in a manner that is consistent with this goal.

Job roles are evaluated and, where senior executives are also teaching staff, the model pay policy for teachers is applied. Where the roles are non-teaching, the job evaluation is benchmarked to comparable roles in the public and private sector to ensure fair market rates are applied.

Performance management of the executive teaching roles is undertaken by external, independent reviewers to ensure transparency and impartiality.

Connected organisations, including related party relationships

St Cuthbert's Roman Catholic Academy Trust is part of the Diocese of Middlesbrough and works closely with both the Diocesan Education Office and all Catholic schools and academies within the Diocese.

Trustees are drawn from the local community and from time to time it is possible that the Academy will enter into transactions with organisations in which a Trustee has an interest. All such transactions are reflected in the Trusts' Register of Business Interests. These are duly considered by the Trust Body on a regular basis to ensure all such transactions are in line with the Academies Handbook requirements.



Trustees' Report for the Year Ended 31 August 2016 (continued)

The board and its committees must meet regularly enough to discharge their responsibilities under their Articles of Association, funding agreement and the Academies Financial Handbook, to ensure robust governance and effective financial management arrangements. Board meetings must take place at least three times a year and business conducted only when quorate.

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Catholic schools designated as such which shall offer a broad and balanced curriculum and shall be conducted in accordance with the principles, practices and tenets of the Catholic Church and all Catholic canon law applying thereto including any trust deed governing the use of land used by the academy both generally and in particular in relation to arranging for religious education and daily acts of worship and having regard to any advice and following directives issues by the Diocesan Bishop.

To promote for the benefit of individuals living in the areas served by the academies and the surrounding areas who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Objectives, strategies and activities

The main objectives of the Academy during the year ended 31 August 2016 are summarised below:

- To create a caring environment in which each child feels happy, secure and motivated to learn.
- To identify, value and positively foster his/her individual talents.
- To offer pupils a curriculum this is coordinated; differentiated and challenging.
- To provide excellent curriculum provision, all trust schools to make good/outstanding progress
- To be judged as excellent Catholic schools by s48 inspection.
- To develop succession planning for staff, teachers and leaders.
- To develop a sustainable finance structure to support all schools and the Trust as a whole.

Public benefit

The Academy Trust provides educational services to children attending its schools. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

The primary purpose of St Cuthbert's Roman Catholic Academy Trust is the advancement of education within Catholic schools in Hull. To this end, it now runs four Academy schools aspiring towards the highest possible standards for approximately 1,250 students aged 3-11. The Academy will become a natural progression to the local Catholic secondary school for the majority of students and will contribute to the Catholic community ethos. The Academy continues to be full in the majority of classes.

Inextricably linked with this purpose is the aim of contributing to the public good. Through the provision of educational activities and extracurricular activities, the Academy Trust contributes considerable benefit to the local communities it serves.

The Academy Trust has given a high priority to providing public benefit to a cross section of the community, but perhaps the greatest benefit that the Academy Trust can offer is the provision of an education that maximises each student's potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

The aforementioned objectives, activities, achievements and performance further serve to emphasise the benefit the Academy brings to the public.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Achievements and performance

Key performance indicators

During this reporting period, there has not been an Ofsted inspection at any of the Academy's schools, key performance indicators are informed by the Ofsted framework.

The Trustees appointed an executive head teacher in January of this year to support the leaders at Endsleigh Holy Child and St Vincent's. In February of this year the head teacher of St Richard's left the academy trust and the executive head teacher supported the interim head teacher in this transition period.

The Trustees also appointed a CFO in January of this year to support its strategic objectives to develop a sustainable finance structure to support all schools and the trust as a whole.

In June the Trustees appointed an interim CEO to oversee the academy trust and the executive head teacher was appointed as the COO Primary to support the key priorities of a consistent approach to offering pupils a curriculum which is coordinated, differentiated and challenging; and to develop coordinated succession planning for staff, teachers and leaders.

School	Ofsted Outcome	Diocese Denominational	Pupil Numbers	Attendance
Endsleigh Holy Child	Good	Good	318	96.7%
	Nov 2012	Jan 2013		
St Mary Queen Of Martyrs	Good	Good	311	96.3%
	March 2012	March 2012		
St Richard's	Good	Good	415	95.7%
	May 2013	May 2014		
St Vincent's	Special Measures	Good	207	95.4%
	Jan 2013	July 2014		

Headline Data

Endsleigh Holy Child

Reading, Writing and Maths Combined - 56%

St. Mary Queen of Mrtyrs

Reading, Writing and Maths Combined - 66%

St Richard's

Reading, Writing and Maths Combined - 40.5%

St Vincent's

Reading, Writing and Maths Combined - 68%



Trustees' Report for the Year Ended 31 August 2016 (continued)

Going concern

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

The Academy Trust has a deficit of £1,342,169 (2015: £1,336,391). However if the pension deficit of £3,128,000 (2015: £2,509,000) which is underwritten by the Exchequer, is excluded, the Trust would be brought into a net asset position.

Future income will be secured based on an annual grant from the Department for Education.

Financial review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy Trust held fund balances at 31 August 2016 of £1,785,831 (2015: £1,172,609), before allowing for the pension deficit of £3,128,000 (2015: £2,509,000); comprising £118,613 (2015: £194,921) of restricted funds, £1,156,106 (2015: £495,220) of restricted fixed asset funds and £511,112 (2015: £482,468) of unrestricted general funds.

The Academy Trust Support Staff are entitled to membership of the Local Government Pension Scheme. The Academy Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the academy balance sheet shows a net liability of £1,342,169 (2015: £1,336,391).

Each school within the trust has managed its own finances through strict budgetary controls and regular reviews of management information.

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 2 May 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £21,000 and decrease the debit in other recognised gains and losses in the SOFA by an equivalent amount.

Principal risks and uncertainties

The principal risk and uncertainties are centered around changes in the level of funding from the DfE/EFA. In addition, the Academy is a member of the Local Government Pension (LGPS), which may result in significant movements each year.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Risk management

The Trustees have assessed and implemented a number of systems to assess and mitigate risks that the Academy Trust faces, especially in the operational areas e.g. in relation to teaching, HR management and to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. Key risks have been identified below:

Key Risks Identified:

- Staff retention: This is possibly the biggest single risk and would lie in failure to retain key staff, in particular the members of the Senior Leadership Team, however there are not deemed to be any immediate threats in this regard.
- Material decrease in funding: this is deemed to be highly unlikely. Academies funding has remained fairly consistent in recent years and the academies long term financial plan shows contingency against unwelcome future developments.
- Membership of the LGPS: the Trust has no control over membership or market movements, however, the government underwrites this pension scheme and any risk is purely accounting recognition in the financial statements.
- Falling student numbers: the trust is currently running close to capacity, with expected improving Ofsted ratings and local population rising the Trust is confident student numbers will be maintained.
- Cashflows: the Academies cashflows are in good health and the long term financial plan suggests that the cashflows will remain in good health for the foreseeable future.
- Staff recruitment: conversion to Academy status has not affected the attractiveness of the Trust for potential new staff.

Reserves policy

The Trustees review the reserve levels of the Academy Trust regularly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have reviewed the Trusts expenditure and believe a reserves level equivalent to the cost of five weeks salary bill to be adequate for the Trusts reserves. This would cover any late receipt of the funding from the EFA.

The Academy Trust currently holds cash balances of £1,591,662 of this, £548,000 is cash received from capital grants not yet expended due to the timing of the works and £399,975 for year end creditor. Cash balances held for normal operations is £643,687.

A breakdown of the funds at 31 August 2016 is as follows:-

	£
Unrestricted general fund	511,112
Restricted general fund	118,613
Restricted fixed asset fund	1,156,106
Restricted pension fund	(3,128,000)
Total funds	<u>(1,342,169)</u>

Investment policy

The Trustees agree all investments made by the Academy. The Academy does not currently hold any investments outside its current account. Future investments are likely to be restricted to deposit and money market accounts in all UK banks. The Academy will seek to hold adequate cash reserves for the day to day running of the Academy Trust Schools in line with the reserves policy.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Plans for future periods

The Academy Trust will continue striving to improve the levels of performance of its students at all levels by ensuring that the main objectives are achieved.

- To develop a strong, skilled team of education leaders in the primary education sector;
- To develop clear pathways of development for both students and staff;
- To deliver outstanding education for children in our schools.

The Trustees are in discussion with the Regional Schools Commissioner with the aim to bring together, into the Academy Trust, the family of Catholic schools situated within the city of Kingston upon Hull. As schools of the Catholic Faith, they already work closely and have common goals. The Trustees see this as a natural progression of the Academy Trust.



Trustees' Report for the Year Ended 31 August 2016 (continued)

Auditor

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.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Forrester Boyd Robson Limited as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Directors' Report, incorporating a Strategic Report, approved by order of the members of the Trustees on 8 November 2016 and signed on its behalf by:

A handwritten signature in black ink, reading 'M M Hall'.

M M Hall
Trustee



Governance Statement

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that St Cuthbert's Roman Catholic Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Directors have delegated the day-to-day responsibility to the 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 St Cuthbert's Roman Catholic Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

During this reporting period the Accounting Officer has changed, the periods of appointment were:-

Sharon Melia-Craven, Head Teacher, St Richard's September 2015-February 2016

Patricia Graham, Head Teacher, St Mary Queen of Martyr's February 2016- June 2016

Ged Fitzpatrick, Chief Executive Officer June 2016 - to date

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 10 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Chilvers	6	8
M Chorlton	2	2
A J Crummay	5	8
C Cuthill	9	10
M Davidson	2	2
K Duffy	3	5
P A Fearnley	10	10
M M Hall	10	10
P Harris	6	8
Canon M Loughlin	1	2
V Nolan	1	2
M B O'Neill	6	8
B M Orr	6	8
K A Trynka	5	8
A Ward	2	2
N Wynn	1	2
L Dyas	1	1
M Hulme	0	1
P Graham	9	10
S M Melia-Craven	4	5



Governance Statement (continued)

The Finance, Assets and Audit Committee is a sub-committee of the main Board of Trustee's. Its purpose is to monitor closely the financial performance of the Academy Trust and to review all policies and practices relating to these areas.

The committee also assesses internal review and external audit reports and reports to the Board of Trustees.

Attendance at meetings during the year was as follows:-

Trustee	Meetings attended	Out of a possible
P A Fearnley	3	3
P Harris	2	2
S M Melia-Craven	1	1
P Graham	3	3
M M Hall	3	3
A J Crummay	2	2
K Duffy	2	2
M Davidson	1	1
V Nolan	1	1
M Hulme	1	1

Review of value for money

The Accounting Officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Reviewing existing contracts for services and negotiating better terms;
- Implementing tighter financial limits for individual academy expenditure ensuring greater consideration given to expenditure.

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Trustee's 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 Trustee's is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustee's.

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:



Governance Statement (continued)

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustee's;
- regular reviews by the Finance, Assets and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustee's has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Forrester Boyd Robson, the external auditor, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of high level controls
- testing of fixed asset controls

On a regular basis, the auditor reports to the Board of Trustee's on the operation of the systems of control and on the discharge of the Board of Trustee's's financial responsibilities.

There were no material control or other issues reported by the External Auditor to date.

Review of effectiveness

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

- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Senior Leadership Team 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 Finance, Assets and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustee's on 8 November 2016 and signed on its behalf by:

M M Hall
Trustee

G Fitzpatrick
Accounting officer
Chief Executive Officer



Statement on Regularity, Propriety and Compliance

As Accounting Officer of St Cuthbert's Roman Catholic Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

A handwritten signature in black ink, appearing to read 'G Fitzpatrick', written over a dotted line.

G Fitzpatrick
Accounting Officer

8/11/2016



Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The 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 on 8 November 2016 and signed on its behalf by:

M M Hall
Trustee

G Fitzpatrick
Chief Executive Officer



Independent Auditor's Report on the Financial Statements to the Members of St Cuthbert's Roman Catholic Academy Trust

We have audited the financial statements of St Cuthbert's Roman Catholic Academy Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and the related notes. 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2015 to 2016 as issued by the Education Funding Agency.

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

Respective responsibilities of the Board and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 15), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities SORP 2015.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report on the Financial Statements to the Members of St Cuthbert's Roman Catholic Academy Trust (continued)

Matters on which we are required to report by exception

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

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

Forrester Boyd Robson Limited

Michael Beckett BA FCA (Senior Statutory Auditor)

For and on behalf of Forrester Boyd Robson Limited, Statutory Auditor

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

Date: *17/11/2016*



Independent Reporting Accountant's Report on Regularity to St Cuthbert's Roman Catholic Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 23 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Cuthbert's Roman Catholic Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Board's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of Trustee's's funding agreement with the Secretary of State for Education dated 30 May 2014 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016. 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:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Confirming that the activities of the Academy Trust are in keeping with the Academy's framework and the charitable objectives, and obtaining representations from the Accounting Officer and other Key Management Personnel.

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 from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Independent Reporting Accountant's Report on Regularity to St Cuthbert's Roman Catholic Academy Trust and the Education Funding Agency (continued)

Forrester Boyd Robson Limited

Michael Beckett BA FCA

For and on behalf of Forrester Boyd Robson Limited, Chartered Accountants

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

Date: 17/11/2016



Statement of Financial Activities for the Year Ended 31 August 2016
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	48,473	-	675,375	723,848
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	5,666,730	-	5,666,730
Other trading activities	4	127,961	-	-	127,961
Investments	5	1,524	-	-	1,524
Total		177,958	5,666,730	675,375	6,520,063
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	69,101	5,882,606	59,134	6,010,841
Net income/(expenditure)		108,857	(215,876)	616,241	509,222
Transfers between funds		(80,213)	35,568	44,645	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	24	-	(515,000)	-	(515,000)
Net movement in funds/(deficit)		28,644	(695,308)	660,886	(5,778)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2015		482,468	(2,314,079)	495,220	(1,336,391)
Total funds/(deficit) carried forward at 31 August 2016		511,112	(3,009,387)	1,156,106	(1,342,169)



Statement of Financial Activities for the Period from 2 May 2014 to 31 August 2015
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	(As Restated) Total 2015 £
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	61,413	-	39,349	100,762
Transfer from local authority on conversion		376,210	(2,168,000)	270,432	(1,521,358)
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	6,310,690	-	6,310,690
Other trading activities	4	212,926	844	-	213,770
Investments	5	1,439	-	-	1,439
Total		651,988	4,143,534	309,781	5,105,303
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	23,563	6,179,037	26,094	6,228,694
Net income/(expenditure)		628,425	(2,035,503)	283,687	(1,123,391)
Transfers between funds		(145,957)	(65,576)	211,533	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	24	-	(213,000)	-	(213,000)
Net movement in funds/(deficit)		482,468	(2,314,079)	495,220	(1,336,391)
Reconciliation of funds					
Total funds/(deficit) carried forward at 31 August 2015		482,468	(2,314,079)	495,220	(1,336,391)



(Registration number: 09023802)
Balance Sheet as at 31 August 2016

	Note	31 August 2016 £	31 August 2015 £
Fixed assets			
Tangible fixed assets	12	891,387	495,220
Current assets			
Debtors	13	272,677	231,627
Cash at bank and in hand		<u>1,591,662</u>	<u>1,301,740</u>
		1,864,339	1,533,367
Creditors: Amounts falling due within one year	14	<u>(969,895)</u>	<u>(855,978)</u>
Net current assets		<u>894,444</u>	<u>677,389</u>
Total assets less current liabilities		<u>1,785,831</u>	<u>1,172,609</u>
Net assets excluding pension liability		1,785,831	1,172,609
Pension scheme liability	23	<u>(3,128,000)</u>	<u>(2,509,000)</u>
Net liabilities including pension liability		<u>(1,342,169)</u>	<u>(1,336,391)</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		118,613	194,921
Restricted fixed asset fund		1,156,106	495,220
Restricted pension fund		<u>(3,128,000)</u>	<u>(2,509,000)</u>
		(1,853,281)	(1,818,859)
Unrestricted funds			
Unrestricted general fund		<u>511,112</u>	<u>482,468</u>
Total funds		<u>(1,342,169)</u>	<u>(1,336,391)</u>

The financial statements on pages 20 to 44 were approved by the Trustees, and authorised for issue on 8 November 2016 and signed on their behalf by:

Marian Hall

.....
M M Hall
Trustee



Statement of Cash Flows for the Year Ended 31 August 2016

	Note	31 August 2016 £	31 August 2015 £
Net cash inflow from operating activities	19	68,324	2,149,510
Cash transferred on conversion to an academy trust		-	(406,593)
Returns on investments and servicing of finance		1,524	1,439
Capital expenditure and financial investment	20	<u>220,074</u>	<u>(442,616)</u>
Increase in cash in the year	21	<u><u>289,922</u></u>	<u><u>1,301,740</u></u>



Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

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.

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 2 May 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £21,000 and decrease the debit in other recognised gains and losses in the SOFA by an equivalent amount.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the United Kingdom (FRS 102), the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency and the Companies Act 2006.

St Cuthbert's Roman Catholic Academy Trust meets the definition of a public benefit entity under FRS 102. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

The Multi Academy Trust is currently showing a deficit of £1,342,169 (2015: £1,336,391). However if the pension deficit of £3,128,000 (2015: £2,509,000) which is underwritten by the Exchequer, is excluded, the Trust would be brought into a net asset position. Future income will be secured based on an annual grant from the Department for Education. Therefore the Trust financial statements have been prepared on the going concern basis.

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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 reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

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.

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.

All resources expended are inclusive of irrecoverable VAT.

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.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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.

Asset class	Depreciation method and rate
Leasehold Land	Over the residual life of the lease (125 years)
Computer Equipment	33% on a straight line basis
Furniture & Equipment	20% on a straight line basis
Improvements to Land & Buildings	4% to 10% on a straight line basis

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.

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 on a straight line basis over the lease term.

Taxation

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

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



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 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. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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 the Education Funding Agency/Department for Education/sponsor/other 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 Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Academy Trust 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 2013 has been used by the actuary in valuing the pensions liability at 31/08/2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2 May 2014 to 31 August 2015 £
Other voluntary income				
Educational trips and visits	41,618	-	41,618	50,479
Capital grants	-	675,375	675,375	39,349
Other donations	6,855	-	6,855	10,934
	<u>48,473</u>	<u>675,375</u>	<u>723,848</u>	<u>100,762</u>

3 Funding for the Academy Trust's educational operations

	School	Restricted funds £	Total 2016 £	Total 2 May 2014 to 31 August 2015 £
DfE/EFA revenue grants				
Primary Chain Grant	St Mary Queen of Martyrs' VC Academy	-	-	100,000
Fast Track Grant	St Mary Queen of Martyrs' VC Academy	-	-	65,000
Capacity Grant	St Vincent's VC Academy	-	-	63,000
Start Up Grant	St Mary Queen of Martyrs' VC Academy	-	-	25,000
Start Up Grant	Endsleigh Holy Child VC Academy	-	-	25,000
Start Up Grant	St Vincent's VC Academy	-	-	25,000
Start Up Grant		-	-	25,000
General Annual Grant	St Mary Queen of Martyrs' VC Academy	1,196,794	1,196,794	1,485,070
General Annual Grant	Endsleigh Holy Child VC Academy	1,063,269	1,063,269	1,352,805



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

3 Funding for the Academy Trust's educational operations (continued)

		Restricted funds £	Total 2016 £	Total 2 May 2014 to 31 August 2015 £
General Annual Grant	St Vincent's VC Academy	850,926	850,926	1,052,707
General Annual Grant		1,534,476	1,534,476	1,038,224
Universal Infant Free School Meal Funding	St Mary Queen of Martyrs' VC Academy	47,196	47,196	46,322
Universal Infant Free School Meal Funding	Endsleigh Holy Child VC Academy	41,078	41,078	45,230
Universal Infant Free School Meal Funding	St Vincent's VC Academy	37,364	37,364	34,305
Universal Infant Free School Meal Funding		45,011	45,011	12,322
Pupil Premium	St Mary Queen of Martyrs' VC Academy	97,076	97,076	144,489
Pupil Premium	Endsleigh Holy Child VC Academy	42,283	42,283	71,607
Pupil Premium	St Vincent's VC Academy	43,555	43,555	45,050
Pupil Premium		238,676	238,676	180,470
Other EFA Funding	St Mary Queen of Martyrs' VC Academy	-	-	13,737
Other EFA Funding	Endsleigh Holy Child VC Academy	43,255	43,255	12,688
Other EFA Funding	St Vincent's VC Academy	13,263	13,263	18,774
Other EFA Funding		21,025	21,025	5,490
		<u>5,315,247</u>	<u>5,315,247</u>	<u>5,887,290</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

3 Funding for the Academy Trust's educational operations (continued)

	School	Restricted funds £	Total 2016 £	Total 2 May 2014 to 31 August 2015 £
Other government grants				
Local Authority Funding	St Mary Queen of Martyrs' VC Academy	105,615	105,615	103,778
Local Authority Funding	Endsleigh Holy Child VC Academy	118,829	118,829	164,010
Local Authority Funding	St Vincent's VC Academy	8,522	8,522	9,232
Local Authority Funding		118,517	118,517	104,660
		<u>351,483</u>	<u>351,483</u>	<u>381,680</u>
Non-government grants and other income				
Other Grants	St Vincent's VC Academy	-	-	38,240
Other Grants		-	-	3,480
		-	-	41,720
Total grants		<u>5,666,730</u>	<u>5,666,730</u>	<u>6,310,690</u>

4 Other trading activities

	Unrestricted funds £	Total 2016 £	Total 2 May 2014 to 31 August 2015 £
Hire of facilities	8,300	8,300	7,356
Catering income	19,488	19,488	33,525
Recharges and reimbursements	24,022	24,022	37,003
Other income	10,952	10,952	19,574
Music income	7,852	7,852	7,997
Foundation flexi hours income	15,035	15,035	14,023
Other income	22,714	22,714	64,679
School fund - fundraising	-	-	4,568
School fund - other income	-	-	9,325
After School Clubs	19,598	19,598	15,720
	<u>127,961</u>	<u>127,961</u>	<u>213,770</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

5 Investment income

	Unrestricted funds £	Total 2016 £	Total 2 May 2014 to 31 August 2015 £
Interest	<u>1,524</u>	<u>1,524</u>	<u>1,439</u>

6 Expenditure

Non Pay Expenditure

	Staff costs £	Premises £	Other costs £	Total 2016 £	Total 2 May 2014 to 31 August 2015 £
Academy's educational operations					
Direct costs	3,819,403	12,701	402,923	4,235,027	4,443,284
Allocated support costs	<u>661,896</u>	<u>290,362</u>	<u>823,556</u>	<u>1,775,814</u>	<u>1,785,410</u>
	<u>4,481,299</u>	<u>303,063</u>	<u>1,226,479</u>	<u>6,010,841</u>	<u>6,228,694</u>

Net income/(expenditure) for the year includes:

	31 August 2016 £	2 May 2014 to 31 August 2015 £
Operating leases - other leases	11,919	11,907
Fees payable to auditor - audit	12,000	12,000
- other audit services	4,275	6,902
Depreciation	<u>59,138</u>	<u>26,094</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Charitable activities

	Total 2016 £	Total 2 May 2014 to 31 August 2015 £
Direct costs - educational operations		
Teaching and educational support staff costs	3,819,403	3,952,611
Depreciation	12,701	5,317
Technology costs	6,555	12,612
Educational supplies	226,056	254,994
Staff development	55,162	69,259
Other direct costs	115,150	148,491
	<u>4,235,027</u>	<u>4,443,284</u>
Support costs - educational operations		
Support staff costs	653,896	617,860
Service cost less contributions payable on defined benefit pension scheme	8,000	39,000
Depreciation	46,433	20,777
Technology costs	49,837	30,581
Maintenance of premises and equipment	123,155	131,919
Cleaning	6,185	4,885
Rent, rates and utilities	95,558	90,256
Other premises costs	19,031	72,267
Recruitment and support	12,433	7,849
Security and transport	20,739	2,078
Catering	296,198	317,853
Bank interest and charges	126	748
Interest on defined benefit pension scheme	96,000	89,000
Professional fees	74,133	84,829
Other support costs	274,090	275,508
	<u>1,775,814</u>	<u>1,785,410</u>
Total direct and support costs	<u>6,010,841</u>	<u>6,228,694</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Charitable activities (continued)

	Educational operations £	Total 2016 £	Total 2 May 2014 to 31 August 2015 £
Analysis of support costs			
Support staff costs	661,896	661,896	656,860
Depreciation	46,433	46,433	20,777
Technology costs	49,837	49,837	30,581
Premises costs	243,929	243,929	299,327
Other support costs	773,719	773,719	777,865
Total support costs	1,775,814	1,775,814	1,785,410

8 Staff

Staff costs

	2016 £	2 May 2014 to 31 August 2015 £
Staff costs during the year were:		
Wages and salaries	3,399,145	3,641,455
Social security costs	229,939	223,731
Pension costs	698,788	645,423
	4,327,872	4,510,609
Supply teacher costs	153,427	98,862
	4,481,299	4,609,471

Non statutory/non-contractual staff severance payments

Included in wages and salaries are non-statutory/non-contractual severance payments totalling £30,152 (2015: £Nil). Individually, the payments were: £22,152 and £8,000.

Staff numbers

The average number of persons (including Senior Leadership Team) employed by the Academy during the year was as follows:

	31 August 2016 No	31 August 2015 No
Charitable Activities		
Teachers	50	52
Administration and support	143	142
Management	16	16
	209	210



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff (continued)

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	31 August 2016 No	31 August 2015 No
£60,001 - £70,000	2	3

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior Leadership Team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £237,954 (2015: £316,989). The amount of employee benefits is for a 12 month period this year (2015: 15 month period).

9 Central services

No central services were provided by the Trust to its academies during the year and no central charges arose (2015: no central charges arose).

10 Related party transactions - trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows:

S M Melia-Craven (Head Teacher):

Remuneration: £60,000 - £65,000 (2015 - £45,000 - £50,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

P Graham (Head Teacher):

Remuneration: £65,000 - £70,000 (2015 - £75,000 - £80,000)

Employer's pension contributions: £10,000 - £15,000 (2015 - £10,000 - £15,000)

M S Harrington (Head Teacher):

Remuneration: £Nil (2015 - £80,000 - £85,000)

Employer's pension contributions: £Nil (2015 - £10,000 - £15,000)

St Richard's VC Primary School (S M Melia-Craven's remuneration) was for a 6 month period (2015: an 8 month period).

St Mary Queen of Martyrs VC Academy (P Graham's remuneration) was for a 12 month period (2015: a 15 month period).

Endsleigh Holy Child VC Academy (M S Harrington's remuneration) was for a 0 month period (2015: a 15 month period).

During the year ended 31 August 2016, travel and subsistence expenses totalling £Nil (2015 - £Nil) were reimbursed or paid directly to 0 Trustees (2015 - 0).

Other related party transactions involving the Trustees are set out in note 25.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,456 (2015 - £1,456).

The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Leasehold land and buildings £	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2015	336,428	74,900	23,397	86,590	521,315
Additions	-	326,659	98,599	30,043	455,301
At 31 August 2016	336,428	401,559	121,996	116,633	976,616
Depreciation					
At 1 September 2015	4,895	420	3,456	17,320	26,091
Charge for the period	7,948	4,755	8,653	37,782	59,138
At 31 August 2016	12,843	5,175	12,109	55,102	85,229
Net book value					
At 31 August 2016	323,585	396,384	109,887	61,531	891,387
At 31 August 2015	331,533	74,480	19,941	69,270	495,224

13 Debtors

	31 August 2016 £	31 August 2015 £
Trade debtors	11,792	12,461
VAT recoverable	84,294	58,000
Other debtors	180	-
Prepayments	106,688	89,738
Accrued grant and other income	69,723	71,428
	<u>272,677</u>	<u>231,627</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Creditors: amounts falling due within one year

	31 August 2016 £	31 August 2015 £
Trade creditors	335,840	479,568
Other taxation and social security	64,135	60,296
Other creditors	27,076	26,868
Accruals	362,860	121,293
Deferred income	105,258	99,522
Pension scheme creditor	74,726	68,431
	<u>969,895</u>	<u>855,978</u>
		31 August 2016 £

Deferred income

Deferred income at 1 September 2015	99,522
Resources deferred in the period	105,258
Amounts released from previous periods	<u>(99,522)</u>
Deferred income at 31 August 2016	<u>105,258</u>

Deferred income at the period end is made up of Universal Infant Free School Meal funding for the period September 2016 to March 2017 and rates relief for the same period.

Included within other creditors is a loan of £19,402 (2015: £24,402) from Diocese of Middlesbrough which is provided on the following terms: The term of the loan is 6 years.

Interest is normally due at 3% per annum on outstanding balances. However this will be waived so long as due payments are made in full and on time. In the event that the conditions of the agreement are not complied with, interest will be charged in full on the outstanding balance.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	165,691	4,645,465	(4,708,344)	35,568	138,380
Other DfE Grants	29,230	248,192	(297,189)	-	(19,767)
Pupil Premium	-	421,590	(421,590)	-	-
Other Government Grants	-	351,483	(351,483)	-	-
	<u>194,921</u>	<u>5,666,730</u>	<u>(5,778,606)</u>	<u>35,568</u>	<u>118,613</u>
Restricted fixed asset funds					
DfE Capital Grant	20,829	675,375	-	(696,204)	-
Donated Assets from LA	<u>474,391</u>	<u>-</u>	<u>(59,134)</u>	<u>740,849</u>	<u>1,156,106</u>
	495,220	675,375	(59,134)	44,645	1,156,106
Restricted pension funds					
Pension Reserve	<u>(2,509,000)</u>	<u>-</u>	<u>(104,000)</u>	<u>(515,000)</u>	<u>(3,128,000)</u>
Total restricted funds	(1,818,859)	6,342,105	(5,941,740)	(434,787)	(1,853,281)
Unrestricted funds					
Unrestricted general funds	<u>482,468</u>	<u>177,958</u>	<u>(69,101)</u>	<u>(80,213)</u>	<u>511,112</u>
Total funds	<u>(1,336,391)</u>	<u>6,520,063</u>	<u>(6,010,841)</u>	<u>(515,000)</u>	<u>(1,342,169)</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Primary Chain Grant aims to help new clusters of primary schools to build strong partnerships and raise standards. It will fund a 2-year chain development programme for new multi-academy trust (MAT) partnerships.

Sponsored capacity grant supports eligible academy trusts that need additional funding to take on schools.

SEN funding is provided for the provision of services for children with special educational needs.

Early years funding is provided for the provision of 15 hours a week per child in a nursery setting.

Pupil Premium Grant, which may be spent for the educational benefit of pupils registered at that school, or for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. The grant does not have to be completely spent by schools in the financial year.

Devolved capital allocated direct by the DfE must be spent on capital purposes.

Capital expenditure from GAG income is made up of any fixed assets purchased during the year and the expense is the depreciation relating to those additions.



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total £
St Mary Queen of Martyrs' VC Academy	337,078
Endsleigh Holy Child VC Academy	271,335
St Vincent's VC Academy	203,781
St Richard's VC Primary School	(164,486)
Central services	<u>(17,983)</u>
Total before fixed assets and pension reserve	629,725
Fixed Asset Fund	1,156,106
Pension Reserve	<u>(3,128,000)</u>
Total	<u><u>(1,342,169)</u></u>

St Richard's VC Academy is carrying a net deficit of £(164,486) on these funds because:

The deficit reported at St Richard's VC Academy has occurred due to a misunderstanding by the previous school leaders of the value of the reserves available to be carried forward from the previous year. The directors have assurance that the deficit was generated by the use of funds spent on additional staff and resources for the benefit of the children attending the school.

The trust is taking the following action to return the academy to surplus:

The Academy Trust appointed a CFO in January 2016 who has worked with the interim leadership at the school to identify which activities generated this deficit and implement a plan of activities which has reduced the impact of the deficit in the current year. A budget plan for 2016/17 has been developed with the interim leadership which is projecting an operating surplus which will reduce the deficit position significantly. In order not to impact on the education of the children attending the school, it is anticipated that this programme of cost control will take 2-3 years to address the deficit balance. Staff who have budget management responsibility have received training and guidance from the CFO and weekly monitoring of all academy budgets by the Accounting Officer and CFO has been implemented.

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total £
Endsleigh Holy Child VC Academy	817,517	167,257	55,901	252,852	1,293,527
St Mary Queen of Martyrs' VC Academy	956,948	169,349	58,726	266,292	1,451,315
St Vincent's VC Academy	587,774	123,899	42,089	204,413	958,175
St Richard's VC Primary School	1,457,164	201,391	69,340	471,796	2,199,691
Central services	-	-	-	48,997	48,997
Academy Trust	<u>3,819,403</u>	<u>661,896</u>	<u>226,056</u>	<u>1,244,350</u>	<u>5,951,705</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	891,387	891,387
Current assets	511,112	845,550	507,677	1,864,339
Current liabilities	-	(726,937)	(242,958)	(969,895)
Pension scheme liability	-	(3,128,000)	-	(3,128,000)
Total net assets	<u>511,112</u>	<u>(3,009,387)</u>	<u>1,156,106</u>	<u>(1,342,169)</u>

17 Capital commitments

	31 August 2016 £
Contracted for, but not provided in the financial statements	<u>137,000</u>

18 Commitments under operating leases

Operating leases

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

	31 August 2016 £	31 August 2015 £
Within one year	10,417	11,464
In two and five years	<u>15,742</u>	<u>17,671</u>
	<u>26,159</u>	<u>29,135</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

19 Reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities

	31 August 2016 £	31 August 2015 £
Net income/(expenditure)	509,222	(1,123,391)
Depreciation	59,138	26,094
Cash transferred on conversion to an academy trust	-	406,593
Donated capital and capital grants	(675,375)	(78,698)
Interest receivable	(1,524)	(1,439)
FRS 102 net interest on defined benefit pension scheme	96,000	89,000
FRS102 cost less contributions payable on defined benefit pension scheme	8,000	39,000
Increase in debtors	(41,050)	(231,627)
Increase in creditors	113,913	855,978
Inherited Pension	-	2,168,000
Net cash inflow from operating activities	68,324	2,149,510

20 Cash flows from investing activities

	31 August 2016 £	31 August 2015 £
Purchase of tangible fixed assets	(455,301)	(250,882)
Capital grants from DfE	-	39,349
Capital funding received from sponsors and others	675,375	39,349
Inherited assets	-	(270,432)
Net cash inflow/(outflow) from capital expenditure and financial investment	220,074	(442,616)

21 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	1,591,662	1,301,740
Total cash and cash equivalents	1,591,662	1,301,740



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Contingent liabilities

During the period of the funding agreements, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, each Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreements, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by the reference to:

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- b) the extent to which expenditure incurred in providing those assets was met by payments from the Secretary of State under the funding agreement.

23 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.

24 Pension and similar obligations

The Academy'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 East Riding Pension Fund. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £74,726 (2015 - £(68,431)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

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

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

The pension costs paid to TPS in the period amounted to £285,795 (2015: £282,182). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £486,000 (2015 - £400,000), of which employer's contributions totalled £406,000 (2015 - £324,000) and employees' contributions totalled £80,000 (2015 - £76,000). The agreed contribution rates for future years are 28.1% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	2.30	4.10
Rate of increase for pensions in payment/inflation	2.10	2.70
Discount rate for scheme liabilities	2.10	3.80

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.5% £	0.0% £	- 0.5% £
Adjustment to discount rate			
Present value of total obligation	-	-	(707,000)
Adjustment to rate of salary growth			
Present value of total obligation	275,000	-	-
Adjustment to mortality age rating assumption			
Present value of total obligation	157,000	-	-



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	21.90	21.90
Females retiring today	24.10	24.10
Retiring in 20 years		
Males retiring in 20 years	24.20	24.20
Females retiring in 20 years	<u>26.70</u>	<u>26.70</u>

The actual return on scheme assets was £285,000 (2015 - £23,000).

The Academy Trust's share of the assets and liabilities in the scheme were:

	At 31 August 2016 £	At 31 August 2015 £
Equities	1,582,000	1,003,000
Other bonds	232,000	134,000
Property	231,000	147,000
Cash	<u>63,000</u>	<u>53,000</u>
Total market value of assets	2,108,000	1,337,000
Present value of scheme liabilities - funded	<u>(5,236,000)</u>	<u>(3,846,000)</u>
Deficit in the scheme	<u>(3,128,000)</u>	<u>(2,509,000)</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)**Amounts recognised in the statement of financial activities**

	31 August 2016 £	31 August 2015 £
Current service cost (net of employers contributions)	8,000	39,000
Net interest cost	96,000	89,000
Total operating charge	<u>104,000</u>	<u>128,000</u>

Changes in the present value of defined benefit obligations were as follows:

	31 August 2016 £	31 August 2015 £
At 1 September	3,846,000	3,082,000
Current service cost	414,000	363,000
Interest cost	156,000	139,000
Employee contributions	80,000	76,000
Actuarial losses	740,000	186,000
At 31 August	<u>5,236,000</u>	<u>3,846,000</u>

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

	31 August 2016 £	31 August 2015 £
At 1 September	1,337,000	914,000
Interest income	60,000	50,000
Actuarial gains/(losses)	225,000	(27,000)
Employer contributions	406,000	324,000
Employee contributions	80,000	76,000
At 31 August	<u>2,108,000</u>	<u>1,337,000</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Related party transactions

Owing to the nature of the Academy's operations and the composition of the trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 10.

26 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of St Cuthbert's Roman Catholic Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of St Cuthbert's Roman Catholic Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 2 May 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliation of net income/(expenditure)

	Note	Amount £
Net income/(expenditure) previously reported under UK GAAP		(1,102,391)
Change in recognition of LGPS interest cost		<u>(21,000)</u>
Net movement in funds reported under FRS 102		<u>(1,123,391)</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 2 May 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £21,000 and decrease the debit in other recognised gains and losses in the SOFA by an equivalent amount.