

St Cuthbert's Roman Catholic Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017



Forrester Boyd Robson Limited
Kingfisher Court
Plaxton Bridge Road

Woodmansey
Beverley
HU17 0RT
Forrester Boyd Robson
Chartered Accountants



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St Cuthbert's Roman Catholic Academy Trust



Reference and Administrative Details

Members

Bishop T P Draine, Diocese of Middlesbrough
J C Fleming, Diocese of Middlesbrough
M M Hall, Foundation (resigned 6 December 2016)
V Nolan, Chair of SCRCAT (appointed 6 December 2016)

Trustees (Directors)

P A Fearnley, (Chair) Non Foundation (i)
V Nolan, Foundation (i) (resigned 31 August 2017)
M M Hall, Foundation (i) (resigned 6 December 2016)
C Cuthill, Foundation
P Graham, Head (i) (resigned 31 August 2017)
M Chorlton, Foundation
M Davidson, Foundation (i)
Canon M Loughlin, Foundation (resigned 6 December 2016)
A Ward, Foundation
N Wynn, Foundation
L Dyas, Non Foundation
M Hulme, Non Foundation (i)
Father P Dowling, Foundation (appointed 6 December 2016)
Father W Massie, Foundation (appointed 6 December 2016)

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

St Cuthbert's Roman Catholic Academy Trust



Reference and Administrative Details (continued)

Chief Executive Officer	G Fitzpatrick
Senior Leadership Team	G Fitzpatrick, Chief Executive Officer (Accounting Officer) K Siedle, Chief Operating Officer Primary D Walmsley, Chief Operating Officer Secondary S Teasdale, Chief Financial Officer (appointed May 2017) J Norman, Chief Financial Officer (resigned February 2017) P Graham, Head Teacher (resigned 31 August 2017)
Principal and Registered Office	St Mary's College Cranbrook Avenue Hull HU6 7TN
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	Rollits LLP Citadel House 58 High Street Hull HU1 1QE

St Cuthbert's Roman Catholic Academy Trust



Trustees' Report for the Year Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. 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, and up to date of signing the accounts, 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 Academy

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. Non-foundation directors are appointed or removed by the foundation directors.

Foundation directors are appointed or removed by the Members and should always exceed the number of non-foundation directors by a minimum of 2.

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 2017 (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 have been established as the need is identified. The trust is also the admissions authority and employer for all the academies within the trust.

The trust appointed a Chief Executive Officer in June 2016 who was appointed as the Accounting Officer. The Trust has a new Chief Financial Officer who was appointed in May 2017 following the resignation in February 2017 of the previous incumbent.

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), Chief Operating Officer Secondary (COO Secondary) 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 set 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 2017 (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 2017 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 academies and the Trust as a whole.

Public benefit

The Academy Trust provides educational services to children attending its academies. 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 2017 (continued)

Achievements and performance

Key performance indicators

During this reporting period, there has been three Ofsted inspections. Endsleigh Holy Child, St Mary Queen of Martyrs and St Vincent's. In all three inspections, each academy was judged to be Good. The positive impact of the new Trust and SLT arrangements was noted in all inspections.

The incumbent CFO resigned in February 2017 and has been replaced by the Director of Support Services of St Marys College. The Trustees made the appointment to support the Trust's strategic objectives to develop a sustainable finance structure to support all academies, including those joining the Trust, and the Trust as a whole. Significant financial and reporting controls have been implemented to improve the Trust's financial position and assure compliance.

In June 2016 the Trustees appointed an interim CEO to oversee the Academy Trust. This appointment was made permanent in the year. An 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. Primary leadership was restructured in advance of the Trust expansion (due 1 October 2017), with a view to introducing and nurturing highly effective, catholic leaders across the Trust, and to raise performance levels for all.

School	Ofsted Outcome	Diocese Denominational	Pupil Numbers	Attendance
Endsleigh Holy Child	Good April 2017	Good Jan 2013	318	96%
St Mary Queen Of Martyrs	Good April 2017	Good March 2012	311	96%
St Richard's	Requiring Improvement Nov 2017	Good May 2014	415	96%
St Vincent's	Good May 2017	Good July 2014	207	95%

Headline Data

Endsleigh Holy Child

Reading, Writing and Maths Combined - 75%

St. Mary Queen of Martyrs

Reading, Writing and Maths Combined - 49%

St Richard's

Reading, Writing and Maths Combined - 43%

St Vincent's

Reading, Writing and Maths Combined - 44%



Trustees' Report for the Year Ended 31 August 2017 (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 £1,018,806 (2016: £1,342,169).

However if the pension deficit of £2,816,000 (2016: £3,128,000) 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 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy Trust held fund balances at 31 August 2017 of £1,797,194 (2016: £1,785,831), before allowing for the pension deficit of £2,816,000 (2016: £3,218,000); comprising £5,619 (2016: £118,613) of restricted funds, £1,141,539 (2016: £1,156,106) of restricted fixed asset funds and £650,036 (2016: £511,112) 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 £1,018,806 (2016: £1,342,169).

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

Principal risks and uncertainties

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

1. Expansion of the Trust to include all Hull Catholic schools
2. Staff recruitment & retention
3. Student numbers
4. Age of the estate and legacy and life-cycle costs
5. National Funding Formula



Trustees' Report for the Year Ended 31 August 2017 (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:

- Expansion of Trust: Scheduled for 1st October 2017. This will more than double the size of the Trust. Pre-emptive measures have been taken, in consultation with the Diocese of Middlesbrough, to reconstitute the Trust Board to ensure the relevant skills and expertise are available, particularly in relation to the secondary school.
- Staff recruitment & retention: Pro-active use of the Schools Direct programmes in both primary and secondary is central to ensuring the Trust maintains high quality flow of new staff. Expansion of the Trust will create further opportunities to retain key staff and in particular nurture future Catholic leadership.
- Student numbers: The Trust is currently running close to capacity, with improving Ofsted ratings and local population rising the Trust is confident student numbers will be maintained.
- Age of the estate (Legacy & Life-cycle): CIF (capital funding) applications have had varying levels of success despite being professionally written. This is one of the key risks to the Trust because there are several high cost capital issues that require attention. However, when the Trust expands it will acquire the status of an Established Trust and will receive annual guaranteed capital funding, the amount of which has yet to be determined. This will make planning for the asset management of the Trust easier and more effective.
- National Funding Formula: This is deemed to be highly unlikely as the National Funding Formula delivers between 2- 4% uplift in GAG funding to all Hull Catholic Schools. Hull City Council could opt for the soft NFF option for two years and this would comparatively financially disadvantage the Trust, although there will still be a net benefit.

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 operating costs to be adequate for the Trusts reserves. This would cover any late receipt of the funding from the ESFA.

The Academy Trust currently holds cash balances of £1,036,355, of this, £130,985 is cash received from capital grants not yet expended due to the timing of the works. Cash balances held for normal operations is £905,370. Creditors due of £287,000 leaves operating cash of £618,370 which is which is broadly in line with the Trust's reserves policy.

A breakdown of the funds at 31 August 2017 is as follows:-

	£
Unrestricted general fund	650,036
Restricted general fund	5,619
Restricted fixed asset fund	1,141,539
Restricted pension fund	(2,816,000)
Total funds	<u>(1,018,806)</u>



Trustees' Report for the Year Ended 31 August 2017 (continued)

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.

Plans for future periods

The Academy Trust is due to expand on 1st October 2017 to include all Roman Catholic schools in Hull including the Ofsted "Outstanding" Secondary School – St Mary's College. At this point the Trust will more than double in size and will gain the status of an Established MAT; delivering significant benefits such as guaranteed capital condition funding and further economies of scale. Key aims of the Trust will be:

- To develop a strong, skilled team of education leaders in the primary education sector
- To develop clear pathways of development for both students aged 3 – 19 and staff
- To deliver outstanding education for children in all our academies by 2020



Trustees' Report for the Year Ended 31 August 2017 (continued)

Auditor

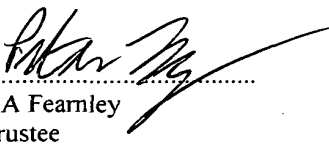
In so far as the Trustees are aware:

- 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 14 December 2017 and signed on its behalf by:


P A Fearnley
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.

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 7 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
M Chorlton	7	7
C Cuthill	6	7
M Davidson	6	7
Father P Dowling	4	5
M M Hall	6	7
Father W Massie	3	5
V Nolan	7	7
A Ward	4	7
N Wynn	6	7
P A Fearnley	6	7
L Dyas	7	7
M Hulme	2	7
Canon M Loughlin	2	2
P Graham	6	7

St Cuthbert's Roman Catholic Academy Trust



Governance Statement (continued)

The Finance, Assets and Audit Committee is a sub-committee of the main Board of Trustees. 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
M Davidson	4	5
M M Hall	3	5
V Nolan	4	5
P A Fearnley	5	5
M Hulme	3	5
P Graham	5	5

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 Trustees 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 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance, Assets and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;



Governance Statement (continued)

- 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 Trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Forrester Boyd Robson Limited, 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 income controls
- testing of banking controls

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

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


Review of effectiveness

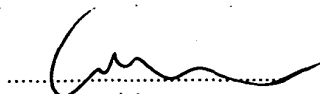
As Accounting Officer, G Fitzpatrick has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 Trustees on 14 December 2017 and signed on its behalf by:


P A Fearnley
Trustee


G Fitzpatrick
Accounting officer
Chief Executive Officer

St Cuthbert's Roman Catholic Academy Trust



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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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

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

G Fitzpatrick
Accounting Officer



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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

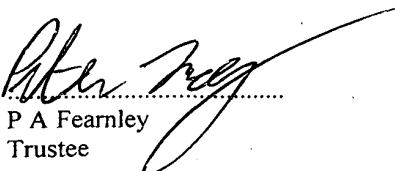
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

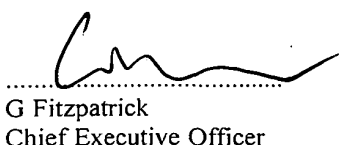
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 ESFA/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 14 December 2017 and signed on its behalf by:


P A Fearnley
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

Opinion

We have audited the financial statements of St Cuthbert's Roman Catholic Academy Trust (the 'Academy') for the year ended 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.



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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.



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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Forrester Boyd Robson Ltd

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: *21/12/2017*



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

In accordance with the terms of our engagement letter dated 7 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 St Cuthbert's Roman Catholic Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to St Cuthbert's Roman Catholic Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St Cuthbert's Roman Catholic Academy Trust and the ESFA, 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 Trustees's funding agreement with the Secretary of State for Education dated 30 May 2014 and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA). We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- 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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



St Cuthbert's Roman Catholic Academy Trust

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

Forrester Boyd Robson Ltd

Michael Beckett BA FCA

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

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

21 December 2017

St Cuthbert's Roman Catholic Academy Trust



Statement of Financial Activities for the Year Ended 31 August 2017
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £
Income and endowments from:					
Donations and capital grants	2	47,217	-	74,973	122,190
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	5,565,710	-	5,565,710
Other trading activities	4	165,132	-	-	165,132
Investments	5	963	-	-	963
Total		213,312	5,565,710	74,973	5,853,995
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	74,388	5,905,930	99,314	6,079,632
Net income/(expenditure)		138,924	(340,220)	(24,341)	(225,637)
Transfers between funds		-	(9,774)	9,774	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	24	-	549,000	-	549,000
Net movement in funds/(deficit)		138,924	199,006	(14,567)	323,363
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2016		511,112	(3,009,387)	1,156,106	(1,342,169)
Total funds/(deficit) carried forward at 31 August 2017		650,036	(2,810,381)	1,141,539	(1,018,806)



**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:					
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)

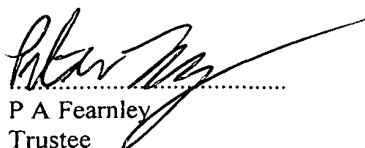
St Cuthbert's Roman Catholic Academy Trust



(Registration number: 09023802)
Balance Sheet as at 31 August 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible fixed assets	12	1,010,554	891,387
Current assets			
Debtors	13	318,287	272,677
Cash at bank and in hand		<u>1,036,355</u>	<u>1,591,662</u>
		1,354,642	1,864,339
Creditors: Amounts falling due within one year	14	<u>(568,002)</u>	<u>(969,895)</u>
Net current assets		<u>786,640</u>	<u>894,444</u>
Total assets less current liabilities		<u>1,797,194</u>	<u>1,785,831</u>
Net assets excluding pension liability		1,797,194	1,785,831
Pension scheme liability	24	<u>(2,816,000)</u>	<u>(3,128,000)</u>
Net liabilities including pension liability		<u>(1,018,806)</u>	<u>(1,342,169)</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		5,619	118,613
Restricted fixed asset fund		1,141,539	1,156,106
Restricted pension fund		<u>(2,816,000)</u>	<u>(3,128,000)</u>
		(1,668,842)	(1,853,281)
Unrestricted funds			
Unrestricted general fund		<u>650,036</u>	<u>511,112</u>
Total funds		<u>(1,018,806)</u>	<u>(1,342,169)</u>

The financial statements on pages 21 to 44 were approved by the Trustees, and authorised for issue on 14 December 2017 and signed on their behalf by:


P A Fearnley
Trustee



Statement of Cash Flows for the Year Ended 31 August 2017

	Note	2017 £	2016 £
Net cash (outflow)/inflow from operating activities	19	(412,762)	68,324
Returns on investments and servicing of finance		963	1,524
Capital expenditure and financial investment	20	<u>(143,508)</u>	<u>220,074</u>
(Decrease)/increase in cash in the year	21	<u><u>(555,307)</u></u>	<u><u>289,922</u></u>



Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies

General information

The academy trust is a private company limited by guarantee and incorporated in the United Kingdom.

The address of its registered office is:

St Mary's College
Cranbrook Avenue
Hull
HU6 7TN

Statement of accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA), the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company and have been rounded to the nearest pound.

St Cuthbert's Roman Catholic Academy Trust meets the definition of a public benefit entity under FRS 102.

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 £1,018,806 (2016: £1,342,169). However if the pension deficit of £2,816,000 (2016: £3,128,000) 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.



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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.

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.

Donated fixed assets

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.



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

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 GAG income, 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.

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 leasehold 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)
Improvements to Leasehold Buildings	4% to 10% on a straight line basis
Computer Equipment	33% on a straight line basis
Furniture & Equipment	20% 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.



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Provisions

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

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

Leased assets

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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 2017 (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 and Skills 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 and Skills 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 2017 (continued)

2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	Total 2017 £	Total 2016 £
Educational trips and visits	46,164	-	46,164	41,618
Capital grants	-	74,973	74,973	675,375
Other donations	1,053	-	1,053	6,855
	<u>47,217</u>	<u>74,973</u>	<u>122,190</u>	<u>723,848</u>

3 Funding for the Academy Trust's educational operations

	School	Restricted funds £	Total 2017 £	Total 2016 £
DfE/ESFA revenue grants				
General Annual Grant	Endsleigh Holy Child VC Academy	1,025,775	1,025,775	1,063,269
General Annual Grant	St Mary Queen of Martyrs' VC Academy	1,153,464	1,153,464	1,196,794
General Annual Grant	St Richard's VC Academy	1,541,352	1,541,352	1,534,476
General Annual Grant	St Vincent's VC Academy	852,628	852,628	850,926
Universal Infant Free School Meal Funding	Endsleigh Holy Child VC Academy	47,277	47,277	41,078
Universal Infant Free School Meal Funding	St Mary Queen of Martyrs' VC Academy	46,043	46,043	47,196
Universal Infant Free School Meal Funding	St Richard's VC Academy	39,822	39,822	45,011
Universal Infant Free School Meal Funding	St Vincent's VC Academy	34,625	34,625	37,364
Pupil Premium	Endsleigh Holy Child VC Academy	54,766	54,766	42,283
Pupil Premium	St Mary Queen of Martyrs' VC Academy	102,972	102,972	97,076
Pupil Premium	St Richard's VC Academy	202,229	202,229	238,676
Pupil Premium	St Vincent's VC Academy	40,043	40,043	43,555
Other ESFA Funding	Endsleigh Holy Child VC Academy	9,555	9,555	43,255
Other ESFA Funding	St Mary Queen of Martyrs' VC Academy	11,287	11,287	-
Other ESFA Funding	St Richard's VC Academy	11,356	11,356	21,025
Other ESFA Funding	St Vincent's VC Academy	12,410	12,410	13,263
		<u>5,185,604</u>	<u>5,185,604</u>	<u>5,315,247</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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

	School	Restricted funds £	Total 2017 £	Total 2016 £
Other government grants				
Local Authority Funding	Endsleigh Holy Child VC Academy	109,755	109,755	118,829
Local Authority Funding	St Mary Queen of Martyrs' VC Academy	130,437	130,437	105,615
Local Authority Funding	St Richard's VC Academy	118,529	118,529	118,517
Local Authority Funding	St Vincent's VC Academy	5,540	5,540	8,522
Other Grants	Endsleigh Holy Child VC Academy	3,000	3,000	-
Other Grants	St Mary Queen of Martyrs' VC Academy	2,845	2,845	-
		<u>370,106</u>	<u>370,106</u>	<u>351,483</u>
Non-government grants and other income				
Other Grants	St Richard's VC Academy	<u>10,000</u>	<u>10,000</u>	-
Total grants		<u>5,565,710</u>	<u>5,565,710</u>	<u>5,666,730</u>

4 Other trading activities

	Unrestricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	4,348	4,348	8,300
Catering income	39,342	39,342	19,488
Recharges and reimbursements	51,795	51,795	24,022
Other income	21,228	21,228	33,666
Music income	9,039	9,039	7,852
Foundation flexi hours income	17,065	17,065	15,035
After School Clubs	<u>22,315</u>	<u>22,315</u>	<u>19,598</u>
	<u>165,132</u>	<u>165,132</u>	<u>127,961</u>

5 Investment income

	Unrestricted funds £	Total 2017 £	Total 2016 £
Interest	<u>963</u>	<u>963</u>	<u>1,524</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Expenditure

	Non Pay Expenditure			Total 2017 £	Total 2016 £
	Staff costs £	Premises £	Other costs £		
Academy's educational operations					
Direct costs	3,827,470	31,217	309,620	4,168,307	4,235,027
Allocated support costs	925,563	319,555	666,207	1,911,325	1,775,814
	<u>4,753,033</u>	<u>350,772</u>	<u>975,827</u>	<u>6,079,632</u>	<u>6,010,841</u>

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Operating leases - other leases	11,179	11,919
Fees payable to auditor - audit	12,500	12,000
- other audit services	7,426	4,275
Depreciation	<u>99,314</u>	<u>59,138</u>

7 Charitable activities

	Total 2017 £	Total 2016 £
Direct costs - educational operations	4,168,307	4,235,027
Support costs - educational operations	<u>1,911,325</u>	<u>1,775,814</u>
	<u>6,079,632</u>	<u>6,010,841</u>

	Educational operations £	Total 2017 £	Total 2016 £
Analysis of support costs			
Support staff costs	925,563	925,563	661,896
Depreciation	68,097	68,097	46,433
Technology costs	70,603	70,603	49,837
Premises costs	251,458	251,458	243,929
Other support costs	<u>595,604</u>	<u>595,604</u>	<u>773,719</u>
Total support costs	<u>1,911,325</u>	<u>1,911,325</u>	<u>1,775,814</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff

Staff costs

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	3,491,000	3,368,993
Social security costs	287,311	229,939
Pension costs	832,703	698,788
	<u>4,611,014</u>	<u>4,297,720</u>
Supply teacher costs	93,874	153,427
Staff restructuring costs	48,145	30,152
	<u>4,753,033</u>	<u>4,481,299</u>
	2017 £	2016 £
Staff restructuring costs comprise:		
Redundancy payments	42,034	-
Severance payments	6,111	30,152
	<u>48,145</u>	<u>30,152</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £6,111 (2016: £30,152). Individually, the payments were: £6,111.

Staff numbers

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

	2017 No	2016 No
Charitable Activities		
Teachers	47	50
Administration and support	134	143
Management	11	16
	<u>192</u>	<u>209</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff (continued)

Higher paid staff

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

	2017 No	2016 No
£60,001 - £70,000	-	2
£80,001 - £90,000	1	-
£100,001 - £110,000	1	-

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 £272,871 (2016: £251,911).

9 Central services

The Academy Trust has provided the following central services to its academies during the year:

- Executive leadership
- Chief Financial Officer and Finance Support
- Payroll
- HR
- Safeguarding
- Legal and professional services
- IT service

The trust charges for these services on the following basis:

- 7% of GAG income

The actual amounts charged during the year were as follows:

	2017 £
Endsleigh Holy Child VC Academy	64,589
St Mary Queen of Martyrs' VC Academy	72,290
St Richard's VC Academy	96,865
St Vincent's VC Academy	56,256
	<u>290,000</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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: £Nil (2016 - £60,000 - £65,000)

Employer's pension contributions: £Nil (2016 - £5,000 - £10,000)

P Graham (Head Teacher):

Remuneration: £105,000 - £110,000 (2016 - £65,000 - £70,000)

Employer's pension contributions: £10,000 - £15,000 (2016 - £10,000 - £15,000)

S M Melia-Craven's remuneration was for a 0 month period (2016: a 6 month period).

During the year ended 31 August 2017, travel and subsistence expenses totalling £Nil (2016 - £Nil) were reimbursed or paid directly to 0 Trustees (2016 - 0).

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

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 2017 was £1,456 (2016 - £1,456).

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

12 Tangible fixed assets

	Leasehold land £	Leasehold building improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2016	270,432	467,555	121,996	116,632	976,615
Additions	-	188,097	35,184	-	223,281
Disposals	-	(4,800)	-	-	(4,800)
At 31 August 2017	270,432	650,852	157,180	116,632	1,195,096
Depreciation					
At 1 September 2016	3,982	14,036	12,108	55,101	85,227
Charge for the period	2,163	29,054	29,990	38,108	99,315
At 31 August 2017	6,145	43,090	42,098	93,209	184,542
Net book value					
At 31 August 2017	264,287	607,762	115,082	23,423	1,010,554
At 31 August 2016	266,450	453,519	109,888	61,531	891,388



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

12 Tangible fixed assets (continued)

Included within leasehold land is £264,287 (2016: £266,450) relating to long leasehold land.

The leasehold land was donated to the trust at a value of £270,432 in the period ended 31 August 2015 per a valuation in December 2014 by Allied Surveyors & Valuers. There is a formal lease in place with the local authority for 125 years for the land at £nil rental. As the Academy Trust holds the risks and rewards of the land, the asset has been included on the basis of substance over legal form.

13 Debtors

	2017 £	2016 £
Trade debtors	3,414	11,792
VAT recoverable	58,461	84,294
Other debtors	76,808	180
Prepayments	111,237	106,688
Accrued grant and other income	68,367	69,723
	<u>318,287</u>	<u>272,677</u>

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	218,353	335,840
Other taxation and social security	69,129	64,135
Other creditors	15,729	27,076
Accruals	93,823	362,860
Deferred income	100,364	105,258
Pension scheme creditor	70,604	74,726
	<u>568,002</u>	<u>969,895</u>

Deferred income

Deferred income at 1 September 2016	105,258
Resources deferred in the period	100,364
Amounts released from previous periods	<u>(105,258)</u>
Deferred income at 31 August 2017	<u>100,364</u>

Deferred income at the period end is made up of Universal Infant Free School Meal funding for the period September 2017 to March 2018, rates relief for the same period and trip income for the period September 2017 onwards.

Included within other creditors is a loan of £14,402 (2016: £19,402) from Diocese of Middlesbrough which is provided on the following terms: The term of the loan is 3 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 2017 (continued)

15 Funds

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	118,613	4,573,219	(4,676,439)	(9,774)	5,619
Pupil Premium	-	400,010	(400,010)	-	-
Other DfE Grants	-	44,608	(44,608)	-	-
Local Authority Funding	-	364,261	(364,261)	-	-
UIFSM	-	167,767	(167,767)	-	-
Other Government Grants	-	5,845	(5,845)	-	-
Other Non Government Grants	-	10,000	(10,000)	-	-
	<u>118,613</u>	<u>5,565,710</u>	<u>(5,668,930)</u>	<u>(9,774)</u>	<u>5,619</u>
Restricted fixed asset funds					
Capital Grants and expenditure from GAG	889,656	74,973	(97,151)	9,774	877,252
Donated Assets from LA	<u>266,450</u>	<u>-</u>	<u>(2,163)</u>	<u>-</u>	<u>264,287</u>
	1,156,106	74,973	(99,314)	9,774	1,141,539
Restricted pension funds					
Pension Reserve	<u>(3,128,000)</u>	<u>-</u>	<u>(237,000)</u>	<u>549,000</u>	<u>(2,816,000)</u>
Total restricted funds	(1,853,281)	5,640,683	(6,005,244)	549,000	(1,668,842)
Unrestricted funds					
Unrestricted general funds	<u>511,112</u>	<u>213,312</u>	<u>(74,388)</u>	<u>-</u>	<u>650,036</u>
Total funds	<u>(1,342,169)</u>	<u>5,853,995</u>	<u>(6,079,632)</u>	<u>549,000</u>	<u>(1,018,806)</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Funds (continued)

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.

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 Academy, or for the benefit of pupils registered at other Academies; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils registered at other Academies; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the Academies or their families, or people who live or work in the locality in which the Academy is situated. The grant does not have to be completely spent by Academies 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.

Restricted General Funds are made up of various revenue grants which are defrayed throughout the year on specific educational needs. The Academy Trust was not subject to a limit on GAG carry forward.

Restricted Fixed Asset Funds represent reserves of the charity that are specifically designated for capital.

Transfer from General Annual Grant of £9,774 is the result of General Annual Grant money being spent on capital.

Restricted Pension Funds represent the LGPS pension deficit.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total £
Endsleigh Holy Child VC Academy	291,047
St Mary Queen of Martyrs' VC Academy	292,068
St Richard's VC Academy	(123,360)
St Vincent's VC Academy	195,900
	<hr/>
Total before fixed assets and pension reserve	655,655
Fixed Asset Fund	1,141,539
Pension Reserve	(2,816,000)
	<hr/>
Total	<u>(1,018,806)</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Funds (continued)

St Richard's VC Academy is carrying a net deficit of £(123,360) on these funds because:

As reported in the prior year, the deficit arose due to a misunderstanding by the previous St Richards VC Academy leaders regarding the level of reserves available. The deficit in the prior year was £164,486, whilst 2015 had a surplus of £19,826 resulting in an in-year deficit for 2015/16 of £184,312.

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

As reported in the prior year, the new leadership along with the CFO identified the cause of the deficit and implemented a plan to address it, whilst ensuring there was no detrimental impact upon the education of the children attending the Academy. The in-year movement from the 2016 deficit of £164,486 to the current year deficit of £123,360 is a net surplus of £41,126. However, when the 2016/17 surplus of £41,126 is compared to the 2015/16 deficit of £184,312, the plan implemented by the new leadership and CFO has resulted in the Academy making a year on year saving of £225,438. With the continued budgetary controls implemented by the new leadership team and CFO it is anticipated the Academy will be in a net surplus position within the next two years.

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	843,258	182,249	48,367	223,111	1,296,985
St Mary Queen of Martyrs' VC Academy	1,059,297	227,630	33,535	218,204	1,538,666
St Richard's VC Academy	1,320,404	204,821	49,907	308,484	1,883,616
St Vincent's VC Academy	604,512	146,598	41,227	200,490	992,827
Central services	-	164,265	-	103,959	268,224
Academy Trust	<u>3,827,471</u>	<u>925,563</u>	<u>173,036</u>	<u>1,054,248</u>	<u>5,980,318</u>

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	1,010,554	1,010,554
Current assets	650,036	573,621	130,985	1,354,642
Current liabilities	-	(568,002)	-	(568,002)
Pension scheme liability	-	(2,816,000)	-	(2,816,000)
Total net assets	<u>650,036</u>	<u>(2,810,381)</u>	<u>1,141,539</u>	<u>(1,018,806)</u>

17 Capital commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	<u>32,941</u>	<u>137,000</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

18 Commitments under operating leases

Operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts due within one year	10,760	10,417
Amounts due between one and five years	14,157	15,742
	<u>24,917</u>	<u>26,159</u>

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

	2017 £	2016 £
Net (expenditure)/income	(225,637)	509,222
Depreciation	99,315	59,138
Donated capital and capital grants	(74,973)	(675,375)
Interest receivable	(963)	(1,524)
FRS 102 net interest on defined benefit pension scheme	67,000	96,000
FRS102 cost less contributions payable on defined benefit pension scheme	170,000	8,000
Increase in debtors	(45,610)	(41,050)
(Decrease)/increase in creditors	<u>(401,894)</u>	<u>113,913</u>
Net cash (outflow)/inflow from operating activities	<u>(412,762)</u>	<u>68,324</u>

20 Cash flows from investing activities

	2017 £	2016 £
Purchase of tangible fixed assets	(223,281)	(455,301)
Disposal of tangible fixed assets	4,800	-
Capital funding received from sponsors and others	<u>74,973</u>	<u>675,375</u>
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(143,508)</u>	<u>220,074</u>

21 Analysis of cash and cash equivalents

	At 31 August 2017 £	At 31 August 2016 £
Cash at bank and in hand	<u>1,036,355</u>	<u>1,591,662</u>
Total cash and cash equivalents	<u>1,036,355</u>	<u>1,591,662</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (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 2016.

Contributions amounting to £70,604 (2016 - £74,726) 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

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.



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Pension and similar obligations (continued)

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the period amounted to £290,834 (2016: £285,795). 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 2017 was £433,000 (2016 - £486,000), of which employer's contributions totalled £355,000 (2016 - £406,000) and employees' contributions totalled £78,000 (2016 - £80,000). 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 2017 %	At 31 August 2016 %
Rate of increase in salaries	2.60	2.30
Rate of increase for pensions in payment/inflation	2.40	2.10
Discount rate for scheme liabilities	<u>2.50</u>	<u>2.10</u>

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 2017	At 31 August 2016
Retiring today		
Males retiring today	21.70	21.90
Females retiring today	24.20	24.10
Retiring in 20 years		
Males retiring in 20 years	23.70	24.20
Females retiring in 20 years	<u>26.40</u>	<u>26.70</u>



Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Pension and similar obligations (continued)

Sensitivity analysis

	At 31 August 2017 £	At 31 August 2016 £
Discount rate -0.5%	703,000	707,000
Salary rate +0.5%	152,000	275,000
Pension rate +0.5%	539,000	412,000
Mortality assumption - 1 year increase	217,000	157,000

The actual return on scheme assets was £136,000 (2016 - £285,000).

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

	At 31 August 2017 £	At 31 August 2016 £
Equities	1,871,000	1,582,000
Other bonds	342,000	232,000
Property	290,000	231,000
Cash and other liquid assets	132,000	63,000
Total market value of assets	2,635,000	2,108,000

Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost (net of employers contributions)	170,000	8,000
Net interest cost	67,000	192,000
Total operating charge	237,000	200,000

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

	2017 £	2016 £
At start of period	5,236,000	3,846,000
Current service cost	525,000	414,000
Interest cost	115,000	156,000
Employee contributions	78,000	80,000
Actuarial (gain)/loss	(461,000)	740,000
Benefits paid	(42,000)	-
At 31 August	5,451,000	5,236,000



St Cuthbert's Roman Catholic Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Pension and similar obligations (continued)

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

	2017 £	2016 £
At 1 September	2,108,000	1,337,000
Interest income	48,000	60,000
Actuarial gains	88,000	225,000
Employer contributions	355,000	406,000
Employee contributions	78,000	80,000
Benefits paid	(42,000)	-
At 31 August	<u>2,635,000</u>	<u>2,108,000</u>

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.

During the year the academy made the following related party transactions:

Mrs C Fearnley

(Wife of Trustee Mr P Fearnley)

Mrs C Fearnley received £2,877 (2016: £nil) during the year as an employee of the trust. At the balance sheet date the amount due to Mrs C Fearnley was £Nil (2016 - £Nil).

26 Events after the end of the reporting period

The Academy Trust is due to expand on 1st October 2017 to include all Roman Catholic schools in Hull including the Secondary School, St Mary's College. At this point the Trust will more than double in size and will gain the status of an Established MAT.