

**ST EDWARD'S CATHOLIC ACADEMY
(A Company Limited by Guarantee)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2018

***Company Limited by Guarantee
Registration Number: 10294698
(England & Wales)***

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members	Rev P McKinney Fr J Guest Fr M Hardy
Trustees	D C Angliss N P Boyle (appointed 5 October 2017) C A Brown A M Cashmore D V R Docherty Fr J P, Leonard J E McQuillan (appointed 6 October 2017) C J Orton P Slater N Weightman
Company Registration Number	10294698
Company Name	St Edward's Catholic Academy
Principal and Registered Office	Newhall Road Swadlincote Derbyshire DE11 OBD
Senior Management Team	Mrs J McQuillan, Headteacher Mrs K Methven, Assistant Head Mrs J Finney, Pupil & Leadership Support Manager
Independent Auditor	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Bankers	Lloyds Bank 59 High Street Swadlincote DE11 8JA
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a trustees' report, and a directors' report under company law. The trust operates an academy for pupils aged 4 to 11, serving a catchment area in Swadlincote. It has a pupil capacity of 207 and had a roll of 206 in the school census in May 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of St Edward's Catholic Academy are also the Directors of the charitable company for the purposes of company law. The charitable Company is known as St Edward's Catholic Academy.

Details of the trustees who served during the year except as noted are included in the Reference and Administrative Details on page 3.

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 trustees have third party indemnity insurance through the Risk Protection Agreement.

Method of Recruitment and Appointment or Election of Trustees

The management of the Academy is the responsibility of the Trustees who are elected and co opted under the terms of the Article of Association as directed by our sponsor (Nottingham Diocese) and include:

The Diocesan Bishop shall appoint such number of Foundation Directors as shall ensure that at all times he number of Foundation Directors exceeds the other Directors by at least two.

Subject to Article 50 the Directors may appoint Directors through such process as they may determine.

Subject to Article 50 the Directors may appoint Executive Directors through such process as they may determine but shall ensure that the total number of Directors, including any Chief Executive Officer, who are employees of the Company does not exceed one third of the total number of Directors.

The term of office for any Director shall be 4 years or a shorter period if specified at the time of appointment by the person or body appointing.

All day to day matters associated with the running of the academy are delegated to the Headteacher.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new trustees meet with the Headteacher prior to attending their first meeting. At this meeting they will be given access details for Trust Governor which is a governance management portal which allows the Trust to centralise paperwork for meetings, reduce the amount of paper printed, and best communicate with governors, trustees and key members of staff. Details of all academy policies are uploaded onto the site. New trustees are also asked to complete their profile information, complete the register of business and pecuniary interests and also the skills audit. This audit is then used to assess any training required.

Organisational Structure

The full board of trustees is separated into three sub-committees. These are the Admissions, Finance and Audit and Pay Policy committees.

Admissions Committee - Chair Neil Weightman

Role: The Trustees of the school are responsible for determining and administering the policy relating to the admission of pupils to the school.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Organisational Structure (cont'd)**

Finance and Audit Committee - Chair Father John Paul Leonard

Role: The Finance Committee has overall responsibility for monitoring the academy budget and ensuring that all monies spent are done so in line with best practice. It should review the school Risk Register annually to minimise any risks faced by the school.

Pay Policy Committee - Chair Neil Weightman

Role: To consider the recommendations of the Headteacher re pay scales following a completed annual performance review cycle and either approve or reject these recommendations.

Trade union facility time**Relevant union officials**

There were no employees who were union officials during the relevant period.

Arrangements for setting pay and remuneration of key management personnel

Working in the academy sector, the Trust believes that it is important to be transparent about pay levels of its key management personnel and how those salaries are set. The Trust uses the NJC pay scales for support staff and the nationally agreed pay scales for teachers and Senior Leaders.

Connected Organisations, including Related Party Relationships

The academy works in partnership with the Nottingham Diocese, the L.A, and neighbouring schools. It also has links with Derby University and Burton College and has strong Parish and community links.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

The primary objective of the academy trust is to provide a broad and balanced education for the children of the community it serves. The academy trust sets itself to be at the heart of the parish and community, promoting community cohesion and sharing facilities with other schools and the wider community. Our Catholic ethos is central to everything we do and every decision we make. Religious education, based on the teachings of the Gospel and informed by the teachings of the Catholic Church, permeates every aspect of school life.

British Values are firmly embedded in our Catholic ethos and are lived out through the respect and care that is shown to and for all members of the school community, without favour or prejudice, regardless of ability, gender, sexual orientation, race or culture.

Specific targets for the period were:

- To move the school to securely good with outstanding features
- Raise standards and outcomes in teaching, learning and assessment in reading, writing, maths and RE.
- Teachers understand and promote catholic teachings that underpin the life of the school.

Public Benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The main public benefit delivered by the academy is a broad and balanced education to the community it serves.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)
STRATEGIC REPORT
Key Performance Indicators

Key financial performance indicators show that the budget set for the year allowed the academy to fulfil all its functions effectively.

Pupil numbers	(May Census information)	2018	2017
Staff costs as a % of total revenue		211	206
Staff costs as a % of total costs		84%	75%
Capital expenditure per pupil		79%	70%
		£Nil	£Nil

In 2018 academy outcomes for expected standard by the end of KS2 were in line with national in reading; they were above in writing and slightly below in maths. The academy saw an increase in the number of pupils attaining greater depth in writing and GPS when compared to 2017. The combined score in 2018 was just above national.

Subject	KS2 SATs School 2017	KS2 SATs School 2018	KS2 SATs National 2018
Reading	77%	75%	75%
Writing	77%	83%	78%
Maths	83%	71%	76%
GPS	77%	58%	78%
Combined	63%	67%	64%

	KS2 SATs School 2017 Greater Depth	KS2 SATs School 2018 Greater Depth	KS2 SATs National 2018 Greater Depth
	27%	21%	28%
	10%	33%	20%
	17%	17%	24%
	17%	29%	34%
	10%	8%	10%

Progress by the end of KS2 showed improvement in writing. However, progress in reading and maths has declined when compared with 2017 outcomes.

Subject	2016/17	2017/18
Reading	1.52	-2.99
Writing	-0.66	0.47
Maths	1.03	-3.15

By the end of Key Stage 1 outcomes were above national standards for the expected level in reading, writing and maths. The percentage of pupils achieving greater depth at Key Stage 1 was also above national standards and showed a good improvement on 2017 outcomes.

Subject	KS1 Attainment			
	KS1 School 2018 (EXS +)	KS1 National 2018 (EXS +)	KS1 School 2018 Greater Depth	KS1 National 2018 Greater Depth
Reading	83%	75%	28%	26%
Writing	72%	70%	21%	16%
Maths	79%	76%	21%	22%

National 2017	School 2017	National 2018	School 2018	School 2018 (Year 2 resits)
81%	83%	83%	70%	75%

(3 out of 4 children)

Outcomes for early years in 2018 were almost in line with national.

EYFS Historical and Current GLD Outcomes					
National 2016	School 2016	National 2017	School 2017	National 2018	School 2018
69%	62%	71%	73%	73%	70%

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Going Concern**

Following the transfer of the academy to St Ralph Sherwin Catholic Multi Academy Trust from 1 September 2018, the primary source of funding from the ESFA for the company will cease. For this reason the Academy Trust is preparing the financial statements on a winding up basis and measuring assets and liabilities at their recoverable amounts. No material adjustments are required as a result of ceasing to apply the going concern basis. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW**Principal Funding Sources**

The principal sources of income arose from the general access grant provided by the Education & Skills Funding Agency and funding from the Local Authority for children with an Education Health Care Plan. Further funding was also received through Pupil Premium and Sports Funding. Statements on how these sources of funding are used can be found on the academy's website.

Funds in Deficit

At this time the academy recognises its debt to the Local Government Pension Scheme (LGPS). The deficit in the LGPS is recognised in the balance sheet and reduces the reserves shown in the total funds of the academy. This does not present the academy with any current liquidity problem.

Reserves Policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements.

Investment Policy

The board of trustees of the academy exercises its right to invest any funds held by the academy. Investments will be made on a no risk basis taking into account rates of return, length of investment and the possible need for expenditure on capital.

Principle Risks and Uncertainties

The principle risks associated with the academy are improper use and management of the financial resources it has at its disposal. The finance policy and separation of duties within the academy minimize these risks. Any improper actions of staff could lead to action taken against the academy. Insurance policies, effective training and good leadership and management minimize this risk and provide security for the trustees. Uncertainties always remain as to future funding agreements. The trustees of the academy trust reserve the right to maintain a surplus on behalf of the academy in order to minimize the risk to the academy of any shortfall in the future.

Financial and risk management objectives and policies

The academy considers its exposure to financial risk as low. The measures it takes, such as the separation of duties, mean that the trust's assets and liabilities are managed effectively and its financial position is able to be maintained.

Risk Management

All major risks to which St Edward's Catholic Academy is exposed, as identified by the trustees, have been reviewed and systems or procedures have been established to manage those risks. The internal control systems and exposure to risks are regularly self-evaluated and scrutinised by the Headteacher and the trustees.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Fundraising**

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the academy trust approach to fundraising practices is as follows:

St Edward's Catholic Academy has a small group of parents who organise fundraising events eg Summer/Christmas Fayre. The money raised is used for specific resources for the academy. Presently they are raising funds for a class set of tablets. All money received is paid into the academy's school fund account and a running total is maintained of the funds available to them.

Plans for Future Periods

The overarching aim of the academy trust is to provide the highest standards of teaching and learning and raise standards, attainment and progress. It aims to continue as a going concern to provide a high quality education for the children of the local and wider community.

Funds held as custodian trustee on behalf of others

The board of trustees does not hold any assets or funds on behalf of others.

Auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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.

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a strategic report was approved by the board of trustees, as the company directors on 20 December 2018 and signed on their behalf by:

.....
N Weightman

Chair of Trustees

20 December 2018

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that St Edward's Catholic Academy 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 board of trustees has delegated the day-to-day responsibility to the Headteacher, Jayne McQuillan, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Edward's Catholic Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 9 times during the year . Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a Possible
D C Angliss (Parent Director)	5	9
N P Boyle (appointed 5 October 2017)	3	7
C A Brown (Parent Director)	8	9
A M Cashmore (Staff Director)	7	9
D V R Docherty (Foundation Director)	4	9
Fr J P Leonard (Vice Chair)	7	9
J E McQuillan (Headteacher and accounting officer)	9	9
C J Orton (Foundation Director)	7	9
P Slater (Foundation Director)	7	9
N Weightman (Chair)	8	9

A skills audit is completed by Directors each year which is then analysed by the Diocese and any relevant training organised. A CES Governance Review had been due to take place during the Summer term but this was postponed due to the academy moving into the St Ralph Sherwin Catholic Multi Academy Trust on the 1 September 2018.

Review of Value for Money

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

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

- **Improving Educational Outcomes**

The Trust continues to demonstrate effective use of resources through continued improvement in educational outcomes for our students. The Trust makes effective use of Pupil Premium funding to target individual students.

- **Collaboration**

The Trust has worked alongside other Diocesan schools to improve writing results, this ensured writing was moderated accurately. The Trust has visited a number of schools to observe good practice.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Income Generation**

The Trust operates a Breakfast Club for pupils, run by members of support staff. This generated income of £12,172 in the year. It also offers 4 after school sports clubs each week. These are run by SDASP and generated an income during the year of £5,013.

Cost Review

External expert advice is sought where appropriate (e.g. building contractors or building projects). Competitive quotes/tenders are sought for expenditure over £2k.

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 Edward's Catholic Academy for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The St Edward's Catholic Academy 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 Resources and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees considered the need for a specific internal audit function and decided not to appoint an internal auditor, opting instead for a Responsible Officer (RO). The role of the RO includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis checks are carried out to ensure that there is adequate segregation of duties around ordering, receipting and payment of purchases, management reports are presented to the Board to enable them to monitor the performance against budget and highlight any areas for concern, that the website is compliant with mandatory information needing to be published and that assets are properly recorded. The RO reports will be presented to the board of trustees upon completion.

In particular the checks carried out for the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of bank reconciliations

It is the opinion of the Responsible Officer that St Edward's Catholic Academy has robust procedures in place to deal with the recording of the School's financial transactions and the handling of the daily cash takings and expenditure. No major recommendations have been made and overall good practice could be evidenced.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Review of Effectiveness**

As Accounting Officer, of St Edward's Catholic Academy, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the board of trustees on 20 December 2018 and signed on its behalf by:

.....
N Weightman
Chair of Trustees
20 December 2018

.....
J E McQuillan
Accounting Officer
20 December 2018

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

As accounting officer of St Edward's Catholic Academy 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. 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 2017.

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

.....
J E McQuillan
Accounting Officer
20 December 2018

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

The trustees (who act as governors of St Edward's Catholic Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 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 academy 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 of trustees on 20 December 2018 and signed on its behalf by:

.....
N Weightman
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST EDWARD'S CATHOLIC ACADEMY FOR THE YEAR ENDED 31 AUGUST 2018**Opinion**

We have audited the financial statements of St Edward's Catholic Academy (the 'academy trust') for the year ended 31 August 2018 which comprise Statement of Financial Activities, the Balance Sheet and the 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Statement of Accounting Policies on page 22 concerning the charitable company's ability to continue as a going concern. The charitable company is reliant on the Education and Skills Funding Agency for the advancement of general annual grant. This funding is to be withdrawn when St Edward's Catholic Academy activities were transferred to St Ralph Sherwin Catholic Multi Academy Trust from 1 September 2018. St Edward's Catholic Academy charitable company will close sometime during 2018/19.

This condition, together with the other matters set out in the Statement of Accounting Policies, indicates the existence of a material uncertainty which may cast significant doubt on the charitable company's ability to continue as a going concern in the longer term. For this reason the academy trust is preparing the accounts on a winding up basis and measuring assets and liabilities at their recoverable amounts. No material adjustments are required as a result of ceasing to apply the going concern basis.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST EDWARD'S CATHOLIC ACADEMY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Other information**

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 the 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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 trustees' responsibilities statement set out on page 13, 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 trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST EDWARD'S CATHOLIC ACADEMY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**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 judgment 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 trust'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 trust'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 trust to cease to continue as a going concern.
- 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.

.....
Malcolm Winston
Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9-11 Vittoria Street
Birmingham
B1 3ND

20 December 2018

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO ST EDWARD'S CATHOLIC ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 11 June 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2017 to 2018 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the St Edward's Catholic Academy and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it 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 Edward's Catholic Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Edward's Catholic Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St Edward's Catholic Academy funding agreement with the Secretary of State for Education dated 29 September 2016, and the Academies Financial Handbook extant from 1 September 2017 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2017 to 2018. We report to you whether, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Summary of the work undertaken was as follows:

- Analytical review of the Academy Trust's general activities are within the Academy Trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the Academy Trust on financial statements and on regularity;

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO ST EDWARD'S CATHOLIC ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Approach (con't)**

- Sample testing of expenditure transactions to ensure the activity is permissible within the Academy Trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy Trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the Academy Trust's charitable objectives.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....
Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND
20 December 2018

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018
(Including Income and Expenditure Account)

		Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Discontinued Operations Total 2018 £'000	Total 2017 £'000
	Note					
Income from:						
Transfer on conversion to an academy					-	(196)
Donations and capital grants	3	-	-	6	6	31
Charitable activities:						
- Funding for the Academy Trust's educational operations	4	-	808	-	808	841
Other trading activities	5	17	-	-	17	9
Investment income	6	-	-	-	-	-
Total		17	808	6	831	685
Expenditure on:						
Raising funds	7	18	-	-	18	18
Charitable activities:						
- Academy Trust's educational operations	7 & 8	-	867	1	868	915
Other	9	-	-	-	-	-
Total	7	18	867	1	886	933
Net income/(expenditure)		(1)	(59)	5	(55)	(248)
Transfers between funds	16	-	-	-	-	-
Other recognised gains and losses						
Actuarial gain on defined benefit pension schemes	26	-	85	-	85	30
Net movement in funds		(1)	26	5	30	(218)
Reconciliation of funds						
Total funds brought forward		1	(231)	12	(218)	-
Total funds carried forward	16	-	(205)	17	(188)	(218)

BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	<u>11</u>	<u>12</u>
		<u>11</u>	<u>12</u>
Current assets			
Debtors	13	40	62
Cash at bank and in hand		<u>41</u>	<u>58</u>
		<u>81</u>	<u>120</u>
Liabilities			
Creditors: Amounts falling due within one year	14	<u>(89)</u>	<u>(114)</u>
Net current (liabilities)/assets		<u>(8)</u>	<u>6</u>
Total assets less current liabilities		3	18
Creditors: Amounts falling due after more than one year	15	-	-
Net assets excluding pension liability		<u>3</u>	<u>18</u>
Defined benefit pension scheme liability	26	(191)	(236)
Total Net Assets		<u>(188)</u>	<u>(218)</u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	17	12
- Restricted income fund	16	(14)	5
- Pension reserve	16	<u>(191)</u>	<u>(236)</u>
Total restricted funds		<u>(188)</u>	<u>(219)</u>
Unrestricted income fund	16	-	1
Total unrestricted funds		<u>-</u>	<u>1</u>
Total Funds		<u>(188)</u>	<u>(218)</u>

The financial statements on pages 19 to 41 were approved by the trustees and authorised for issue on 20 December 2018 and signed on their behalf by:

.....
N Weightman
Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(23)	27
Cash transferred on conversion to an academy		-	17
Cash flows from investing activities	21	6	14
Cash flows from financing activities	22	-	-
Change in cash and cash equivalents in the reporting period		<u>(17)</u>	<u>58</u>
Cash and cash equivalents at 1 September	23	58	-
Cash and cash equivalents at 31 August	23	<u>41</u>	<u>58</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**1 Statement of Accounting Policies**

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

Basis of Preparation

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

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

Transfer of State Maintained School to an Academy Trust

The transfer of a state maintained school to the academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the local authority to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for St Edward's Catholic Academy Limited. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding net amount recognised as a net gain/loss in the Statement of Financial Activities and analysed as donations transferred from local authority on conversion. Further details of the transactions are set out in note 28.

Going Concern

The financial statements have been prepared on a basis, which the trustees believe to be appropriate. The trustees consider 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 greater than one year from the date of approval of the financial statements. Following the transfer of the academy to St Ralph Sherwin Catholic Multi Academy Trust from 1 September 2018, the primary source of funding from the ESFA for the company will cease. The trustees have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future but there are material uncertainties about the Academy Trust's ability to continue as a going concern. For this reason the Academy Trust is preparing the financial statements on a winding up basis and measuring assets and liabilities at their recoverable amounts. No material adjustments are required as a result of ceasing to apply the going concern basis.

Income

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

• Grants

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

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in creditors; amounts falling due within one year in deferred income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**• 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 receipt is probable and it can be measured reliably.

• Donations

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

• Other income

Other income, including the hire of facilities, is recognised in the period 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.

• Transfers of leasehold property

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

• Expenditure on Raising Funds

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

• Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Tangible Fixed Assets**

Assets costing **£1,000** or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Where academies are operating under a licence to occupy, the land and buildings are not recognised as fixed assets in the financial statements.

The Trustees have chosen not to include building valuations on the Balance Sheet. St Edward's Catholic Academy does not own any of the school sites. The school sites are owned by Nottingham Roman Catholic Diocesan Trustees and are made available to the schools by a Church Supplemental Agreement. The site trustees can withdraw the school site at any time on two years notice. St Edward's Catholic Academy cannot sell the 'asset' or mortgage it as security for any borrowing. The economic benefit to St Edward's Catholic Academy is that it does have the use of the site for nil consideration, but only for the use as a church school. Therefore, St Edward's Catholic Academy has concluded after seeking legal opinion, not to include the value of the sites and buildings they use. The risks and rewards of ownership have not been passed to St Edward's Catholic Academy and therefore no value has been attributed to the land and buildings at 31 August 2018.

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for assets are:

Fixtures and fittings	10%
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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.

The academy trust company occupies land (including buildings) which are owned by its Trustees who are Nottingham Roman Catholic Diocesan Trustees. The Trustees are the providers of the academies on the same basis as when the academies were maintained schools. The academy trust company occupies the land (and buildings) under a mere licence. This continuing permission of their Trustees is pursuant to, and subject to, the Trustees' charitable objects, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the trustees have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**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 instrument, 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

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 26, 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Fund Accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018 (See note 16).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Transfer on conversion to an academy	-	-	-	(196)
Devolved formula capital grant	-	6	6	6
Voluntary donations	-	-	-	2
Private sector sponsorship donation	-	-	-	23
	<u>-</u>	<u>6</u>	<u>6</u>	<u>(165)</u>

The income from donations and capital grants was £6,318 (2017 : £164,667) of which £Nil (2017 : £34,130) was unrestricted, £Nil (2017 : (£226,000)) restricted and £6,318 (2017 : £27,203) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	708	708	677
Pupil premium grant	-	36	36	61
Other DfE/ESFA	-	51	51	-
	<u>-</u>	<u>795</u>	<u>795</u>	<u>738</u>
Other Government grants				
Special Needs grant (DCC)	-	13	13	26
Other grants:	<u>-</u>	<u>13</u>	<u>13</u>	<u>26</u>
Other income from the academy trust's educational operations	-	-	-	77
	<u>-</u>	<u>-</u>	<u>-</u>	<u>77</u>
	<u>-</u>	<u>808</u>	<u>808</u>	<u>841</u>

The income from the Academy Trusts's educational operations was £807,801 (2017: £840,807) of which £Nil (2017:£26,740) was unrestricted and £807,801 (2017: £814,067) was restricted.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Other Income	17	-	17	9
	<u>17</u>	<u>-</u>	<u>17</u>	<u>9</u>

The income from the Academy Trusts's other trading activities was unrestricted for both 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
6 INVESTMENT INCOME				
Bank interest received	-	-	-	-
	-	-	-	-

The income from the Academy Trusts's investment income was unrestricted for both 2018 and 2017.

7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds					
- Direct costs	10	-	8	18	18
- Allocated support costs	-	-	-	-	-
Academy's educational operations					
- Direct costs	544	-	54	598	567
- Allocated support costs	146	55	69	270	348
	690	55	123	868	915
	700	55	131	886	933

The expenditure was £886,426 (2017 : £932,901) of which £18,186 (2017 : £17,514) was unrestricted, £866,940 (2017 : £899,992) restricted and £1,300 (2017 : £15,395) restricted fixed assets.

Net income/(expenditure) for the year includes:	2018 £'000	2017 £'000
Operating lease rentals	1	1
Depreciation	1	1
Fees payable to auditor for:		
- audit	7	7
- other services	2	4

8 CHARITABLE ACTIVITIES

	Total 2018 £'000	Total 2017 £'000
Direct costs - educational operations	598	567
Support costs - educational operations	270	348
	868	915

Analysis of Support Costs

	Total 2018 £'000	Total 2017 £'000
Support staff costs	146	134
Depreciation	1	1
Technology costs	9	6
Premises costs	54	50
Other support costs	41	133
Governance	19	24
	270	348

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

9 STAFF COSTS

	2018	2017
	£'000	£'000
a Staff costs during the year were:		
Wages and salaries	513	394
Social security costs	42	100
Operating costs of defined benefit pension schemes	128	153
	<u>683</u>	<u>647</u>
Agency staff costs	17	5
Staff restructuring costs	-	5
	<u>700</u>	<u>657</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

b Staff severance payments

Included in staff restructuring costs is Nil (2017: Nil) non-statutory/non-contractual severance payments totalling £Nil (2017: £Nil).

c Staff numbers

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2018 expressed as whole persons was as follows:

	2018	2017
	No	No
Charitable Activities		
Teachers	9	10
Administration and support	17	16
Management	4	4
	<u>30</u>	<u>30</u>

d Higher paid staff

No employees whose employee benefits (excluding employer pension costs and employer national insurance contributions) exceeded £60,000 was paid during the year.

e Key management personnel

The key management of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £144,718 (2017 : £109,078).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

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 headteacher and other staff trustees receive remuneration in respect of their contracts of employment as headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

J E McQuillan

Remuneration £55,000 - £60,000 (2017:£45,000 - £50,000)

Employers pension contributions £5,000 - £10,000 (2017:£5,000 - £10,000)

A Cashmore

Remuneration £35,000 - £40,000 (2017:£30,000 - £35,000)

Employers pension contributions £5,000 - £10,000 (2017:£5,000 - £10,000)

During the year ended 31 August 2018 or 31 August 2017 there were no travel and subsistence expenses reimbursed to the trustees in their role as trustees.

Other related party transactions including trustees are set out in note 27.

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 unlimited cover on any one claim and the cost for the year ended 31 August 2018 and period ended 31 August 2017 is included in the total insurance cost.

12 TANGIBLE FIXED ASSETS

	Furniture & Equipment £'000	Total £'000
Cost		
At 1 September 2017	13	13
Additions	-	-
Disposals	-	-
At 31 August 2018	<u>13</u>	<u>13</u>
Depreciation		
At 1 September 2017	1	1
Charged in year	1	1
Disposals	-	-
At 31 August 2018	<u>2</u>	<u>2</u>
Net book value		
At 31 August 2018	<u>11</u>	<u>11</u>
At 31 August 2017	<u>12</u>	<u>12</u>
	2018	2017
	£'000	£'000
13 DEBTORS		
Trade debtors	6	2
VAT recoverable	7	29
Prepayments and accrued income	<u>27</u>	<u>31</u>
	<u>40</u>	<u>62</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	28	58
Taxation and social security	12	11
Other creditors	17	11
Accruals	14	16
Deferred income	18	18
	<u>89</u>	<u>114</u>
Deferred Income	2018 £'000	2017 £'000
Deferred income at 1 September 2017	18	-
Resources deferred in the year	18	18
Amounts released from previous years	(18)	-
Deferred income at 31 August 2018	<u>18</u>	<u>18</u>

At the balance sheet date the academy was holding funds received in advance for 2018/19 for universal infant free school meals grant £16,060 (2017: £17,718) and rates relief £1,639 (2017: £Nil).

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	708	(722)	-	(14)
Pupil premium grant (note ii)	5	36	(41)	-	-
Special needs grant - DCC (note iii)	-	13	(13)	-	-
Other grants - (note iv)	-	51	(51)	-	-
	<u>5</u>	<u>808</u>	<u>(827)</u>	<u>-</u>	<u>(14)</u>
Restricted fixed asset funds					
Devolved formula capital grant (note v)	-	6	-	-	6
Fixed assets donation (note vi)	12	-	(1)	-	11
Capital expenditure from GAG (note vi)	-	-	-	-	-
	<u>12</u>	<u>6</u>	<u>(1)</u>	<u>-</u>	<u>17</u>
Restricted pension scheme liability					
Pension reserve (note vii)	(236)	-	(40)	85	(191)
	<u>(236)</u>	<u>-</u>	<u>(40)</u>	<u>85</u>	<u>(191)</u>
Total restricted funds	(219)	814	(868)	85	(188)
Unrestricted funds					
Unrestricted funds	1	17	(18)	-	-
Total unrestricted funds	<u>1</u>	<u>17</u>	<u>(18)</u>	<u>-</u>	<u>-</u>
Total funds	<u>(218)</u>	<u>831</u>	<u>(886)</u>	<u>85</u>	<u>(188)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS (cont'd)

Notes

- i) General Annual Grant must be used for the normal running costs of the School. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2018. (see note 2)
- ii) Pupil Premium grant has been used to support children from low income families placed at the school to promote improvements with literacy and numeracy.
- iii) Special needs grant from DCC has been used to support pupils with learning or behavioural issues by providing teaching and teaching assistant support.
- iv) Other grants, mainly from DCC, has been used to improve skills for employment, building adaptations and behaviour in school.
- v) Devolved formula capital grant will be used for capital improvements during 2018/19.
- vi) Restricted fixed assets were funded by government grants, and a transfer from General Annual Grant (GAG)..
- vii) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 26).

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

	Balance at 25 July 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	677	(729)	52	-
Pupil premium grant (note ii)	-	24	(19)	-	5
Special needs grant - DCC (note iii)	-	-	-	-	-
Other grants - (note iv)	-	113	(113)	-	-
	<u>-</u>	<u>814</u>	<u>(861)</u>	<u>52</u>	<u>5</u>
Restricted fixed asset funds					
Devolved formula capital grant (note v)	-	6	(6)	-	-
Fixed assets donation (note vi)	-	13	(1)	-	12
Capital expenditure from GAG (note vi)	-	-	-	-	-
Private sector sponsorship donation	-	8	(8)	-	-
	<u>-</u>	<u>27</u>	<u>(15)</u>	<u>-</u>	<u>12</u>
Restricted pension scheme liability					
Pension reserve (note vii)	-	(226)	(40)	30	(236)
	<u>-</u>	<u>(226)</u>	<u>(40)</u>	<u>30</u>	<u>(236)</u>
Total restricted funds	-	615	(916)	82	(219)
Unrestricted funds					
Unrestricted funds	-	70	(17)	(52)	1
Total unrestricted funds	<u>-</u>	<u>70</u>	<u>(17)</u>	<u>(52)</u>	<u>1</u>
Total funds	<u>-</u>	<u>685</u>	<u>(933)</u>	<u>30</u>	<u>(218)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS (cont'd)

A current year 12 month and prior year 12 months combined position is as following:

	Balance at 25 July 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	1,385	(1,451)	52	(14)
Pupil premium grant (note ii)	-	60	(60)	-	-
Special needs grant - DCC (note iii)	-	13	(13)	-	-
Other grants - (note iv)	-	164	(164)	-	-
	-	1,622	(1,688)	52	(14)
Restricted fixed asset funds					
Devolved formula capital grant (note v)	-	12	(6)	-	6
Fixed assets donation (note vi)	-	13	(2)	-	11
Capital expenditure from GAG (note vi)	-	-	-	-	-
Private sector sponsorship donation	-	8	(8)	-	-
	-	33	(16)	-	17
Restricted pension scheme liability					
Pension reserve (note vii)	-	(226)	(80)	115	(191)
	-	(226)	(80)	115	(191)
Total restricted funds	-	1,429	(1,784)	167	(188)
Unrestricted funds					
Unrestricted funds	-	87	(35)	(52)	-
Total unrestricted funds	-	87	(35)	(52)	-
Total funds	-	1,516	(1,819)	115	(188)

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	School Fund Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed	-	-	-	-	11	11
Current assets	-	-	75	-	6	81
Current liabilities	-	-	(89)	-	-	(89)
Pension scheme liability	-	(191)	-	-	-	(191)
	-	(191)	(14)	-	17	(188)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

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

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	School Fund Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed	-	-	-	-	12	12
Current assets	1	-	119	-	-	120
Current liabilities	-	-	(114)	-	-	(114)
Pension scheme liability	-	(236)	-	-	-	(236)
	<u>1</u>	<u>(236)</u>	<u>5</u>	<u>-</u>	<u>12</u>	<u>(218)</u>

18 CAPITAL COMMITMENTS

Contracted for, but not provided in the financial statements

Authorised by trustees, but not yet contracted

2018 £'000	2017 £'000
Nil	Nil
<u>Nil</u>	<u>Nil</u>

19 COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2018 Other £'000	2017 Other £'000
Operating leases		
- Within one year	1	1
- Within two to five years	2	3
	<u>3</u>	<u>4</u>

20 RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £'000	2017 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(55)	(248)
Adjusted for:		
Depreciation (note 12)	1	1
Transfer of assets and cash on conversion	-	(30)
Transfer of pension fund	-	226
Capital grants from DfE and other capital income	(6)	(14)
Defined benefit pension scheme cost less contributions payable (note 26)	34	35
Defined benefit pension scheme finance cost (note 26)	6	5
Decrease/(increase) in debtors	22	(62)
(Decrease)increase in creditors	(25)	114
Net cash (used in)/provided by operating activities	<u>(23)</u>	<u>27</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

21 CASH FLOWS FROM INVESTING ACTIVITIES

	2018 £'000	2017 £'000
Interest received	-	-
Purchase of tangible fixed assets	-	-
Capital grants from DfE/ESFA	6	6
Capital funding received from sponsors and others	-	8
Receipts from sale of tangible fixed assets	-	-
Net cash provided by investing activities	6	14

22 CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by financing activities	-	-

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug 2018 £'000	At 31 Aug 2017 £'000
Cash in hand and at bank	41	58
Total cash and cash equivalents	41	58

24 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education 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 Agreement, 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 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 by the Secretary of State under the Funding Agreement.

25 MEMBERS' LIABILITY

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

26 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 Warwickshire County Council Pension Fund. Both are defined multi employer benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2018 was £128,300 (2017: £153,274) of which £54,970 (2017 : £78,274) relates to the TPS and £73,330 (2017: £75,000) relates to LGPS.

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

Contributions amounting to £10,950 (2017: £10,432) were payable to the schemes at 31 August 2018 and are included within other creditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)**Teachers' Pension Scheme****Introduction**

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- 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 16.48% 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 employers pension costs paid to TPS in the period amounted to £54,970 (2017: £78,274).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2018 was £82,330 (2017:£85,000) of which employers contributions totalled £73,330 (2017:£75,000) and employees contributions totalled £9,000 (2017:£10,000). The agreed contributions for future years are 20.0% (2017: 18%) for employers and between 5.5% and 8.5% (2017: 5.5% to 7.5%) 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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2018	At 31 August 2017
	% per annum	% per annum
Discount rate	2.8%	2.5%
Salary increases	2.8%	2.9%
Pension increase	2.3%	2.4%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2018 Approx % Increase to Employers Liability	At 31 August 2018 Approx £'000	At 31 August 2017 Approx % to Employers Liability	At 31 August 2017 Approx £'000
Discount rate reduced by 0.5% per annum	15%	94	15%	87
Assumed pension increased by 0.5% per annum	12%	73	11%	64
Salary growth increased by 0.5% per annum	3%	20	4%	21

The mortality assumptions used were as follows:

	2018 years	2017 years
Longevity at age 65 retiring today		
- Men	21.9	21.9
- Women	24.4	24.4
Longevity at age 65 retiring in 20 years		
- Men	23.9	23.9
- Women	26.5	26.5

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equity instruments	283	245
Debt instruments	80	69
Property	30	25
Cash	30	22
Total market value of assets	423	361
Present value of scheme liabilities		
- Funded	423	361
- Unfunded	191	236
Total liabilities	614	597
Deficit in the scheme	(191)	(236)

The actual return on the scheme assets in the year was £20,000 (2017: £37,000).

Amounts recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	67	70
Interest income	(10)	(7)
Interest cost	16	12
Total operating charge	73	75

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

	2018 £'000	2017 £'000
Movement in deficit during the period		
Deficit in the scheme at 1 September 2017	236	-
Opening position at 1 October 2016	-	226
Movement in year:		
- Employer service cost (net of employee contributions)	67	70
- Employer contributions	(33)	(35)
- Expected return on scheme assets	(10)	(7)
- Interest cost	16	12
- Actuarial gains	(85)	(30)
Deficit in the scheme at 31 August 2018	<u>191</u>	<u>236</u>
Changes in the present value of defined benefit obligations were as follows:		
	2018 £'000	2017 £'000
Scheme liabilities at 1 September 2017	597	-
Opening position at 1 October 2016	-	505
Current service cost	67	70
Interest cost	16	12
Contributions by scheme participants	9	10
Benefits paid	-	-
Actuarial gains	(75)	-
Scheme liabilities at 31 August 2018	<u>614</u>	<u>597</u>
Changes in the fair value of academy's share of scheme assets:		
	2018 £'000	2017 £'000
Fair value of scheme assets at 1 September 2017	361	-
Opening position at 1 October 2016	-	279
Expected return on scheme assets	10	7
Actuarial gains	10	30
Contributions by employer	33	35
Benefits paid	-	-
Contributions by scheme participants	9	10
Fair value of scheme assets at 31 August 2018	<u>423</u>	<u>361</u>

The estimated value of employers contributions for the year ended 31 August 2019 is £33,000 (2018 : £38,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

27 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has 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.

The Nottingham Roman Catholic Diocesan Education Service, the sponsor of the academy, charged GAG amounting to £18,728 during the year. The freehold is also in their name but the risks and rewards belong to St Edward's Catholic Academy. During the year, the academy received £40,694 from Nottingham Roman Catholic Diocesan Education Services in relation to salaries support and recharges. Year end debtors include a balance of £5,081. During the year, the academy made educational purchases of £2,105 and backdated VAT charges of £3,502 from Nottingham Roman Catholic Diocesan Education Services. Year end creditors include a balance of £3,870.

In entering into the transactions the trust has complied with the requirements of the Academies Financial Handbook 2017.

The element above £2,500 has been provided "at no more than cost" and The Nottingham Roman Catholic Diocesan Education Service has provided a statement of assurance confirming this.

28 CONVERSION TO AN ACADEMY TRUST

On 1 October 2016 the St Edward's Catholic Primary School converted to Academy status under the Academies Act 2010. . All the operations and assets and liabilities were transferred to St Edward's Catholic Academy from Derbyshire County Council for nil consideration.

The transfer has been accounted for as a combination that is in subsistence a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain/(loss) in the Statement of Financial Activities as donations transferred from local authority on

The following tables sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Other tangible fixed assets	-	-	13	13
Budget surplus on LA funds	17	-	-	17
LGPS pension deficit	-	(226)	-	(226)
Net assets / (liabilities)	17	(226)	13	(196)

The above net assets/liabilities include £16,755 that were transferred as cash.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

29 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 1 September 2018 the assets and liabilities and activities of St Edward's Catholic Academy were transferred to the charitable company St Ralph Sherwin Catholic Multi Academy Trust.

30 DISSOLUTION OF AN EXISTING ACADEMY TRUST

	Transfer out on academy leaving the trust £'000
Tangible fixed assets	
Leasehold land	-
Leasehold buildings	-
Computer equipment	-
Furniture & equipment	11
Current assets	
Trade debtors	6
VAT recoverable	7
Prepayments and accrued income	27
Cash at bank	41
Liabilities	
Creditors: amounts falling due within one year	
Trade creditors	(28)
Taxation and social security	(12)
Other creditors	(17)
Accruals and deferred income	(32)
Pensions	
Pensions - pension scheme assets	423
Pensions - pension scheme liabilities	(614)
Net liabilities	<u>(188)</u>