

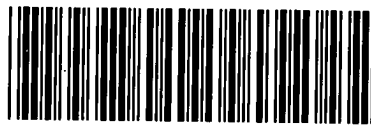
**THE JOHN HENRY NEWMAN CATHOLIC COLLEGE
(A Company Limited by Guarantee)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2018

MONDAY



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10/12/2018
COMPANIES HOUSE

***Company Limited by Guarantee
Registration Number:07414011
(England & Wales)***

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, GOVERNORS AND ADVISORS

Members	Mr M Russell Mr G Keegan Dr R Wilcher
Governors	Mr G Keegan* Mr M Russell*, Chair Dr R Wilcher Mr J Hawley (resigned 31 August 2018) Mrs J Shipley Mrs V McMenamin Father Fitzpatrick Mrs J McGuirk*, Principal Mr S Wilson Mr K McEvoy* Mrs C Harris Miss R Patton* (appointed 1 September 2017) Mr G Hetherton (appointed 30 November 2017) <i>* Members of the Finance and General Purposes Committee</i>
Company registered number	07414011
Company Name	The John Henry Newman Catholic College
Principal and registered office	Bishop Challoner Catholic College Institute Road Birmingham B14 7EG
Clerk to the Governors	Mrs J Griffiths
Senior management team	Mrs J McGuirk, Principal Mr A Matheson, Vice Principal Mr A Baker, Strategic Director Mrs K Furlong, Strategic Director Mr D Harvey, Strategic Director Mrs C Lloyd, Strategic Director Mrs V McMenamin, Strategic Director Mr M Morgan, Strategic Director Miss C Powell, Strategic Director Mrs C Webb, Director of Student Services Mrs R Prince, Director of Finance and Operations
Independent auditors	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Bankers	Lloyds TSB Bank plc 22A Great Hampton Street Birmingham B18 6AH
Solicitors	Irwin Mitchell Imperial House 31 Temple Street Birmingham B2 5DB

GOVERNORS'S REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Governors 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.

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.

The Governors act as the Trustees for the charitable activities of The John Henry Newman Catholic College and are also the Directors of the charitable company for the purposes of company law. The charitable company is known as The John Henry Newman Catholic College.

Details of the Governors who served throughout the year 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.

Governors' indemnities

Subject to the provisions of the Companies Act 2006, every Governor or other officer or auditor of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

Method of recruitment and appointment or election of Governors

Bishop Challoner Catholic College (BCCC) is the Principal Sponsor of The John Henry Newman Catholic College (JHNCC). The Principal Sponsor has appointed the Sponsor Governors. The Local Authority (LA) may appoint the LA Governor by written notice delivered to the office. The Principal is treated for all purposes as being an ex officio Governor.

The Parent Governor is elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time they are elected. The Governing Body makes all necessary arrangements for an election of Parent Governors, including confirmation that a person is a parent of a registered pupil. Any election of Parent Governors which is contested is held by secret ballot. The arrangements made for the election of a Parent Governor, provides opportunities to vote by post or having the paper returned to the Academy by a registered pupil. Where an election is required for a Parent Governor, the Governing Body ensures that all parents are informed of the vacancy and that it is required to be filled by election, that they are entitled to stand as a candidate and vote at the election and given an opportunity to do so. If the number of parents standing for election is less than the number of vacancies the Governing Body may make an appointment. In appointing a Parent Governor, the Governing Body appoints a person who is the parent of a registered pupil at the Academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Governors appoint up to 3 co-opted Governors. A co-opted Governor means a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been so appointed.

The term of office for any Governor is 4 years, save that this time limit shall not apply to either the Principal or Governors appointed by the Principal Sponsor. Subject to remaining eligible to be a Governor, any Governor may be re-appointed or re-elected.

GOVERNORS'S REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

A Governor may cease to hold office if they resign their office by notice to the Academy Trust (but only if at least three Governors will remain in office when the notice of resignation is to take effect). A Governor shall cease to hold office if they are removed by the person or persons who appointed him.

No person shall be qualified to be a Governor unless they are aged 18 or over at the date of their election or appointment. No current pupil of the Academy shall be a Governor.

The Governors shall, each school year, at their first meeting in that year, elect a Chair and Vice Chair from among their number. A Governor who is employed by the Academy is not eligible for election as Chair or Vice Chair. The Chair or Vice Chair shall hold office until his successor has been elected. The Chair or Vice Chair may at any time resign his office by giving notice in writing to the Secretary. Where the Chair is absent from any meeting and there is at the time a vacancy in the office of Chair, the Vice Chair shall act as the Chair for the purposes of the meeting.

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new governors will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new Governors are welcome to visit the Academy and to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two to three new Governors a year, induction will be done informally and is tailored specifically to the individual.

Organisational structure

The management structure consists of three levels, the Governors, the Principal and the Leadership Team. The Headteacher of the sponsor school is Executive Head, whose role is to give strategic advice and support the Governors and Principal.

The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Management Team is comprised of the Principal, Vice Principal, 8 Strategic Directors and the Finance and Operations Director.

The Leadership Team manage the Academy on a day to day level, implementing the approved policies.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel is set by the Governors. It is based on remuneration which has been benchmarked against similar posts in other Academies.

Connected organisations, including related party relationships

The College has a close relationship with its sponsor school, Bishop Challoner Catholic College, whose Headteacher provides strategic support to the Principal and the Governors. The majority of the Governing Body comprises Foundation Governors from the sponsor school.

OBJECTIVES AND ACTIVITIES**Objects and aims**

The Academy's object is to advance, for the public benefit, education in the United Kingdom, in particular by managing and developing the Academy offering a broad and balanced curriculum. The Academy is conducted as a Catholic school in accordance with Latin Rite Canon Law and the teachings of the Catholic Church. Religious education and worship is in accordance with the teachings, doctrines and norms of the Catholic Church. At all times, the Academy serves as a witness to the Catholic faith.

Objects, Strategies and Activities

In furtherance of the object the Academy may exercise powers to financially operate in the name of the Academy, raise funds and to invite and receive contributions, acquire, alter, improve or dispose of property, employ such staff as are necessary for the proper pursuit of the object and to make necessary provision for pensions and superannuation for staff and their dependants.

GOVERNORS'S REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Objects, Strategies and Activities (cont'd)**

Also, they may establish or support any charitable trusts, associations or institutions formed for all or any of the purposes of the object, co-operate with other charities, other independent and maintained schools, voluntary bodies and statutory authorities operating in furtherance of the object and to exchange information and advice with them.

The Academy may offer scholarships, exhibitions, prizes and awards to pupils and former pupils, and otherwise to encourage and assist pupils and former pupils, provide educational facilities and services to students of all ages and the wider community for the public benefit.

It may carry out research into the development and application of new techniques in education in particular in relation to the areas of curricular specialisation of the Academy and to its approach to curriculum development and delivery and to publish the results of such research, and to develop means of benefiting from application of the experiences of industry, commerce, other schools and the voluntary sector to the education of pupils in academies.

To do all such other lawful things as are necessary for or are incidental to or conducive to the achievement of the object. The income and property of the Academy Trust shall be applied solely towards the promotion of the object.

Public benefit

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims and in planning future activities for the year. The Governors consider that the Academy's aims are demonstrably for the public benefit.

Principal activities

To advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Given that the Academy is established by the Catholic Church, the Academy is to be conducted as a Catholic school in accordance with Latin Rite Canon Law, in particular:

- Religious education is to be in accordance with the teachings, doctrines, general and particular norms of the Catholic Church.
- Religious worship is to be in accordance with the rites, practices and discipline and liturgical norms of the Catholic Church.
- The Academy is to serve as a witness to the Catholic faith in Lord Jesus Christ.

STRATEGIC REPORT**Achievements and performance**

John Henry Newman Catholic College opened as an Academy in January 2011 following the forced closure of the predecessor school. Within a very short period standards and achievements have rapidly improved.

John Henry Newman Catholic College was heavily oversubscribed for September 2017 and numbers on roll have significantly increased over the last year.

Attainment has risen in all areas with significant increases in Ebac subjects including English and Maths.

Raising Student Attainment

John Henry Newman Catholic College has achieved exceptional performance at Key Stage 5. The percentage of A*-B has improved steadily in recent years and is in line with national data. The College achieved 100% pass rate in all Btec subjects with over 85% at Distinction*/Distinction. Students make significantly higher progress compared to national average. A significant number of students go on to Russell group universities including Oxford University.

Attainment at GCSE has continued to improve over recent years and the College continues to achieve significantly higher attainment than the majority of schools in North Solihull. Student progress has improved in 17/18 and continues to be an area for development in the academic year 2018/19.

GOVERNORS'S REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Raising Student Attainment (cont'd)**

In November 2016, Ofsted judged the College to be 'Good'. John Henry Newman Catholic College is heavily oversubscribed and is the College of choice for Catholic families in North Solihull. Numbers on roll have significantly increased.

Exceptional improvement in provision and outcomes has given rise to a dramatic increase in confidence in the Academy within the local community. The college has experienced an exceptionally rapid increase in student numbers. The number of applications to John Henry Newman Catholic Academy for 2018/19 resulted in 247 first choice places offered (As per PAN + 7 places as agreed with the DFE) and 160 applications on the waiting list.

Students from John Henry Newman Catholic College now participate in the widest variety of extracurricular activities and the Arts status of the college is well used as a vehicle to improve motivation and confidence. Students now say 'it's cool to achieve' and they enjoy coming to school. In 2018 the College achieved the prestigious ArtsMark Platinum Award.

Going concern

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

FINANCIAL REVIEW**Financial and risk management objectives and policies**

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA to the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

In December 2014 the ESFA agreed to change the basis of the funding from lagged to estimated student numbers for 2015/16. In March 2016 the ESFA reverted to lagged funding for 2016/17 onwards. In 17/18 the College applied for and was granted exceptional funding based on actual student numbers in the past 2 years.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charity Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2015) such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total recurrent expenditure, excluding the leasehold property impairment, amounted to £7,431,000 (2017: £7,791,000).

The surplus of income over expenditure in the year to 31 August 2018 of £514,000 (2017: deficit £551,000) before fixed assets reserve resulted from additional grant income of £518,000 being received during the year and from savings being achieved on staffing costs.

At 31 August 2018, the net book value of the fixed assets was £15,709,000 (2017: £18,114,000). The assets were used exclusively for providing education and associated support services to the pupils of the Academy.

The Governors have assessed the major risks to which the Academy is exposed, in particular relating to teaching, provision of facilities, health and safety, bullying, school trips and other operational areas of the Academy and its finances. The Governors have implemented a number of systems to assess risks and introduced operational procedures and controls to minimise risks and the losses associated with those risks. Where significant financial risk still remains, they have ensured that they have adequate insurance cover. The academy has an effective system of internal financial controls as explained in the Risk Control Framework in the Governance Statement.

GOVERNORS'S REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Reserves policy**

The Governors review the reserve levels of the Academy annually. The policy of the Academy is to carry forward a prudent level of resources designed to meet the long term cyclical needs of renewal and any other unforeseen contingencies plus a contribution towards future capital projects, subject to any constraints that the level of resources does not exceed the level permitted by the ESFA.

Governors have determined that sufficient free reserves should be available at the end of the year to cover unexpected emergencies.

The level of unrestricted reserves at 31 August 2018 is £84,000 (2017: £41,000).

Investments policy

During the year to 31 August 2018 no investments in high interest accounts were made.

PRINCIPLE RISKS AND UNCERTAINTIES

A list of risks and hazards including Financial Risks, have been identified in the Academy's Risk Assessment. Risks are assessed for likelihood and consequence and controls are identified to mitigate those risks. Mitigated risks are then reassessed and activities are conducted only with those controls in place. Each area of risk is assigned to a member of the JHNCC staff, supported by a deputy. The Academy Risk Register is reviewed by Governors annually.

Individual risks are also assessed for each area of the academy and for activities such as trips and visits.

The College uses the SMBC Evolve system for assessing risk for each school trip. Each trip is approved by the Education Visits Officer and Principal. Adventurous activities are also approved by Solihull Metropolitan Borough Council.

Fundraising

The College holds various fundraising days during the year to raise money for different charities. The funds raised are immediately transferred over to the charities concerned. The College does not use professional fundraisers.

Plans for future periods**Future developments**

The college will continue to provide outstanding and beyond outstanding provision for all students and this has already attracted an increase in applications for 2019. Student numbers are set to increase to 1,400 for the academic year 2019/20.

The college continues to review options to further develop the site and enhance the student experience.

Disclosure of information to auditors

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

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, UHY Hacker Young (Birmingham) LLP, have indicated their willingness to continue in office. The Governors will propose a motion reappointing the auditors at a meeting of the Governors.

This report, incorporating the Strategic report, was approved by order of the Governing Body, as the company directors, on 4 December 2018 and signed on its behalf by:

.....
Mr M Russell, Chair of Governors

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

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

The board of Governors has delegated the day-to-day responsibility to the Principal, 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 The John Henry Newman Catholic College and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The board of Governors has formally met 4 times during the year. Attendance during the year at meetings of the board of Governors was as follows:

	Meetings Attended	Out of a possible
Mr G Keegan*	3	4
Mr M Russell*, Chair	4	4
Dr R Wilcher	4	4
Mr J Hawley	2	4
Mrs J Shipley	4	4
Mrs V McMenamin	4	4
Mrs J I C Harris	2	4
Mrs J McGuirk*, Principal	4	4
Mr S Wilson	2	4
Father C Fitzpatrick	2	4
Mr K McEvoy	4	4
Mr G Hetherton	4	4
Miss R Patton	1	2

Governance Review

The Academy trust reviews its governance arrangements on an annual basis. Miss Patton who has financial skills has been appointed as a governor this year. This addresses a gap in financial skills which had been identified last year.

The next self evaluation governance review will be carried out in March 2019.

The Finance and General Purpose Committee is a sub-committee of the main board of Governors. Its purpose is to review and control the financial performance of the College. Particular issues dealt with in the year include the monitoring of income and expenditure and carrying out the function of the Audit Committee.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr M Russell	4	4
Mr G Keegan	3	4
Mrs J McGuirk	4	4
Miss R Patton	1	2
Mr K McEvoy	1	4

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018**Review of Value for Money**

As accounting officer the Principal 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 has set out below how the academy trust's use of its resources has provided good value for money during the academic year.

The Academy Trust is committed to:

1 *Raising student attainment.*

John Henry Newman Catholic College opened as an Academy in January 2011 following the forced closure of the predecessor school. Within a very short period standards and achievements have rapidly improved.

John Henry Newman Catholic College has achieved exceptional performance at Key Stage 5. The percentage of A*-B has improved steadily in recent years and is in line with national data. The College achieved 100% pass rate in all Btec subjects with over 85% at Distinction*/Distinction. Students make significantly higher progress compared to national average. A significant number of students go on to Russell group universities including Oxford University.

Attainment at GCSE has continued to improve over recent years and the College continues to achieve significantly higher attainment than the majority of schools in North Solihull. Student progress has improved in 17/18 and continues to be an area for development in the academic year 2018/19.

Students from John Henry Newman Catholic College now participate in the widest variety of extracurricular activities and the Arts status of the college is well used as a vehicle to improve motivation and confidence. Students now say 'it's cool to achieve' and they enjoy coming to school. In 2018 the College achieved the prestigious ArtsMark Platinum Award.

2 *Robust governance and oversight of Academy Trust finances*

The Academy benefits from the provision by DRB Limited of a suitably qualified Internal Auditor. The Internal Auditor reviews key financial policies, systems and procedures, including the use of tenders and presents reports on compliance to the Finance, Premises and General Purpose Committee.

The Finance and General Purposes Committee receive monthly budget monitoring reports and report detailing compliance with Academy's Financial Management Handbook from the Director of Finance and Operations.

The full Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'. The Governing Body also receives and approves the Annual Accounts and the External Auditors Management Report.

3 *Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources*

Examples are:

- Government procurement frameworks are regularly used to assess high value contracts against the marketplace to ensure competitiveness.
- For purchases above £2,500, 2 quotes are required. For purchases over £10,000 3 quotes are required.
- Goods and services are often benchmarked against other suppliers.
- College is part of RPA thus ensuring value for money achieved on insurance costs.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Review of Value for Money (cont'd)****3 Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources (cont'd)**

Examples are:

- Benchmarking of costs is carried out against other Solihull schools.
- An audit of the effectiveness of the use of College funds will be carried out.
- All contracts are reviewed and some contracts cancelled where they were no longer required.
- The College will take advantage of the national framework for supply teachers recently set up by ESFA to ensure value for money in supply costs
- A curriculum model is used to ensure that departments are staffed at the correct level thus ensuring the best use of resources.

4 Maximising income generation

The Academy explores every opportunity to generate income through hire of Academy facilities and provision of facilities to groups, organisations and the community.

5 Reviewing controls and managing risks

Budget monitoring reports are produced and reviewed by the Governors, the Internal Auditor and the Auditors. Any necessary remedial action is taken to address any significant variances that may have an impact on the budget outturn.

The Academy Trust ensures that all surplus cash balances are invested in interest bearing accounts to maximise interest earning potential.

6 Reviewing operation to maximise use of resources

The Academy Senior Leadership Team regularly review activities within each budget heading and makes adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in the Academy Development Plan.

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 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 The John Henry Newman Catholic College for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Governors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 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 Governors.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**The Risk and Control Framework**

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided to appoint an external consultant as Internal Auditor.

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of control accounts and bank reconciliations.

The internal auditor reports to the Governors Finance Committee in the spring and summer terms on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

In the year 1 September 2017 to 31 August 2018 the internal auditor carried a review in the spring and summer terms as planned and reports were produced for Governors. The reports were reviewed by the Governors and action has been taken where appropriate.


Review of Effectiveness

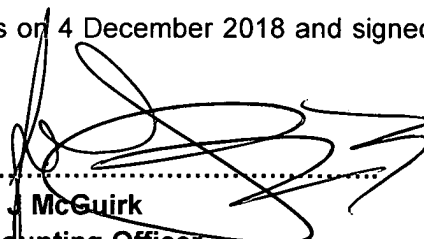
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the board of Governors on 4 December 2018 and signed on its behalf, by:


.....
Mr M Russell
Chair of Governors


.....
Mrs J McGuirk
Accounting Officer

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

As Accounting Officer of The John Henry Newman Catholic College I have considered my responsibility to notify the Academy board of Governors 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy board of Governors are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2018.

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 Governors and ESFA.



.....
Mrs J. McGuirk
Accounting Officer

4 December 2018

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

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

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

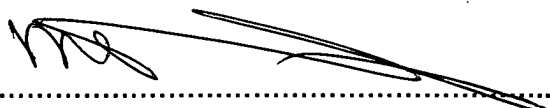
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of governors on 4 December 2018 and signed on its behalf by:



Mr M Russell
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JOHN HENRY NEWMAN CATHOLIC COLLEGE FOR THE YEAR ENDED 31 AUGUST 2018**Opinion**

We have audited the financial statements of The John Henry Newman Catholic College (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.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JOHN HENRY NEWMAN CATHOLIC COLLEGE FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Other information**

The governors are responsible for the other information. The other information comprises the information included in the governors' 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 governors' report (incorporating the strategic report and the governors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the governors' 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 governors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governors

As explained more fully in the governors' responsibilities statement set out on page 14, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors 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 governors 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 THE JOHN HENRY NEWMAN CATHOLIC COLLEGE 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 governors.
- Conclude on the appropriateness of the governors' 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

4 December 2018

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE JOHN HENRY NEWMAN CATHOLIC COLLEGE 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 July 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 John Henry Newman Catholic College 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 The John Henry Newman Catholic College and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The John Henry Newman Catholic College's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The John Henry Newman Catholic College funding agreement with the Secretary of State for Education dated 21 February 2012, 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.

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE JOHN HENRY NEWMAN CATHOLIC COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

Approach (con't)

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;
- 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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

4 December 2018

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

		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2018	2017
		£'000	£'000	Asset	£'000	£'000
			Funds	Funds		
Income from:						
Donations and capital grants						
Charitable activities:	3	-	-	25	25	366
- Funding for the Academy Trust's educational operations	4	-	7,391	-	7,391	6,649
Other trading activities	5	67	-	-	67	51
Investments	6	3	-	-	3	1
Total		70	7,391	25	7,486	7,067
Expenditure on:						
Raising funds	7	27	-	-	27	21
Charitable activities:						
- Academy Trust's educational operations	7 & 8	-	6,920	484	7,404	7,770
Leasehold property impairment	7 & 12	-	-	2,008	2,008	-
Total	7	27	6,920	2,492	9,439	7,791
Net income/(expenditure)		43	471	(2,467)	(1,953)	(724)
Transfers between funds	15	-	(62)	62	-	-
Other recognised gains and losses						
Actuarial gain/(loss) on defined benefit pension schemes	25	-	598	-	598	(52)
Net movement in funds		43	1,007	(2,405)	(1,355)	(776)
Reconciliation of funds						
Total funds brought forward		41	(2,983)	18,114	15,172	15,948
Total funds carried forward	15	84	(1,976)	15,709	13,817	15,172

All of the Academy Trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	<u>15,709</u>	<u>18,114</u>
		<u>15,709</u>	<u>18,114</u>
Current assets			
Debtors	13	194	160
Cash at bank and in hand		<u>1,422</u>	<u>739</u>
		<u>1,616</u>	<u>899</u>
Liabilities			
Creditors: Amounts falling due within one year	14	<u>(511)</u>	<u>(465)</u>
Net current assets		<u>1,105</u>	<u>434</u>
Total assets less current liabilities		16,814	18,548
Creditors: Amounts falling due after more than one year		-	-
Net assets excluding pension liability		<u>16,814</u>	<u>18,548</u>
Defined benefit pension scheme liability	25	(2,997)	(3,376)
Total Net Assets		<u><u>13,817</u></u>	<u><u>15,172</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	15	15,709	18,114
- Restricted income fund	15	1,021	393
- Pension reserve	15	<u>(2,997)</u>	<u>(3,376)</u>
Total restricted funds		<u>13,733</u>	<u>15,131</u>
Unrestricted income fund	15	<u>84</u>	<u>41</u>
Total unrestricted funds		<u>84</u>	<u>41</u>
Total Funds		<u><u>13,817</u></u>	<u><u>15,172</u></u>

The financial statements on pages 20 to 41 were approved by the governors and authorised for issue on 4 December 2018 and signed on their behalf by:



.....
Mr M Russell
 Chair of Governors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	742	(611)
Cash flows used in investing activities	20	(59)	(108)
Cash flows from financing activities	21	-	-
Change in cash and cash equivalents in the reporting period		<u>683</u>	<u>(719)</u>
 Cash and cash equivalents at 1 September	22	739	1,458
Cash and cash equivalents at 31 August	22	<u>1,422</u>	<u>739</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.

The John Henry Newman Catholic College meets the definition of a public benefit entity under FRS 102.

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

- **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'.

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

- **Donated goods, facilities and services (continued)**

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.

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.

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. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Leasehold buildings	50 years
Furniture and equipment	10 years
Computer equipment and software	5 years

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

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.

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 purposes.

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 25, 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.

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

They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the governors. 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The critical judgements that the governors 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 governors 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.

Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA.

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 15).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	-	-	253
Proceeds from RPA claim	-	-	-	89
Devolved formula capital grant	-	25	25	24
	-	25	25	366

The income from the Academy Trust's donations and capital grants was restricted fixed assets for both 2018 and 2017.

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)	-	6,792	6,792	6,043
Pupil premium grant	-	433	433	435
Other DfE/ESFA grants	-	76	76	77
Start up grant	-	24	24	18
	-	7,325	7,325	6,573
Other Government grants				
Pupil premium grant	-	20	20	11
SEN Funding	-	20	20	39
	-	40	40	50
Other income from the academy trust's educational operations	-	26	26	26
	-	7,391	7,391	6,649

The income from the Academy Trusts's educational operations was restricted for both 2018 and 2017.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Lettings	44	-	44	38
Other Income	23	-	23	13
	67	-	67	51

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	3	-	3	1
	<u>3</u>	<u>-</u>	<u>3</u>	<u>1</u>

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

7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other Costs £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	-	-	1	1	1
- Allocated support costs	-	26	-	26	20
Academy's educational operations					
- Direct costs	4,568	484	504	5,556	5,968
- Allocated support costs	1,219	2,381	256	3,856	1,802
	<u>5,787</u>	<u>2,865</u>	<u>760</u>	<u>9,412</u>	<u>7,770</u>
	<u>5,787</u>	<u>2,891</u>	<u>761</u>	<u>9,439</u>	<u>7,791</u>

The expenditure was £9,439,000 (2017 : £7,791,000) of which £27,000 (2017 : £21,000) was unrestricted, £6,920,000 (2017 : £7,122,000) restricted and £2,492,000 (2017 : £648,000) restricted fixed assets.

	2018 £'000	2017 £'000
Net income/(expenditure) for the year includes:		
Operating lease rentals	25	35
Depreciation	484	648
Impairment of land and buildings	2,008	-
Fees payable to auditor for:		
- audit	7	7
- other services	3	3

8 CHARITABLE ACTIVITIES

	Total 2018 £'000	Total 2017 £'000
Direct costs - educational operations	5,556	5,968
Support costs - educational operations	3,856	1,802
	<u>9,412</u>	<u>7,770</u>
Analysis of Support Costs		
	Total 2018 £'000	Total 2017 £'000
Support staff costs	1,219	1,226
Technology costs	66	53
Premises costs	2,381	350
Other support costs	163	148
Governance	27	25
	<u>3,856</u>	<u>1,802</u>

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

9 STAFF COSTS

	2018	2017
a Staff costs during the year were:	£'000	£'000
Wages and salaries	4,375	4,513
Social security costs	380	402
Operating costs of defined benefit pension schemes	918	920
	<u>5,673</u>	<u>5,835</u>
Agency staff costs	114	172
Staff restructuring costs	-	-
	<u>5,787</u>	<u>6,007</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.

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
Charitable Activities	No	No
Teachers	79	78
Administration and support	78	91
Management	11	13
	<u>168</u>	<u>182</u>

d Higher paid staff

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

	No	No
£60,001 - £70,000	3	4
£70,001 - £80,000	1	1
£100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

e Key management personnel

The key management of the Academy Trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance contributions) received by key management personnel for their services to the Academy Trust was £862,992 (2017 : £983,765)

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

10 RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES

One or more governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff governors receive remuneration in respect of their contracts of employment as headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as governors. The value of governors remuneration and other remuneration was as follows:

J McGuirk (Principal and Governor)

Remuneration	£100,000 - £105,000	(2017: £100,000 - £105,000)
Employers pension contributions	£15,000 - £20,000	(2017: £15,000 - £20,000)

V McMenamin (Staff Governor)

Remuneration	£55,000 - £60,000	(2017: £50,000 - £55,000)
Employers pension contribution	£5,000 - £10,000	(2017: £5,000 - £10,000)

During the year ended 31 August 2018 9 governors (2017 : 9) received reimbursement of expenses amounting to £697 (2017: £360) in respect of travelling and subsistence expenses.

Other related party transactions including governors are set out in note 26.

11 GOVERNORS' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

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

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2017	21,592	1,269	719	23,580
Additions	49	14	24	87
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 August 2018	<u>21,641</u>	<u>1,283</u>	<u>743</u>	<u>23,667</u>
Depreciation				
At 1 September 2017	3,798	1,088	580	5,466
Charged in year	292	126	66	484
Disposals	-	-	-	-
Impairment charge for year	2,008	-	-	2,008
At 31 August 2018	<u>6,098</u>	<u>1,214</u>	<u>646</u>	<u>7,958</u>
Net book value				
At 31 August 2018	<u>15,543</u>	<u>69</u>	<u>97</u>	<u>15,709</u>
At 31 August 2017	<u>17,794</u>	<u>181</u>	<u>139</u>	<u>18,114</u>

In accordance with the requirements of FRS 102 an existing use valuation has been prepared for the academy trust by a firm of Chartered Surveyors Kier. As a result of this valuation an impairment of £2,008,152 has been charged to reduce the net book value of the land and buildings to their fair value of £15,284,945 at 1 September 2017.

	2018 £'000	2017 £'000
13 DEBTORS		
Trade debtors	4	9
VAT recoverable	52	56
Prepayments and accrued income	138	95
	<u>194</u>	<u>160</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	138	92
Other taxation and social security	107	107
Other creditors	198	185
Accruals and Deferred income	68	81
	<u>511</u>	<u>465</u>
Deferred Income		
	2018 £'000	2017 £'000
Deferred income at 1 September 2017	38	46
Resources deferred in the year	15	38
Amounts released from previous years	(38)	(46)
Deferred income at 31 August 2018	<u>15</u>	<u>38</u>

At the balance sheet date the academy was holding funds received in advance for 2018/19 for trips £4,000 (2017:£4,000), SEN £11,000 (2017:£7,000), summer school projects £Nil (2017:£7,000) and capital £Nil (2017:£20,000).

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

15 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	393	6,792	(6,102)	(62)	1,021
General annual grant (GAG) (note i)	393	6,792	(6,102)	(62)	1,021
Other Government grants	-	-	-	-	-
Pupil Premium EFA (note ii)	-	433	(433)	-	-
Pupil Premium LA (note iii)	-	20	(20)	-	-
Other DFE/EFSA grants (note iv)	-	100	(100)	-	-
Other LA grants (note v)	-	15	(15)	-	-
Other grants (note vi)	-	31	(31)	-	-
	393	7,391	(6,701)	(62)	1,021
Restricted fixed asset funds					
Devolved formula capital grant (note vii)	19	25	(5)	-	39
RPA Reimbursement (note viii)	87	-	(4)	-	83
Fixed assets (note ix)	17,499	-	(2,454)	-	15,045
Capital expenditure from GAG (note x)	92	-	(13)	62	141
Football Foundation - 3G Pitch (xi)	417	-	(16)	-	401
	18,114	25	(2,492)	62	15,709
Restricted pension scheme liability					
Pension reserve (note xiii)	(3,376)	-	(219)	598	(2,997)
	(3,376)	-	(219)	598	(2,997)
Total restricted funds	15,131	7,416	(9,412)	598	13,733
Unrestricted funds					
Unrestricted funds (notes xii)	41	70	(27)	-	84
Total unrestricted funds	41	70	(27)	-	84
Total funds	15,172	7,486	(9,439)	598	13,817

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

15 FUNDS (cont'd)

Notes

- i) General Annual Grant must be used for the normal running costs of the Academy. 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 2017. (see note 2)
- ii) Pupil Premium grant has been used to support children from low income families placed at the Academy.
- iii) Pupil Premium grant has been used to support children from low income families placed at the Academy.
- iv) Other ESFA grants have been used to support Y7 catch up and pay business rates.
- v) Special needs grant from SMBC has been used to support pupils with learning or behavioural issues by providing teaching and teaching assistant support.
- vi) Other grants support the College's Art Partnership.
- vii) Devolved formula capital has been used to refresh IT equipment in the year.
- viii) An insurance reimbursement was received for works on the gym.
- ix) Restricted fixed assets were funded by government grants, a transfer from General Annual Grant (GAG) and by SMBC and Birmingham Roman Catholic Diocesan donating Academy land and buildings on a 125 year lease at a pepper corn rent.
- x) The gross transfer from the restricted general fund to the restricted fixed asset fund of £62,000 (2017: £109,000) represents the total capital expenditure from GAG during the year.
- xi) The Academy received monies from the Football Foundation to construct a new 3G pitch.
- xii) The Academy generated unrestricted monies from lettings and other trading income.
- xiii) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 25).

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

	Balance at 1 September 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)	81	6,043	(5,622)	(109)	393
Other Government grants	665	-	(665)	-	-
Pupil Premium EFA (note ii)	-	435	(435)	-	-
Pupil Premium LA (note iii)	-	11	(11)	-	-
Other DFE/EFSA grants (note iv)	-	95	(95)	-	-
Other LA grants (note v)	-	39	(39)	-	-
Other grants (note vi)	-	26	(26)	-	-
	746	6,649	(6,893)	(109)	393
Restricted fixed asset funds					
Devolved formula capital grant (note i)	-	24	(5)	-	19
RPA Reimbursement (note viii)	-	89	(2)	-	87
Fixed assets (note ix)	18,110	-	(611)	-	17,499
Capital expenditure from GAG (note i)	-	-	(17)	109	92
Football Foundation - 3G Pitch (xi)	177	253	(13)	-	417
	18,287	366	(648)	109	18,114
Restricted pension scheme liability					
Pension reserve (note xiii)	(3,095)	-	(229)	(52)	(3,376)
	(3,095)	-	(229)	(52)	(3,376)
Total restricted funds	15,938	7,015	(7,770)	(52)	15,131
Unrestricted funds					
Unrestricted funds (notes xii)	10	52	(21)	-	41
Total unrestricted funds	10	52	(21)	-	41
Total funds	15,948	7,067	(7,791)	(52)	15,172

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

15 FUNDS (cont'd)

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

	Balance at 1 September 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)	81	12,835	(11,724)	(171)	1,021
Other Government grants	665	-	(665)	-	-
Pupil Premium EFA (note ii)	-	868	(868)	-	-
Pupil Premium LA (note iii)	-	31	(31)	-	-
Other DFE/EFSA grants (note iv)	-	195	(195)	-	-
Other LA grants (note v)	-	54	(54)	-	-
Other grants (note vi)	-	57	(57)	-	-
	746	14,040	(13,594)	(171)	1,021
Restricted fixed asset funds					
Devolved formula capital grant (note i)	-	49	(10)	-	39
RPA Reimbursement (note viii)	-	89	(6)	-	83
Fixed assets (note ix)	18,110	-	(3,065)	-	15,045
Capital expenditure from GAG (note i)	-	-	(30)	171	141
Football Foundation - 3G Pitch (xi)	177	253	(29)	-	401
	18,287	391	(3,140)	171	15,709
Restricted pension scheme liability					
Pension reserve (note xiii)	(3,095)	-	(448)	546	(2,997)
	(3,095)	-	(448)	546	(2,997)
Total restricted funds	15,938	14,431	(17,182)	546	13,733
Unrestricted funds					
Unrestricted funds (notes xii)	10	122	(48)	-	84
Total unrestricted funds	10	122	(48)	-	84
Total funds	15,948	14,553	(17,230)	546	13,817

16 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	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed	-	-	-	15,709	15,709
Current assets	84	-	1,532	-	1,616
Current liabilities	-	-	(511)	-	(511)
Pension scheme liability	-	(2,997)	-	-	(2,997)
	84	(2,997)	1,021	15,709	13,817

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

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	
	Funds	Funds	Funds	Restricted	Total
	£'000	£'000	£'000	£'000	£'000
Tangible fixed	-	-	-	18,114	18,114
Current assets	41	-	858	-	899
Current liabilities	-	-	(465)	-	(465)
Pension scheme liability	-	(3,376)	-	-	(3,376)
	<u>41</u>	<u>(3,376)</u>	<u>393</u>	<u>18,114</u>	<u>15,172</u>

17 CAPITAL COMMITMENTS

Contracted for, but not provided in the financial statements

Authorised by trustees, but not yet contracted

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

18 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	2017
	Other	Other
	£'000	£'000
Operating leases		
- Within one year	27	21
- Within two to five years	51	50
	<u>78</u>	<u>71</u>

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

	2018	2017
	£'000	£'000
Net expenditure for the reporting period (as per the statement of financial activities)	(1,953)	(724)
Adjusted for:		
Depreciation (note 12)	484	648
Impairment (note 12)	2,008	-
Capital grants from DfE/ESFA and other capital income	(25)	(366)
Interest receivable	(3)	(1)
Defined benefit pension scheme cost less contributions payable (note 25)	142	162
Defined benefit pension scheme finance cost (note 25)	77	67
(Increase)/decrease in debtors	(34)	18
Increase/(decrease) in creditors	46	(415)
Net cash provided by/(used in) operating activities	<u>742</u>	<u>(611)</u>

20 CASH FLOWS FROM INVESTING ACTIVITIES

	2018	2017
Interest received	3	1
Purchase of tangible fixed assets	(87)	(475)
Capital grants from DfE/ESFA and other capital income	25	366
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	<u>(59)</u>	<u>(108)</u>

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

	2018 £'000	2017 £'000
21 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by financing activities	<u>-</u>	<u>-</u>

	At 31 Aug 2018 £'000	At 31 Aug 2017 £'000
22 ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash in hand and at bank	1,422	739
Total cash and cash equivalents	<u>1,422</u>	<u>739</u>

23 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.

24 MEMBERS' LIABILITY

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

25 PENSION AND SIMILAR OBLIGATIONS

The Academy'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 £918,000 (2017: £917,000) of which £447,000 (2017: £451,000) relates to the TPS and £471,000 (2017: £466,000) 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 £77,862 were payable to the schemes at 31 August 2018 (2017: £79,183) and are included within other creditors.

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

25 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 £447,000 (2017: £451,000).

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)

25 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 £539,000 (2017: £544,000) of which employers contributions totalled £471,000 (2017: £466,000) and employees contributions totalled £68,000 (2017: £78,000). The agreed contributions for future years are 16% (2017: 16%) for employers and 5.5 to 10.5% (2017: 5.5% to 10.5%) for employees. In addition to this lump sum payments will also be made in 2018/19 £83,200 and 2019/20 £86,400.

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	2.7%	2.6%
Salary increases	3.8%	4.2%
Pension increase	2.3%	2.7%
Commutation of pensions to lump sums (£'000)	81	71

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

	At 31 August 2018	At 31 August 2017
	Approx £'000	Approx £'000
Discount rate reduced by 0.1% per annum	141	145
Assumed pension increased by 0.1% per annum	130	126
Salary growth increased by 0.1% per annum	(11)	(19)
Life expectancy at retirement increased by 1 year	210	209

The mortality assumptions used were as follows:

	2018 years	2017 years
Longevity at age 65 retiring today		
- Men	21.9	21.8
- Women	24.4	24.3
Longevity at age 65 retiring in 20 years		
- Men	24.1	24.0
- Women	26.7	26.6

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

25 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	1,988	1,859
Debt instruments	342	328
Property	255	215
Cash	118	146
Other	438	390
Total market value of assets	3,141	2,938
Present value of scheme liabilities		
- Funded	(3,141)	(2,938)
- Unfunded	(2,997)	(3,376)
Total liabilities	(6,138)	(6,314)
Deficit in the scheme	(2,997)	(3,376)

The actual return on the scheme assets in the year was £36,000 (2017: £429,000).

Amounts recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	394	399
Interest income	(87)	(55)
Interest cost	163	121
Administration expenses	1	1
Total operating charge	471	466

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

25 PENSION AND SIMILAR OBLIGATIONS (Continued)

	2018 £'000	2017 £'000
Movement in deficit during the period		
Deficit in the scheme at 1 September 2017	3,376	3,095
Movement in year:		
- Employer service cost (net of employee contributions)	394	399
- Employer contributions	(252)	(237)
- Expected return on scheme assets	(87)	(55)
- Interest cost	163	121
- Administration expenses	1	1
- Actuarial (gains)/losses	(598)	52
Deficit in the scheme at 31 August 2018	2,997	3,376

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

	2018 £'000	2017 £'000
Scheme liabilities at 1 September 2017	6,314	5,491
Current service cost	394	399
Interest cost	163	121
Contributions by scheme participants	68	78
Benefits paid	(161)	(83)
Actuarial (gains)/losses	(640)	308
Scheme liabilities at 31 August 2018	6,138	6,314

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	2,938	2,396
Expected return on scheme assets	87	55
Administration expenses	(1)	(1)
Actuarial (losses)/gains	(42)	256
Contributions by employer	252	237
Benefits paid	(161)	(83)
Contributions by scheme participants	68	78
Fair value of scheme assets at 31 August 2018	3,141	2,938

The estimated value of employer contributions for the year ended 31 August 2019 is £256,000 (2018: £280,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**26 RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account:

Bishop Challoner Catholic College (BCCC) is a member of the Academy trust. Transactions with BCCC were as follows: recharges from BCCC of operating expenses, including staff costs £82,898 (2017: £72,375). Recharges to BCCC of costs £35,770 (2017: £43,697).

There was an amount owing to the Academy trust at the year end of £8,250 (2017: £720) and an amount due to be paid to BCCC of £Nil (2017: £7,359).

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 BCCC has provided a statement of assurance confirming this.

27 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.

28 AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £21,519 (2017: £27,419) and disbursed £18,304 (2017: £27,909) from the fund. An amount of £19,945 (2017: £16,730) is included in other creditors relating to undistributed funds that is repayable to the ESFA.